

At the level of policy, virtually all plausible egalitarian distributional conceptions will require measures to ensure equal opportunity by limiting the intergenerational transmission of wealth and broadening the distribution of skills – measures including taxes aimed at maintaining a wide dispersion of property (e.g. inheritance and gift taxes) and active labor market policies aimed at ensuring full employment, supporting human capital formation (through education and training) and improving the operation of labor markets (e.g. eliminating discrimination and barriers to entry into trades). These policies would need also to be supplemented by tax and transfer policies aimed at limiting residual distributional effects of the distribution of natural abilities, although the more precise requirements of those policies would depend on the particular interpretation of the egalitarian requirements that one adopts.

Civic Consciousness

Within an egalitarian-democratic order, political decision-making must be deliberative. Public decision-making is deliberative when it is framed by different conceptions of the common good, and public initiatives are defended ultimately by reference to an ‘openly acknowledged conception of the public interest’.⁴⁶ This requirement does not mean that public debate must exclusively invoke conceptions of the common good or that its terms do not include more mundane expressions of individual benefit. But it does require a general 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. By ‘civic consciousness’ we mean such recognition and acceptance of these basic democratic norms.⁴⁷

Such consciousness and the forms of deliberative public engagement associated with it arguably have intrinsic value. But that intrinsic appeal is not essential here. For our purposes, it is sufficient that preserving reasonably widespread civic consciousness is required for maintaining conditions of popular sovereignty, political equality and distributive equity. In particular, it is unreasonable to expect these conditions to be sustained as the stable equilibrium outcome of political bargaining among particular interests under changing social circumstances. However satisfactory the initial situation of such bargaining, changes in population, occupational structures, social roles and expectations, and external involvements and pressures will likely lead to a decline in the satisfaction of such norms, without some remedial

reform of institutional arrangements. And it is implausible that the appropriate changes in institutional arrangements will be made unless the norms themselves function as guides to public deliberation. The stable satisfaction of the fundamental conditions of democratic order, in short, appears to require that the conditions themselves provide the basic norms of political justification and the conscious object of political choice – that arenas of collective choice serve as a ‘forum of principle’ and not simply as an occasion for high stakes bargaining. This is the requirement of civic consciousness.

As a matter of policy, efforts to foster civic consciousness are familiar enough. Virtually all school systems require attention to national civic practices and institutions in programs of compulsory instruction. Mandatory programs of public service are routine, public subsidy of private programs serving public functions even more so. However, the encouragement of an ongoing and popular civic consciousness can be treated as an explicit goal of institutional design, affecting both public and private institutions. To strengthen public allegiance to arrangements of political equality and popular sovereignty, for example, the satisfaction of democratic norms must itself be manifest to the public. So, for example, inspiring confidence in the scheme of public deliberation and the widespread embrace of its terms may require a visible independence of that scheme from private interests. Rules limiting the ‘conflicts of interest’ faced by public officials are only the most obvious way to do this. Rules on limiting and disclosing private contributions to campaigns for public office, or more ambitious schemes to finance party competition largely out of public funds, are another way in which public confidence is sought. Or, to express the importance of the norms of distributive equity and equal opportunity, states may condition grants of support to private institutions on their own demonstration of allegiance to them. Research grants to universities or contracts to government suppliers, for example, may be conditional on demonstrated fairness in their hiring procedures.

Economic Performance

Good economic performance is not constitutive of the notion of a well-ordered democracy. But policies directed to its achievement are important in enhancing the general welfare and in giving substance to the ideal of popular sovereignty. This is particularly true of policies aimed at increasing productivity – the measure of economic performance that we adopt here – for two reasons.

First, productivity improvement is typically necessary to promote

the general welfare. Other measures of economic performance (e.g. non-inflationary growth) might be proposed here, but we take productivity growth to be of especially fundamental importance both because of the direct welfare benefits conferred by the reduction of toil that it makes possible and because its satisfaction permits a choice among a variety of different welfare-enhancing strategies. These prominently include low growth, high quality of life strategies for welfare improvement of the sort that present environmental disasters recommend.

Second, and following on the point about choice among different welfare strategies, by reducing the amount of effort per unit of output, productivity growth reduces the constraints of material necessity. It thus makes more possible a social choice between economic and other sorts of activity. In doing so, it gives substance to the democratic ideal of free deliberation about the ends and conditions of social association.

Competent Government

Some measure of competence and efficiency in government performance also appears necessary to public confidence in, and ultimately to the stability of, democratic arrangements. Even a minimal state needs to engage in a range of activities, particularly the provision of a variety of public goods, whose costs are borne by the public. In modern democratic welfare states, public budgets account for a substantial portion of total economic activity. In expending such publicly appropriated resources, competent and efficient performance is needed to maintain public confidence in the democratic process – a point underscored by a massive literature in political economy and mountains of opinion polls, which have emphasized that ‘government failure’ is not a suitable remedy for market failure.

In addition to these implications for public confidence, competent and efficient government performance directly contributes to the general welfare and, as noted earlier, to satisfying the condition of popular sovereignty. It does so by removing one constraint on deliberation and the application of public authority that might otherwise be compelling: namely, that the ‘inevitable’ waste, corruption or incapacity of government bars its use to address public ends.

‘Egalitarian Factor’

In the everyday politics of contemporary mass democracies, these norms of democratic order are routinely frustrated by groups. The

‘natural’ pattern of group formation reflects the unequal distribution of conditions favorable to group formation – including the control of strategic resources, the size of the populations with common concerns, the density of interaction among persons with shared interests and the intensity of concern about an issue. The groups that form typically seek to advance the specific interests of their members and not any more comprehensive interest (including the interest in maintaining democracy itself). With powers exerted in both public and private arenas, unrepresentative and particularistic groups promote a politics far removed from the democratic ideal of popular control, by equal citizens, of a government promoting the general welfare.

By way of illustration, consider the ways that group organization, operating in the areas of agenda formation, political choice and policy implementation, might raise factional threats to three of the conditions of democratic order just noted: political equality, popular sovereignty and state competence and efficiency.⁴⁸

The factional threat to political equality is straightforward. Organization confers power. But as just noted, the distribution of group powers tends to reflect inequalities in the conditions favorable to group formation. As a result, some classes of citizens will be over-represented in the group system, whereas others – principally the poor, those whose size and/or dispersion produces high organizational costs, and those sharing aims whose expression is less easy to negotiate or compromise – will be under-represented. The political importance of such inequalities in group representation rises as the political process relies more on groups. That organized groups commonly use the benefits they extract from the state to bolster their organization, of course, only makes matters worse.

The threat to popular sovereignty arises from the possibility of a *de facto* transfer of public power, as groups intercede in the policy formation process, over-representing the interests of their members within it.⁴⁹ That over-representation undermines the faithful representation of the interests of citizens within the process – both the preferences of the constituencies of the separate representatives and the general welfare that transcends private aims.

