

Secondary Associations and Democratic Governance

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Prominent among the problems of democratic theory and practice are the ‘mischiefs of faction’¹ produced in mass democracies by ‘secondary associations’ – the wide range of nonfamilial organizations intermediate between individuals or firms and the institutions of the state and formal electoral system.² Such associations play a central role in the politics of modern democratic societies. They help to set the political agenda, to determine choices from that agenda, to implement (or to thwart the implementation of) those choices and to shape the beliefs, preferences, self-understandings and habits of thought and action that individuals bring to more encompassing political arenas. Stated abstractly, the problem of faction consists in the potential of secondary associations to deploy their powers in ways that undermine the conditions of well-ordered democracy.

This potential has always been a special preoccupation in US politics. Curbing the ‘mischiefs of faction’ was announced by James Madison as the core problem of US constitutional design. Ever since modern political science rediscovered the ‘group basis’ of politics, secondary associations and attendant problems of faction have dominated the discipline’s most serious efforts at democratic theory.

Recent discussion of American solutions to the problem of faction has featured more skepticism than celebration. Concerns about the bias of the ‘interest group system’ in favor of wealthier citizens³ and about the ‘feudalization’ of the administrative state through the capture of its agencies by organized interests⁴ have been restated and supplemented by three major strands of contemporary constitutional-political argument, each addressed, *inter alia*, to the sources of faction and prospects for its cure: (1) a *neoliberal constitutionalism* which traces the proliferation of organized groups and their destructive ‘rent-seeking behavior’ to the powers of the state to confer such rents, and so proposes to address tendencies to faction by setting clear

constitutional limits on those powers: (2) a latter-day *civic republicanism* which seeks to preserve an autonomous realm of deliberative politics devoted to discerning and pursuing the common good, and argues that that preservation requires the insulation of an activist state from the maneuvering of particularistic groups; and (3) an *egalitarian pluralism* which seeks to accommodate the inevitable importance of group activity to modern democratic politics while limiting the distortions that organized groups produce in democratic politics by securing greater equality in the conditions of group organization and facilitating group access to legislative and administrative arenas.

These diverse proposals for addressing contemporary problems of faction resonate with more general doubts about the structure of the US political system and its capacity to address issues of broad national importance. These are fueled by two decades of weak economic performance and failed adjustment, sharp dissensus on the appropriate form and powers of the US welfare state, and the growth of a 'single-issue' politics, which defies conventional political management. In all these areas, the power of secondary associations to thwart fair and constructive policy is commonly alleged to be a major part of the problem, if not its principal source.

But whereas observers of the US system have rediscovered the pervasiveness of faction, students of comparative politics have pointed to an approximately opposite result: that certain forms of group organization play a central role in resolving problems of successful governance, not in causing them. In the 1970s, another 'rediscovery' of groups, this time of 'societal corporatist' (or 'liberal corporatist') systems of interest representation in Northern European democracies, argued that gains in economic performance and state efficiency were consequent on the incorporation of diverse, organized interests into policy formation within densely organized systems of peak bargaining and sectoral governance.⁵ More recent discussions, even as they have dissented from claims made about corporatism, or paused to note its devolution or collapse, have also stressed the importance of associative activity to economic performance. Students of the successful alternatives to mass production that are marked, simultaneously, by high wages, skills, productivity and competitiveness have argued that this success requires a dense social infrastructure of secondary association and coordination. This organizational infrastructure provides the basis for cooperation between management and labor, among firms, and between firms and the government on issues of work organization, training, technology diffusion, research and development, and new product ventures. And that cooperation, it is argued,

is essential to ensuring economic adjustment that is both rapid and fair.⁶

Apart from simply noting the positive contributions of associations, this comparative work suggests as well that certain 'qualitative' features of groups and systems of group representation – for example, differences in the encompassingness of groups or in the scope of their powers – and not simply the sheer 'quantity of associability', provide a key to explaining that contribution.⁷ This work is not without its own concern about faction – specifically, about the compatibility of the forms of group organization and representation that contribute to favorable economic performance and state efficiency with democratic ideals of popular sovereignty and political equality. Still, the contention that certain qualitative features of groups account for their favorable contribution to certain specific areas of governance implicitly suggests a *general strategy* for curbing the mischiefs of faction, namely, explicit efforts to encourage forms of group representation that stand less sharply in tension with the norms of democratic governance.