In particular, groups distort the process of agenda formation by exploiting the ‘rational ignorance’ of both the people and their representatives. In the selection of items from that agenda, they develop *de facto* veto powers. These are secured through a variety of threats to legislators, from contingent withdrawal of campaign support to more ominous and general failures of group ‘confidence’. Distorted by group powers, the political process may devolve to the exploitation

by organized groups of asymmetries in the benefits and burdens of public action. This is perhaps most clearly displayed in the case of distributive policies that feature concentrated benefits (to particular groups) and diffuse costs (spread over all taxpayers). Finally, in policy implementation, groups may continue to obstruct fidelity to the popular will. In cases of regulatory 'capture', groups dominate administrative rule-making and implementation. But even in those cases of reasonably independent agencies with reasonably clear legislative instructions, groups may exercise effective veto powers over effective enforcement of policies running contrary to their private interests. As a result of all these intercessions and distortions from secondary group activity, government action comes less and less to reflect the free deliberation of a sovereign people.⁵⁰

Narrowly defined groups threaten government competence and efficiency, finally, through the same sort of self-seeking. In their promotion of concessions to particular interests in the policy-making and implementation process, they can complicate and enfeeble general programs of action. In their exploitation of private information and the dispersion of program costs, they engender wasteful expenditures of public resources ('pork') on private ends. And through agency 'capture' or more discrete interventions in the administrative process, they can cripple enforcement of policies they oppose.⁵¹ The result has been described as a 'feudal' version of the administrative state, simultaneously feeble and oppressive: an agglomeration of discrete centers of privilege that literally corrupts concerted national action in the public interest even as it takes public monies to do so.

The Potential Contribution of Groups

But if the dangers that groups pose to egalitarian norms are familiar enough, so too is the fact that groups can make substantial contributions to egalitarian-democratic order. In the ordinary of mass democracies, groups are generally acknowledged as capable of performing at least four useful, democracy-enhancing functions.

Information. Associations can provide information to policymakers 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 – that 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 because 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 develop competence, self-confidence and a broader set of interests than they would acquire in a more fragmented political society. 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'.⁵² 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 the 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, which supplement or supplant the state's more directly regulatory actions.

Such associations facilitate cooperative dealings in two ways. First, their very existence reduces the transaction costs of securing agreement among potentially competing interests. The background of established forms of communication and collaboration they provide enable parties to settle more rapidly and reliably on jointly beneficial actions. Second, groups help 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.

The Core Idea of Associative Democracy

The core idea of associative democracy is to curb faction through a deliberative politics of association while netting such group contribution to egalitarian-democratic governance. It seeks neither to abolish affirmative governance nor to insulate the state from society nor simply to open a bazaar of bargaining among more equally endowed groups. Instead, it proposes to act directly on the associative environment of public action in ways that make associations less factionalizing and more supportive of the range of egalitarian-democratic norms.

The tools of this reform project would be the 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).⁵³ In general terms, the aims of the project are given by the norms of democratic governance. More specifically, this means action in three sorts of area. Where manifest inequalities in political representation exist, associative democracy recommends promoting the organized representation of presently excluded interests. Where group particularism

undermines popular sovereignty or democratic deliberation, it recommends encouraging the organized to be more other-regarding in their actions. And, where associations have greater competence than public authorities for achieving efficient and equitable outcomes, 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 about governance 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, which 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 so in three ideal-typical classes of regulatory problems. In the first, non-market public standards on behavior are needed, which government has the competence to set, 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, which government has the competence to do, 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 problem 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.

Basically, then, associative democracy departs from the observations that groups inevitably play a fundamental role in the politics of mass democracies, that the threat of faction is real and that groups

could make a substantial contribution to democratic order. It observes further that the 'right' sorts of association do not arise naturally. It then proposes to supplement nature with artifice: through politics, to secure an associative environment more conducive to democratic aims.

Natural Objections: Impossibility and Undesirability

This core idea of associative democracy may be clarified by considering two natural objections to it. Both accept, at least for the sake of argument, the attractiveness of egalitarian-democratic norms and the possibility of group contribution to their satisfaction, but they reject the use of an associative strategy to engender a democracy-enhancing 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.

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 topsoil or a temperate climate, others are blessed with the 'right' kinds of group at the right level of organization. In countries that are so blessed, group contributions of the sort we note are observed. But because 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.

For reasons already suggested in our treatment of conventional cures for faction, however, we think that this objection exaggerates the fixity of the associative environment. Groups are, again, importantly artifactual. 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 are

themselves in part a product of opportunities and incentives that are induced by the structure of political institutions and the substance of political choices and so 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 – for example, including the power to issue complaints for violations of administration 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 benefit 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.

In claiming that associations are artifactual, we do not mean to suggest that they are simply political creations or that they ought to be treated as such. But it is both an empirical and normative mistake to treat the extent and forms of group organization as a scheme of private ordering to which politics must simply adapt. In part reflecting political choice, the incidence and structure of groups and the patterns of group representation can be changed through political choice.

Undesirability. Even accepting this, however, efforts to enlist associations in democratic governance may be undesirable. While groups can contribute to democratic order, they always carry the risk of faction. If our associative strategy entails the further cultivation of groups and recommends that further public powers be ceded to them, what is to keep that risk under control? Won't associative democracy invite a truly ruinous faction? The second objection to associative democracy concludes that it will, and thus finds the scheme undesirable.

But this conclusion, we believe, is premature. As already suggested

in our treatment of faction, that threat is posed not by groups per se but by particular kinds of groups interacting in particular ways with the more traditional processes of public decision-making. In thinking about groups, recognition of this is the beginning of wisdom and of the hope that group energies might be enlisted without ruinous faction. We come back, then, to the fact of qualitative variation. Groups and group systems differ not only quantitatively but qualitatively with respect to such features as the pattern of their internal decision-making, their inclusiveness with respect to potential membership, their relations to other associations, and the nature and extent of their powers. The art of associative democracy consists in matching group characteristics with assigned functions and – now admitting the fact of artifactuality – cultivating those characteristics appropriate to functions consistent with the norms of egalitarian democracy. Just how this might be done in particular policy areas we explore in sections 3 and 4. To frame that discussion, however, we shall sketch here seven important features of qualitative variation in groups that are worth keeping in mind:

1. *Accountability of group leadership to members and leadership powers over those members.* For example, a union membership may or may not have a right to prior consultation in the negotiation of a collective bargaining agreement or a right to withhold approval of the agreement once negotiated. Similarly, strikes may or may not require approval from leaderships, which may or may not have powers to sanction wildcaters or scabs. Variation along such dimensions affects the scope and content of collective agreements and the incidence of strikes.

2. *Centralization of authority in group decision-making.* Distinguishable from variation in the accountability and powers of leadership, centralization is a matter of concentration of leadership or decision-making authority. Continuing with the union example, a union with a highly centralized leadership, negotiating a national agreement with employers, can be expected to pursue a strategy different from a union in which bargaining is handled by numerous locals negotiating with separate firms or plant managements. In the centralized case, assuming some accountability to membership, the union is more likely to be attentive to the range of member interests. At the same time, the negotiating team can make compromises and tradeoffs across diverse interests within that membership. *Ceteris paribus*, an agreement is more likely to be reached (both because of the possibility of concerted force and the possibility of tradeoffs before applying that force), and it

is more likely to be one that represents the aggregate interests of the membership.