In this essay, we pursue this suggestion. Emphasizing both qualitative variations among groups and the 'artifactual' aspect of associations, we suggest that the range of cures for the mischiefs of faction is commonly understood too narrowly. The potential cures are not limited to the options of imposing stringent constitutional limits on the affirmative state, accommodating groups while seeking to ensure equality in the 'pluralist bazaar', or constructing cloistered deliberative arenas alongside that bazaar. In addition to these strategies, and in many respects preferable to them, is the cure of using public powers to encourage less factionalizing forms of secondary association – engaging in an artful democratic politics of secondary association. More positively stated, the same deliberate politics of association can harness group contributions to democratic order. By altering the terms, conditions and public status of groups, we believe, it can improve economic performance and government efficiency and advance egalitarian-democratic norms of popular sovereignty, political equality, distributive equity and civic consciousness (discussed later in this essay). This deliberate politics of associations and the view of contemporary democratic governance that embraces it as essential to such governance we call 'associative democracy'.⁸

We would recommend an associative democratic strategy in a wide range of administrative and property regimes. Here, however, we assume the context of modern capitalism, where markets are the primary mechanism of resource allocation and private individual

decisions are the central determinant of investment. Admitting the limits which this context places on the satisfaction of egalitarian-democratic norms, our argument is that associative democracy can improve the practical approximation to those norms.

Before presenting that argument, we conclude our introductory remarks by noting two broader aims of the effort.

First, we wish to advance discussion of the more institutional aspects of egalitarian-democratic political philosophy. Since the publication of John Rawls's *A Theory of Justice*, normative democratic theory has focused principally on three tasks: refining principles of justice, clarifying the nature of political justification, and exploring the public policies required to ensure a just distribution of education, health care and other basic resources. Much less attention has been devoted to examining the political institutions and social arrangements that might plausibly implement reasonable political principles.⁹ Moreover, the amount of attention paid to issues of organizational and institutional implementation has varied sharply across the different species of normative theory. Neoliberal theorists concerned chiefly with protecting liberty by taming power, and essentially hostile to the affirmative state, have been far more sensitive to such issues than egalitarian-democratic theorists, who simultaneously embrace classically liberal concerns with choice, egalitarian concerns with the distribution of resources and a republican emphasis on the values of citizen participation and public debate. Neglect of how such values might be implemented has deepened the vulnerability of egalitarian-democratic views to the charge of being unrealistic: 'good in theory but not so good in practice'. This essay is motivated in part by an interest in addressing this vulnerability by examining the constructive role that secondary associations can play in a democracy.

Second, and more practically, we wish to join and advance, from the point of view of democratic ideals, current discussion about the shape of a reasonable alternative to the political-economic arrangements that have characterized the United States and other, more developed welfare states since the end of World War II. Over the past generation, owing principally to shifts in the underlying conditions of economic ordering – intensified international competition and integration, rapid technological change, and a growing dispersion of labor market positions defined increasingly by endowments of human capital – the central governing institutions and practices characteristic of the post-war 'Keynesian welfare state' have been subjected to sharp challenge. Together, these changes have served to weaken the force of national regulatory institutions. Whatever the ultimate assessment of their past

achievement, those institutions seem clearly less suited than they once were to ensuring a reasonable and fair society.

The second aim of our argument, then, is to respond to these circumstances with some suggestions for institutional reform. Using the problem of faction to focus our discussion, we outline certain elements of a scheme of association which we believe to be more democratic and better suited to promoting the general welfare than present institutional arrangements. According to secondary groups an extensive and explicitly public role, the proposed scheme represents an elaboration of the implications of the idea of associative democracy in light of present circumstances. In general terms, it would preserve a social-democratic emphasis on generic social regulation defined and enforced through national institutions, while linking it with classical liberal and republican emphases on decentralized coordination and administration through local jurisdictions or secondary organizations. This elaboration of associative democracy is intended not only to clarify that conception further, however, but to show how it may be used to address a range of pressing problems of contemporary states.