3. *Encompassingness or completeness of group membership relative to affected populations.* The encompassingness of an association is the proportion of the affected population that it counts among its members. A less encompassing business association claiming 10 percent of the firms in a particular industry, region, or national economy will behave differently from an association claiming 90 percent of the firms. In the first case, possibilities of ‘free-riding’ on other social actors (including other firms) is greater than in the second. A proposal for a taxbreak for oil companies, funded out of general corporate tax revenues, is more attractive to an organization consisting only of oil companies than it is to an organization representing all firms. In the first case, all the benefits of the proposal will be internalized to the organization’s members, but they will bear only a small portion of its costs. In the second case, both the benefits and burdens of the proposal are internalized. Also, an organization representing 90 percent of some class of actors is more likely to be recognized as representative by other actors and institutions (including the state). In combination, the disincentives to free-riding and the greater security that comes of social recognition tend to encourage more responsible organizational behavior vis-à-vis other social actors.

4. *Scope of responsibility assumed by, or assigned to, associations.* By this we mean the range of policy areas or concerns in which a group or group system pursues an interest, that is, the particularity of its concerns. As with encompassing groups that must be attentive to the diverse interests of their membership, so groups with relatively wide scope must be attentive to the interaction of different elements that fall within the range of their powers. Again, possibilities for tradeoff, compromise or synergy between different aspects of group activity are more likely than in more narrowly defined groups.

5. *Relation to the state.* This can range from bare toleration to active state promotion through the endowment of the association with public powers. Critically important here, of course, are the terms of ‘political exchange’ where such exists (i.e. the quid pro quo of group recognition, licensing, subsidy, etc.) and the state’s demands upon associations in return for such support.

6. *Characteristic modes of interaction with other groups.* Here we have in mind the degree of competition and cooperation among formally independent groups – for example, the degree to which they respect each other’s programmatic boundaries and membership bases, share information, pool resources and elaborate joint programs. The

political consequences of a high level of associability in a population will depend on these characteristics of the associations. For example, a population of associations, each of which encompasses only a small portion of an affected population, might, through intense cooperation with other groups, achieve results parallel to a single encompassing group.

7. *Equality in the distribution of powers across groups.* Finally, the strength and distribution of groups inevitably reflects such 'background' conditions as the distribution of material resources, the proximity and density of interaction of memberships with convergent interests and other familiar conditions of collective action. Underlying inequalities tend to translate into inequalities in group power. Systems of group representation vary in the degree of such background inequality, in the extent of translation and, as a consequence, in policy outcomes. A system that features strong employer organizations and churches but extremely weak unions, consumer groups and women's federations, for example, will have different effects from a system in which all such groups are flourishing.

If artifactuality is admitted, the trick of associative democracy is simply keeping such features in mind, and using conventional policy tools to steer the group system toward one that, for particular problems, has the right sorts of qualitative features. Of course, there is nothing 'simple' about this. Doing it right involves judgment. But in this it is no different from any other politics. And in principle – and that is all we have sought to establish here – it can be done.

It remains to be shown just how it could be done and what it might be done about. That is the task of the remainder of this essay.

3. Associative Regulation

We began by noting a concern with the growing mismatch between the present regulatory institutions and the tasks of democratic regulation. In brief, 'promoting the general welfare' now requires a serious alternative to the policies and practices of the Keynesian welfare state, but that alternative is now lacking. In this section, we propose to use this observation as a basis for deepening our consideration of associative democracy. Specifically, we ask two questions. First, how might an associative strategy be used to correct this mismatch? In particular, how might associations be used to enhance government competence and improve economic performance? Second, how might these associative solutions to problems of government competence

and economic performance be reconciled with other democratic norms? Before addressing these questions directly, however, we provide some background on the mismatch itself.

Problems in the Welfare State

Since the early 1970s, economic performance in advanced capitalist economies has seriously deteriorated, with productivity and growth rates lagging and employment/inflation tradeoffs becoming more severe. This decline in economic performance is associated, perhaps causally, with sharply increased competitive pressures, resulting from increased internationalization of capital and product markets, and the emergence of a range of new competitors from poorer countries. It has also coincided with a continued shift in the composition of employment away from manufacturing and toward service and public employment; a series of changes in gender relations occasioned principally by sharp increases in female labor market participation; and the advent of the 'fourth industrial revolution' of microelectronics and (often related) changes in transportation and communications technologies.

These changes have seriously weakened the powers of public regulatory institutions. Variations in national style, economic structure and political institutions permit only the most abstract characterization of those institutions. But, as a general matter, the earlier arrangements – commonly referred to as the 'Keynesian welfare state' – provided a framework of macroregulation of the economic environment and class compromise and conflict, within national economies. In the model most closely approximated in the most 'developed' welfare states (e.g. the Scandinavian social democracies), such regulation proceeded through national government fine-tuning of fiscal and monetary aggregates, centralized bargaining over wage/profit/employment shares between encompassing peak associations of workers and capitalists, and political bargaining over a 'social wage' which took more or less explicit notice of traditional family structures (and low male unemployment) as a benchmark.

In retrospect, it appears that some substantial measure of integration into the rest of the world economy was a condition for the elaboration of this model. Dependence on foreign markets limited the appeal of narrow sectoral political strategies of economic gain (e.g. trade protection) and thus drove even the most powerful economic actors toward alliance with weaker ones in national political compromises and strategies of gain. At the same time, however, the

elaboration of such national strategies was premised on the ability of the national government to 'deliver the goods', which was in turn dependent on its ability to extract payment from a captive tax base. This in turn was dependent on the stability of that base, and the ability to work out terms of cooperation among taxable actors within it (e.g. on restricting the flow of capital and labor out of the country and spreading the 'overhead' costs of the state sufficiently so as not to impair the international competitive position of particular sectors or firms).

Now, virtually all the ingredients in this model have been thrown into question in the new environment.

Internationalization of capital and product markets coupled with increased possibilities for firms to migrate from national economies has limited the capacities of states to maintain control of their tax bases and monetary policies. The very idea of a national economy, as distinct from the international one, is increasingly remote from policy-makers whose monetary interventions are swamped by global capital movements and whose tax base is continually threatened by the exit of capital and (increasingly) labor.

Within what is left of national economies, moreover, the appropriateness of general macroeconomic regulation is increasingly uncertain, given changes in the organization of economic activity. In particular, firms' responses to increased competition have taken at least two divergent forms. This divergence itself is disturbing to generic forms of regulation, as it introduces significant new elements of heterogeneity into the regulated system. More immediately, however, neither characteristic path of response is favorable to national strategies of regulation.

Along one path of restructuring ('flexible specialization' or 'diversified quality production'), firms are producing high value-added items tailored to niche markets. In the search for flexibility and higher quality, those pursuing this first path typically also aim for tighter integration of design, engineering, marketing and production functions within and often across cognate firms. Such 'flexible integration' has often served to erode the stability of internal labor markets (in particular, those whose operation was premised on relatively narrow-banded job classifications and career ladders). It has also increased the relative returns to education and skill in the external labor market, exacerbating inequalities within the workforce. Most immediately for macroregulatory institutions, however, it has simply increased the diversity of production needs within the economy and altered intrafirm and interfirm organization, resulting, for example, in a

declining dominance of the M-form, the rise of regional economies, and a variety of joint activities by firms. The upshot is that the most helpful forms of state regulation are less macro than 'meso' (i.e. sectoral or regional) or micro (i.e. tailored to individual firms or small clusters thereof). Furthermore, the pace of change implies that substantive 'command and control' regulation increasingly risks immediate obsolescence.

On the second path, firms retain an orientation to price competition in relatively low value-added goods and then make those adjustments needed to compete with ultra low-cost Third World producers – that is, 'sweating' their own labor forces, outsourcing as much production as possible to low-wage havens abroad, automating at home. Here the barrier to regulatory institutions intent on high social welfare is, if anything, more straightforward. The tax base declines, as departure from the national economy is deployed not merely as a threat but as a strategy.

In practice, of course, the two sorts of strategies are pursued in combination. But whatever the precise mix, generic regulation appears less suitable either because of the inability of the state to impose national terms or because of the perverse effects of those national terms on increasingly heterogeneous production, or both.

The same changes that threaten the capacities of states to pursue national projects also threaten the capacity of the most typical encompassing organizations of the Keynesian era – national unions and employer associations – to integrate and manage broad class interests. For them, too, there is a growing divergence between the political arenas in which their power is concentrated and the arenas in which their membership has its strongest attachments or concerns. On the one hand, the operation of business proceeds increasingly on an international plane, beyond the reach of national organizations. On the other, the requirements and politics of the intensive organizational innovation now under way are best appreciated at more local or particular sites, such as the community, firm, region or state. Remote national organizations of employers and workers thus suffer in their capacity to address the concerns of members.

With capacities for international management even more remote than capacities for national regulation, the effect is a natural devolution of responsibility and an erosion of solidarity on both sides of class divisions to subnational levels. Both the members of employer organizations and those of unions wish their organizations to be more attentive to their particular needs and bargaining capacities. Concerted programs of employer cooperation, in particular across more narrowly

defined sectors or product markets, erode. So too do concerted programs of worker cooperation across particular circumstances of employment – as reflected, for example, in new forms of productivity syndicalism focused on particular firms, as well as declining union membership and activity, threats to solidarity bargaining and decreasing support for public efforts at redistribution.

These economic developments, especially when combined with the disruption of traditional family structures to which they contribute, also have consequences for the state's capacity to provide effective national social welfare regulation. In the Keynesian welfare state, it was in some measure justified to organize welfare provision through broad categorical programs and politically understandable that such programs were developed along separate lines. But indifference to variation and lack of integration are less tolerable under present circumstances. Conceptions of a 'traditional' family, job or life course make increasingly less sense, even as approximations. The expanded rate of labor force participation by women has pressed into focus a whole series of needs once met by their household labor. And movements into and out of social services and between services at any given moment or over a life course are as a consequence greater. The rate of technological change is such that education now needs to be available throughout working lifetimes, not only at their start, and means that those without marketable skills are at increased risk for a string of other social problems (unemployment, health problems, family unrest, etc.). Increased diversity within the economy means that generic programs of assistance repeatedly under- or overshoot their target. Regionalization of economic production leads to clumping not only of economic activities but of the needs occasioned when they do not go well.

In this context, national welfare programs and administration are, like other aspects of state macroregulation, mismatched to circumstances. The old arrangements performed reasonably well in a world of relative stability, mass markets, more clearly defined national economies and more narrowly defined class politics. But each of those conditions has changed, and the old institutions are not doing so well now. A need for new structures of citizen involvement in decision-making, for more flexible means of adjusting to rapid change and for institutions capable of extending public capacities for regulation into the interstices of the economy and social life are all implied. How to supply such in a way that respects liberal commitments to individual autonomy, is attentive to the new requirements of the economy and enjoys public support but that at the same time advances egalitarian aspirations is the difficult political and administrative question.

Associations, we believe, are a large part of the answer. Their capacities for information-gathering and dissemination, the construction and enforcement of standards and, more generally, the enlistment of private actors as supplementary supports for public regulatory efforts are at this point especially valuable. The question for an associative democrat is, can those capacities be harnessed for public purposes in a way consistent with other democratic commitments?

Associative Solutions

Faced with the sketch just offered, and recognizing the limits of national economic policy-making, someone committed to democratic ideals and associative forms of governance might suggest a wide variety of arrangements to address problems of economic management and the capacity/efficiency of state regulation. We do not know, and do not propose here to attempt to specify, the full range of appropriate new institutions and organizations. What we will do, however, and what is sufficient for the basic task of displaying the content of the associative conception, is to indicate a significant range of such institutions, performing various functions at different levels of society.

The functions that we have in mind are (1) the formulation of policy, (2) the coordination of economic activity in the shadow of the law, and (3) the enforcement and administration of policy. These would, as a practical matter, be distributed over organizations operating at national, regional/sectoral and local levels, creating nine cases for analysis. But for convenience, we suppress these complexities in our presentation here, concentrating on one function for groups at each level. Thus we offer suggestions for national groups performing policy formulation functions, regional groups coordinating economic activity and local groups helping with enforcement – providing in each case a characterization of certain desired features of the groups, their potential contribution, and a few examples of the sorts of areas in which that contribution might be most evident.

To begin, then, with national policy formulation, we imagine a range of national-level associations engaged in more or less ongoing bargaining among themselves and with the state. These groups might be understood as lineal descendants of the traditional 'social partners' of unions and employer associations. As in the case of the social partners, it would be important that they be relatively encompassing, accountable to membership and possessed of significant powers of sanction over their memberships. And like the social partners, they would enjoy quasi-public status and even direct state subsidy in

exchange for observing a series of behavioral constraints. Unlike the traditional social partners, however, the functions of these groups would be more clearly restricted to a demarcated set of specifically national concerns, and their number would be greater. In particular, they would extend to include organizations not organized along class lines (e.g. environmental groups, women's groups, representatives of the aged). The range of such officially represented groups would (as discussed shortly) be determined by citizen choice, as expressed through the party system.

The policy formulation role of such groups would consist in their assistance in the formulation of authoritative standards, their advancing of new programs or reforms of state initiative and their contribution of information and advice for state actors. As pertains narrowly to the questions of economic performance and state efficiency, the chief institutional advantage of individual associations would consist in their ability to provide more detailed and accurate information about social needs than that available from more comprehensive and less socially rooted forms of representation and in their ability to coordinate social actors in welfare-enhancing projects – in part through their communication capacities and in part through sanction. As a system of ongoing bargaining among social interests, moreover, gains would be realized from the attending visibility – to representatives and the state – of the interdependence of interests. This can reasonably be expected to facilitate the coordination of initiatives, tradeoffs across interest domains and continual adjustment of appropriate policy mixes.⁵⁴ Finally, by establishing terms of cooperation among affected actors, such a system can contribute to the willingness of those actors to experiment with initiatives that disrupt old patterns.

As examples of areas in which these contributions might be especially welcome, we offer incomes policies, active labor market policies and environmental policies.

In incomes policy, the advantage of encompassing centralized labor and employer associations, with power of sanction over members, are already known. This structure of groups, and their bargaining, permits more or less authoritative exchange between the two great classes through the state. Because groups can sanction free-riders, they facilitate cooperation between those classes. And because that cooperation proceeds with the aid of the state, the feasible set of cooperative outcomes is enlarged. The general structure of such cooperative investment assurances and provision by the state of a high social wage.

As a consequence of such cooperation, all parties can gain. Employers and the state achieve greater stability in prices and production; workers enjoy real income gains realized either through primary or social incomes.

In active labor market policies aimed at creating new demands for labor, or increasing its supply, quality or mobility, the presence of encompassing associations again makes possible the forging of cooperative arrangements. It also contributes to the simple coordination of interests, with greater flexibility and precision achieved in the formulation of policies. Thus cooperation among worker and employer representatives, again in the context of the availability of state assistance, can help in (1) targeting new skill needs in the population and identifying the necessary public and private components of skill delivery; (2) establishing feasible incentive structures across firms and regions – for workers, unions, employers and the unemployed – for developing or upgrading skills within such a structure; (3) providing early warning on the distributive consequences of policy choices; (4) devising programs of subsidy across different regions, or even firms, to respond to leads and lags in labor market adjustments; and (5) hammering out minimal national standards for the transferability of credentials across different local labor markets. In all these areas, the existence of encompassing national organizations, operating with state sanction, provide useful information and assurances against suckering.

In environmental policies, many of the same sorts of possibility are available. Again, the problems feature high levels of interdependence across different regions of the national economy, thus underscoring the need for more encompassing organizations. There are severe information problems – both in determining the dimensions of problems and in determining appropriate variation in their solution – thus underscoring the need for structures capable of eliciting and organizing the widest possible range of relevant information. And there are severe cooperation and coordination problems attendant on any constructive policy, thus underscoring the need for organizations capable of providing assurance against defectors. What was just said of active labor market policy could be repeated here for environmental policy. Again, concentrating narrowly on economic performance and state efficiency criteria, encompassing environmental organizations, and especially environmental organizations in active negotiation with representatives of 'productive' interests (labor and capital), could contribute to the development of national standards, specification of appropriate programs and incentives, development of experimental initiatives, and the like.

There is, moreover, every reason to believe that the usual sorts of comparative advantages of groups, and in particular the advantages of national bargaining among encompassing groups, will be more pronounced in the years ahead in the area of environmental policy. Heretofore, national environmental controls have been principally directed to limiting the most noxious consequences of the most noxious production processes and consumption decisions. But the limits of past policies have underscored the need for more ambitious efforts within national economies – efforts that would take aim not only at mitigating the consequences of relatively uncontrolled production and consumption decisions but at altering those decisions themselves through ‘source reduction’ of toxics and other environmentally damaging elements. Here, even more clearly than in the past, the address of environmental concerns would implicate these concerns directly in production and consumption decisions.

But as environmental policy moves closer to these sources, the difficulties of state ‘command and control’ regulation will increase, and socially rooted organizations, ideally a series of socially rooted organizations in negotiation with one another, will become more helpful. Implementing programs of toxic source reduction requires eliciting information from employers and workers about the costs of different technologies, cooperation from them and other social groups in implementing the use of less polluting production techniques, diffusion of knowledge about the program to consumers, the organization of new markets to provide additional incentives to program development (e.g. secondary markets in recycling or ‘full use’ of production side-products), and the like. It is simply implausible to think that state administrators will be able, even in the best of circumstances, to perform this range of tasks. Associations, including associations at the national level, are needed.

We move now to our second class of organizations: regional/sectoral groups. Here we wish to highlight the function of coordinating economic activity in the shadow of national policy. Because much that might be said here has already been anticipated, we shall be more brief.

As a general matter, sectoral and regional organizations are key to industry adjustment and the coordination of interests pursuant to industrial policies. And they play an important role in facilitating supply-side adjustment in economies featuring flexible specialization, which again commonly have a ‘lumpy’ geographic aspect. As with other associations, their effectiveness requires that they be relatively encompassing of affected interests and have powers over their memberships while remaining accountable to them. This enables them

to ease the adjustment of firms to national policy initiatives. More generally, it enables firms to respond to the pressures of competition, and the spread of flexible specialization, without turning their surrounding society into a nightmare of inequality and particularism – a latter-day version of the ‘Bourbon kingdom of Naples, where an island of craftsmen, producing luxury goods for the court, was surrounded by a subproletarian sea of misery.’³⁵⁵

Associations do this by helping construct an institutional infrastructure attentive both to the need to be maximally responsive to technological and product market changes and capable of limiting individual firm free-riding. They provide mechanisms for pooling resources for training in particular regions or trades and for developing and sharing research and development funds, particularly among smaller firms. The coordination and cooperation they provide help correct a variety of problems that firms face for familiar market failure reasons: deficiencies in the supply of training (in particular, training that creates more generalized and easily transferable skills), sub-optimal pooling of research and development funds and product information among competitors, inadequate links in product design between primary producers and suppliers, and the deadweight losses and excessive caution associated with more arm’s length forms of coordination, which are especially damaging in the current economic environment.

Our third example is local or intrafirm organizations that contribute to the enforcement and administration of policy. The by now familiar requirements of relative encompassingness with respect to affected interests, accountability and leadership power again apply, as do the typical sorts of advantages of association – facilitation of cooperation through sanctioning and facilitation of coordination by better knowledge, itself gained from social rootedness and consequent ‘local knowledge’. We move directly to some examples of the sorts of association we have in mind and the different roles they can play in administration and enforcement in different policy areas.

The first would be in-plant organizations for workers. Such committees or works councils, like the committees and councils that presently exist in many countries, would provide additional ‘voice’ for workers in dealings with management; they would, further, of necessity be coordinated in some way with other forms of worker representation. Here, however, we focus exclusively on their contribution to the enforcement and administration of state policy.

What is important here is that, for workplace regulations presumably enforced across a large number of dispersed and heterogeneous

sites, such organizations have advantages over state inspectorates in enforcing those regulations in efficient ways. They are 'on the ground', close to the activity being regulated, and thus better informed about conditions in particular sites and the different local ways in which noxious conditions might be remedied. As organizations of workers, they typically have capacities to elicit cooperation from fellow workers in devising such remedies. If appropriately empowered – as in, for example, Swedish work environment committees or West German works councils – they can bring diverse sites into line with minimum generic standards without requiring uniform process in doing so.

Then there are any number of local groups with declared interests in particular policy areas (e.g. environmental groups, women's groups, housing co-ops, churches, etc.). Depending on their configuration, these too can be recruited to a variety of administrative and enforcement tasks. They can monitor state enforcement, communicate new problems to legislative bodies and help negotiate the means of meeting uniform standards that are attentive to local variation in circumstance. Local associations can also be of use in the delivery of social services. The fact that such groups are already established means that delivering benefits through them is commonly less costly than it would be through newly created bureaucracies. The fact that they have alternative sources of support (alternative to the fee charged the government for such service delivery), moreover, makes it easier for the government to vary levels of support for particular programs and thus increases flexibility. Again, the fact that such associations are 'on the ground' means that they know more about the needs of the intended recipients of those services than do distant government officials, and the fact that they are integrated into communities and local economies leaves them better equipped to see the connections, for individuals, of different policy initiatives.

In combination, these features of local organizations (or, for that matter, regional ones) make them especially attractive additions to the governance of social welfare. As noted earlier, recent economic changes, especially in conjunction with increased labor market participation by women, have immeasurably complicated the discharge of traditional welfare tasks. Rapid economic change, increased heterogeneity in production, and ever greater relative returns to human capital, combined with the destruction of 'traditional' family patterns to which they all contribute, create a universe of problems quite different from that which confronted welfare policy even fifteen years ago. In this context, effective policy needs to be especially attentive to variation across cases, to the interdependence of different categories

of need among individuals, and to the integration of welfare delivery into plausible career programs for recipients. This in turn favors a devolution of welfare administration from more to less centralized bodies. As in the case of specializing firms, such devolution brings with it obvious dangers of an oppressive federalism of neglect. But as with firms, socially rooted associations can serve as an effective counterweight to such pressures for particularism while reaping the advantages, for welfare design, of being integrated into their communities and thus knowledgeable and flexible in fitting programs to individuals.

Our contention is that these (and related) associational initiatives would have desirable effects on economic performance and state efficiency. In support of this contention, we offer two sorts of consideration. First, drawing on the earlier discussion of qualitative variation, there are several attributes of the associative scheme that appear important in generating gains along these dimensions: (1) the most important groups have significant power over their members, and are accountable to them, and at the same time have relatively clear understandings with the state about the range of their powers and responsibilities; (2) the groups involved are relatively encompassing with respect to potential membership (defined as those with interests that are plausibly convergent with actual group members); (3) at least some organizations have relatively wide scopes of authority and concomitantly encompassing memberships; and (4) some associations, particularly those with wide scope of authority, are relatively stable and generally accepted, so that members can expect the same associations to continue to serve as collaborators and negotiating partners.

The expectation, then, is that the combination of these features would generate a favorable environment for cooperation among relevant actors, thus helping to avoid a chief source of 'mischief' in secondary associations, namely, their narrow and shortsighted defense of particularistic interests. In particular, greater encompassingness in organization, in conjunction with accountability, reduces temptations to free-ride on others because members of encompassing associations would themselves likely feel the effects of such free-riding and transmit their dissatisfaction to leaders (here the assumption of accountability is crucial). The relative stability of bargaining partners establishes a common, institutional memory of past behavior and at the same time lengthens the shadow of the future. The scope of authority enables trades across different areas of policy, thus enhancing flexibility in particular areas of policy. And the quasi-public status of some of the groups enables negotiations to proceed against the background of an

expectation of enforcement and, at the same time, under conditions that promote responsible (because publicly visible) behavior. Altogether, the result is to generate the usual gains from cooperation – easier access to relevant and reliable information, a reduction in deadweight losses due to contention, reduction in the costs of enforcement and an expansion in the range of options to include joint strategies.

In addition to these more abstract considerations, there is some evidence that aids our case. The evidence is spotty and its relevance might reasonably be contested – a point that we shall come back to. Still, an examination of the performance of systems with associational forms analogous to those sketched earlier does suggest some support.

On economic performance, a range of studies of macroeconomic performance show more corporatist systems, featuring national-level bargainers of the sort suggested here, exhibiting more stable growth, better inflation/employment tradeoffs, higher rates of investment and productivity growth, and, as a consequence, higher and steadier rates of income growth than do systems with more classically pluralistic forms of interest organization. And recent studies of industrial adjustment and the reemerging ‘regional economies’ of Western Europe show in more qualitative ways the contribution made by sectoral and regional groups to the competitive performance of diversified quality production.

On state efficiency, measurement problems are particularly notorious, but again the evidence is accumulating. The more organized systems from which we draw our examples deliver a much higher ‘social wage’ than more pluralist systems and appear to do so at lower cost. Gains are realized through better planning and prevention and economies of scale in administration (e.g. monopolies in the provision of health services, where more pluralist systems feature large amounts of waste due to marketing among competitors). Studies of compliance also indicate better performance in cases featuring the sorts of ‘on the ground’ local enforcers we are suggesting. Occupational safety and health legislation sets higher standards, with better compliance and at less cost to government where significant responsibilities for information and enforcement are devolved to in-plant committees.

To conclude the case for the associative approach to the problems of post-Keynesian regulation, we need finally to address the objection mentioned above to the relevance of this evidence to our case. The difficulty is that much of the evidence is drawn from systems – for example, democratic corporatist systems – with characteristics,

potentially relevant to the capacity of groups to make such contribution, which are absent from our associative scheme. Two characteristics in particular – stable monopolies of groups within their respective categories of interest and sharp limitation of the number of categories of interest represented in the policy process – are characteristic of liberal corporatism but not of the associative scheme. Why, then, do we suppose that advantages that have been associated with corporatism would also pertain to the arrangements described earlier? We shall address the concern about monopoly now and come back later to the issue of the number of categories of interest that are represented.

The objection is this: while the evidence we cite is drawn in part from democratic corporatist systems, it is crucial to the contribution of associations in corporatist systems that they have a stable monopoly of powers of representation within their respective categories. But the associative scheme increases the level of challenge to them, thus depriving them of the source of their virtue and depriving us of the alleged evidence.

By way of response, we note that the objection appears to make one of two assumptions, neither of which seems compelling. First, it may assume that the associations in liberal corporatist systems make favorable contributions to policy because their representational monopoly implies that they do not need to be responsive to the interests of members and so could assist the state in achieving its aims. But if this is the assumption, then it faces its own straightforward problem of empirical support, namely, that there does not appear to be any evidence that, as a general matter, the monopoly associations in liberal corporatist systems do display a lesser degree of accountability or responsiveness.⁵⁶ Alternatively, the objection may be assuming that a representational monopoly enables associations to play a constructive role because it places them beyond political challenge. But this is plainly not right because groups with formal representational monopolies are commonly the object of opposition and protest.⁵⁷

What may underlie these assumptions is the more fundamental idea that the benefits of associations in liberal corporatist systems with representational monopolies derive, as a general matter, from their capacity to exclude certain interests from being represented. An alternative view, which seems to us more plausible, is that the benefits derive from the capacity of such associations to coordinate the actions of a diverse range of individuals who might otherwise have gone un(der)represented. But as this advantage is retained by the associative scheme, we do not accept the contention that evidence drawn from liberal corporatist systems is irrelevant to our case.

Problems and Prospects of Associative Democracy

Suppose that this account of group contribution to economic performance and state efficiency is plausible. It remains to be asked how the group structure contributing to such performance comports with other (more constitutive) features of democratic governance – popular sovereignty, political equality, distributive justice and civic consciousness. This is the question we take up in this section.

Apart from its intrinsic interest, this normative issue has important practical implications. Both for the stability of performance-enhancing group structures in those regimes where they now exist or for their encouragement in those systems (like the United States) currently featuring more ‘liberal’ regulation of economic affairs something more than an economic or state efficiency argument is almost surely required. This is especially so in the reform case. The institutionalization of a system of dense associative activity would inevitably face opposition and would be fraught with uncertainties about effects, potential reversals, and the like. In such circumstances, proposed changes in group design cannot only promise (what and who does not?) increased economic productivity and efficiency but something linked more deeply and immediately to constitutive democratic ideals. For in this circumstance, if not in the ordinary workings of capitalist democracy, Schattschneider is right – ‘consent is no longer enough.’⁵⁸ Active popular support is needed, and that is unlikely to be forthcoming unless an associative democracy connects with deeper aspirations to democratic order.

To get at this question about linkage, we proceed straightforwardly. Taking each of the remaining conditions of democratic order in turn, we ask how arrangements of the sort just claimed to improve performance contribute to or affirm their satisfaction. Remedies for the problems identified here will then be introduced in the next section.

Popular Sovereignty

Does the existence of the groups characteristic of our associative scheme contribute to, or create problems for, the ultimate authority of the people in the formation of policy? Two observations frame our answer to this question. First, the quasi-public, functionally demarcated bodies exercising power within that scheme do so against the backdrop of encompassing political organizations that organize representation along traditional territorial lines. A basic possibility

of ‘exit’ from the group-based system of representation to the more traditionally organized system thus exists. Moreover, the group system is itself regulated by the traditional system, depending on it, for example, for subsidies. Second, we take it as clear that the delegation of powers to arrangements of group bargaining does not by itself pose a problem for popular sovereignty any more than the existence of specialized agencies of governance poses such a problem. Rather, the concern arises when there is an ‘irrecoverable delegation’ that places those powers beyond the review of encompassing institutions.⁵⁹

With these background assumptions in mind, we want first to indicate three sorts of positive-sum relationship between associations and the democratic state – three 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 their aims. Second, groups provide additional enforcement power, thus increasing the likelihood that decisions made by the people will be implemented.⁶⁰ Third, in mitigating enforcement problems, groups remove one important constraint on political debate. Instead of proposals being shortcircuited with the claim that they are unenforceable, a wider range of proposals can be discussed seriously. In combination, better and more flexible means, better enforcement and, as a consequence, less constrained debate about ends and their achievement count as powerful pluses for popular sovereignty.

These three 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 oligarchy’. A dense world of association may make the government more informed about, and more responsive to, the interests of group ‘oligarchs’ but not group 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.

Political Equality

With respect to political equality, three contributions of the associative order are important. First, the forms of association described earlier improve the representation of workers and other less well-endowed citizens. As a consequence, the capacity to influence political outcomes becomes less dependent on position in the distribution of material resources, a direct gain for political equality. Second, and closely related, improved representation of the less well-off can be expected to provide support for programs of distributive equity (discussed shortly), and that in turn will serve to provide more stable foundations for equality of political influence. Third, greater material equality and security, combined with enhanced capacities to enforce legislation, mean reduced concern about the capacity of powerful private interests effectively to veto public policies. This, as we just noted, is a major gain for popular sovereignty. But because such vetoes are typically exercised by the best-off members of the order (e.g. through the private control of investment), it is also a gain for political equality.

The bad news is twofold. First, there is a potential for sclerosis. Powerful functioning groups in place at any given point, already performing governance functions, are likely to be looked on favorably by the state as partners in governance tasks. Assuming this to be the case, the result may be that the initial organization of group interests would become quasi-permanent, thus replacing private wealth with public favor as a source of political inequality.

Second, and more critically, even if the associative scheme improves interest representation, it appears to impose important limits of its own on achieving a genuinely fair representation of social interests. Again, background inequalities in the conditions favorable to group organization (resources, etc.) intrude. Even abstracting from these inequalities, some interests – for example, those of consumers – are intrinsically more difficult to organize than others. Still other interests do not lend themselves to representation within a bureaucratic system of representation. For example, those who oppose bureaucracy itself

will find little solace in the organizational environment suggested by our associative proposal. Further, concerns of ‘principle’, which often are intractable to negotiation and compromise, may be under-represented. Here we think of the ‘new social movements’ and ‘single-issue groups’ that pursue matters of what are regarded as moral principle. Finally, the effective operation of a system of peak bargaining among encompassing groups plausibly requires the exclusion of some interests, for it is precisely the limits on the number of ‘social partners’ that permits such groups to function effectively. To the extent that any of these departures from the equal representation of interests is significant, the fact that our associative democratic scheme enhances the powers of those groups that are organized threatens to worsen the prospects for political equality.

Distributive Equity

The contribution of group organization to distributive equity appears straightforward. There is a strong empirical case (stronger even than the case on economic performance) that systems featuring such higher levels of group organization and coordination of group interests are more equitable than classically pluralistic systems; this appears to be the case on a wide range of plausible egalitarian conceptions (including those that focus on the minimum and the dispersion and whether the conception is resourceist or welfarist). The basic reason is that they feature higher levels of organization and more powerful forms of organization of workers and other citizens whose ‘natural’ level of welfare is lower and who otherwise can be expected to be grossly under-represented in the policy process.

Such organization contributes to distributive fairness in at least two ways. First, by gaining representation and power at the national level, union federations representing workers can use that power to press for more favorable incomes policies, labor market policies and social welfare policies for their members. This reduces the dependence of individual welfare on market performance and thus reduces the dependence of distribution on the ethical contingencies that shape such performance. Second, by offering enforcement and administrative mechanisms ‘on the ground’, the organization of such groups reduces the cost of making a ‘welfare effort’, thus contributing to an increase in that effort.

It might be noted too that the wage and social welfare policies within such systems tend to be more ‘solidaristic’ and generic, presumably because of the organizational support for them. Greater reliance

on generic social welfare programs – rather than a patchwork of means-tested programs and favorable government treatment of the gains of a minority of fortunate workers – tends to equalize receipt of government largesse. What may be lost in the targeting of the least advantaged appears to be more than made up for in the encompassingness of these social programs, which can be expected to translate into long-term political support leading to greater and more stable efforts.

Two concerns about equality stand out. First, where the less well-organized interests are also the interests of the less well-off, the gains for the bulk of the working population may be unmatched, or worse, among minorities within it. Second, and more serious, functional representation systems are ill-designed to cope with regional inequalities. To the extent that functional representation is relied on as a guide to policy, then, questions about the treatment of regional inequality legitimately arise.

Civic Conscientiousness

We have already indicated some contributions that associations, including those that we propose, can make to civic conscientiousness. By facilitating cooperation between, and coordination of, interests, they can encourage less narrow group programs, greater awareness of the interdependence of different aspects of policy, and less steep rates of time discount than is common in more pluralistic systems. This seems particularly the case for the largest and most encompassing of organizations. Because they are not narrowly organized, the solidarity of their memberships approaches a social solidarity. Because they are involved in the widest range of activities, they promote awareness of interdependence. And because they engage in peak bargains with other social partners that are explicitly conditioned on promises of performance some distance into the future, they encourage longer time-horizons.

Arguably, however, such contributions can also be made by groups operating at our two other functional levels (that is, coordination, and administration and enforcement). In the area of supply-side coordination of education and training programs, for example, dense networks of association among union, business and community groups, interacting with state officials, create something approximating a ‘public sphere’, in which public-regarding criteria of action achieve institutional form. Even in the narrowest of arenas – for example, a workplace safety and health committee that acts to enforce nationally legislated norms – citizen involvement in a responsible role in the

maintenance of publicly declared norms of order arguably promotes sensitivity to the rewards, and necessity, of such an order.⁶¹

In these latter two cases especially, the degree to which group organization promotes civic conscientiousness depends heavily on the precise role those groups are assigned and the surrounding framework of articulate public authority. In particular, it depends on their having a relatively clearly defined scope of discretion and obligation and on their operating with clear standards and mechanisms of accountability to fully public authorities. This point granted, however, the encompassingness of groups and their increased participation in appropriately structured acts of public governance appear to carry benefits for civic conscientiousness.

The dangers here are familiar. By officially delegating more public authority to functionally defined groups, an associative democracy may exaggerate a tendency to devolve public authority to less politically encompassing organizations by placing a public imprimatur on it. Further, if these groups are successful, the centrality of their operation can undermine respect for more encompassing organizations. Finally, some narrowness in group representation remains in such a system, and associated with that, there is encouragement of forms of group ‘conscientiousness’ that compete with and may take precedence over civic sensibilities.

Reconciling Association and Democracy

In sum, the sorts of groups associated with gains in economic performance and state efficiency appear both to contribute to and potentially to threaten the satisfaction of other conditions of democratic governance. In short, it is not yet clear, on balance, how democratic our associative proposal would be. To address that issue we propose now to devote exclusive attention to the threats, examining them more closely, assessing their seriousness, suggesting remedies where the problems appear serious and remediable, and considering how damaging any residual difficulties are.

Throughout, we are guided by three background assumptions, aspects of which have already been emphasized but which merit explicit notice here. First and all-important, our scheme assumes that final authority continues to rest with more traditional, encompassing, territorially-based systems of representation. Among the objects of debate within this system, then, is the degree to which groups will be accorded a quasi-public status in governance. Both individual citizens of the order, and, as it were, the people itself, can choose to ‘exit’

from reliance on groups in this quasi-public role or to transfer public support from some groups to others. Second, while we assume that the capacities of the state are constrained, we assume as well that some measure of refashioning of conditions of association is possible. Third, we aim at some measure of 'realism', by which we mean that the deformations in our associative scheme should be compared to alternative systems of governance (among mass capitalist democracies), and not to an ideal that lies beyond the reach of human beings as they are and institutions as they can be.

Popular Sovereignty

Turning first to sovereignty, then, recall that there were three potential difficulties: the problem of disjunctions between member and leadership interests within groups, and thus a 'misresponsiveness' of the state; the Frankenstein problem of independent powers; and standing concerns with vague delegation in systems featuring much delegation.

To begin on a note of realism, we assume that there are always some problems of disjunction. The issue is whether our associative proposal worsens the problem. It might appear to, as it seems intuitively plausible that the problem of disjunction would be especially pronounced in the largest, most encompassing and most bureaucratic 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. In fact, however, there is little evidence that forms of organization necessary to meet the demands of peak bargaining bear negatively on responsiveness. It is not that centralized encompassing union federations are more responsive to their memberships than decentralized union movements, only that there appears no clear relation between opportunities for voice and exit on the one hand, and centralization and encompassingness on the other.

On a variety of measures of international union democracy, for example, the Norwegian union movement, among the most centralized and encompassing in the world, is more 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. Two conclusions of immediate relevance are suggested by this work. First, there is a variety of mechanisms that can be used, in different combinations, to enhance internal responsiveness – including election

to union councils, intermediate organizations and national offices; the encouragement or permission of informal caucuses; procedures for debate and vote on strikes, contracts and other sorts of concerted action; and so on. Second, the use of these mechanisms is fully compatible with the requirements of peak bargaining.

The natural response to the problem of disjunction, then, is to require greater use of such mechanisms of responsiveness 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 debate specific proposals in light of that principle.

The Frankenstein problem of independent powers also carries a natural response, namely, some variant of 'sunset legislation'. The quasi-public status of groups should be reviewed on a regular basis, with a rebuttable presumption that status will be withdrawn or amended as group behavior or perceived social needs warrant. The general requirements are reasonably clear, although 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 satisfaction of accountability and other conduct requirements. On the other hand, the requirements must not be so exacting as to preclude relatively stable satisfaction of them and thus the continuity in bargaining relations that, as we noted earlier, is an important prerequisite of the system.

The ultimate guard against independent powers, however, is the vitality of the system dispensing powers in the first place. Systems relying heavily on group-based representation should always be systems of dual, and juridically unequal, powers. Final authority should reside in encompassing territorial organizations, and both they and the electoral system that generates them should be sufficiently strong to permit social exit from group representation. This essential point emphasized by the 'insulating' Republicans seems right and especially suggests a need to strengthen the party system.

To the pervasive problem of vague delegations of power and attendant risks of abused discretion we offer two responses. Beginning on a note of realism, with what are the vague delegations of powers in our

associative scheme being contrasted? If we consider contemporary legislation in liberal systems, the comparison does not seem damning, as 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.⁶² 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. And to what are the problems arising from vagueness to be compared? If to the fact of regulatory capture, again the comparison is not damaging to the associative scheme.

More constructively, however, the problem of delegation may be treated separately for our three levels of group operation. At the level of policy formulation, and in particular in the case of peak bargaining, there does not appear to be a very great problem. The descendants of the social partners, each with considerable powers, are ‘naturally’ curbed in any intended abuse of discretion. At the level of decentralized enforcement and administration, the problem appears to have more punch. Here, the most plausible solution to the abuse of discretion is for public institutions to 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, with decisions about the means for implementing those limits falling to health and safety committees. At the level of coordination, we would again address problems of discretion by conditioning grants of quasi-public status on 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, and/or material state assistance, then performance criteria can be more exacting.

In sum, then, our response to the concerns about popular sovereignty is that dangers of faction in this area could be mitigated by requirements on internal democracy, legislative and judicial oversight, ‘sunset’ laws that threaten a group with competition for its position, and performance standards.

Political Equality

Earlier, we noted two threats to political equality: the over-representation of groups already in place by virtue of their quasi-permanent status and the more foundational problem of inequalities in the interests organized into groups. On the first, the remarks on ‘sunset’ review entered in the discussion of sovereignty again apply. Groups should be evaluated at regular intervals for renewals of their grants of public status, holding in reserve a credible threat of exit from the group system into other alternative (territorial) mechanisms of representation and governance.

On the foundational problem of inequality, we note again the importance of realism. However distorted the representation process within systems saturated with group organization, it appears on balance, and for the reasons discussed earlier, to be eminently more inclusive and fair than under less group-oriented systems. Furthermore, certain of the interests invoked as ‘under-represented’ within more group-based systems – such as interests that are hostile to bureaucratic forms of organization – appear unlikely to do well under any imaginable system of representation in a mass democracy.

Turning to a more direct engagement with the problem, different modes of address appear appropriate for different sources of inequality. For those interests whose collective representation would threaten their very expression (e.g. consumer interests), there is a case for establishing a government agency for their protection (perhaps with monitoring support from those consumer groups that are formed). The more difficult issue is that of exclusion, especially in peak bargaining. For that bargaining to proceed in the ‘virtuous’ way sketched above, most observers see the need for a severe limitation on the ‘quantity and variety of recognized interlocutors’ in order to preserve the ‘properties of small-group interaction, specialized competence, reciprocal trust, and propensity for compromise’ featured in successful societal corporatist systems.⁶³ Such limitation implies exclusion of some interests, thus raising the specter of exacerbated political inequalities.

The problem of exclusion has two components – the extent of the requisite exclusion and its legitimacy – and we consider them in turn.