We make the argument for associative democracy in four steps. Section 1 provides a critical assessment of neoliberal constitutionalist, civic republican and egalitarian pluralist approaches to the problem of faction, to which associative democracy stands in contrast. Section 2 gives a positive characterization of the associative view. We describe basic egalitarian-democratic norms, indicate some of the ways that secondary associations can help to satisfy them, and begin exploring the possibility of netting this contribution, while reducing faction, through a more deliberate politics of groups. Section 3 illustrates this strategy by showing how it might be applied to a wide range of practical problems of democratic governance and what effect such application would have on the various norms of democratic association identified earlier. Section 4 rounds out the discussion with some suggestions for associative reform in the United States, offered in light of the previous analysis.

1. Three Cures for the Mischief of Faction

Three views dominate current debate about the relation between democracy and groups. We refer to them, respectively, as neoliberal constitutionalism, civic republicanism and egalitarian pluralism. In this section, we provide a critical assessment of these views, examining their normative underpinnings, their analyses of group contribution

and faction, and their proposals for reconciling associations and democracy. While our discussion focuses on these views themselves, our principal aims are to clarify and to motivate the idea of associative democracy by indicating how it emerges naturally from reflection on the strengths and deficiencies of the main alternatives.

Strategies of Limitation: Neoliberal Constitutionalism¹⁰

Neoliberal constitutionalism is perhaps the most influential contemporary approach to reconciling democracy and group practice, and the one most ascendant in recent discussions of the problem. For these reasons, we consider it at some length.

Background View

Neoliberal constitutionalism is a contemporary descendant of the liberalism of John Locke and Adam Smith.¹¹ Drawing on those strands of classical liberal political theory, neoliberal constitutionalism advances the normative ideal of an efficient ‘constitution of liberty’, a set of social and political arrangements that simultaneously protects a fundamental *right to liberty* and advances the *general welfare*. The fundamental right to liberty is understood to imply that, as a general rule (excepting, for example, children and adults with severe mental handicaps), it is permissible for the state to restrain individual choice only where the restraints are necessary to protect choice itself, that ‘liberty should only be restrained for the sake of liberty’. So, for example, restrictions on the liberty of contracting parties are legitimate only in so far as those restrictions are themselves necessary to preserve the institution of free contracting, as is the case, for example, with prohibitions on unilateral amendment of contract terms. The idea of the general welfare is typically interpreted in terms of the requirement of Pareto efficiency. Thus social arrangements (set within a framework of liberty) promote the general welfare if and only if any rearrangement of them would decrease the satisfaction of at least one person’s preferences.

Given their emphasis on the values of choice and efficiency, neoliberal constitutionalists are strong proponents of competitive markets. These provide a mechanism of social coordination based in individual choice that also, under certain conditions, generates Pareto-efficient allocations of resources. Commitments to choice and efficiency also lead neoliberals to be deeply wary of concentrations of power, which can be used to restrict choice or hinder allocative efficiency. Here, too,

there are advantages to competitive markets, as the possibility of exit from unsatisfactory commercial relations that markets provide limits the abuse of power. Indeed, if power is defined as the ability to impose uncompensated costs on others, then perfectly competitive markets abolish power.¹²

Neoliberal views on the appropriate functions of the state follow from these perceptions and commitments. As a general matter, a sharply ‘limited’ state is desired. Because markets honor choice and can produce efficient resource allocations, the central role of the state is typically defined as one of defending the legal framework of formal liberty itself and securing the prerequisites of competitive market operation. To play this role, the state does need to regulate and restrict choice, but these activities are justified by reference to the contention that they protect choice itself. So, for example, the state can legitimately regulate and restrict choice in order to protect property, enforce contracts, secure a stable money supply, curb anti-competitive behavior, mandate that property be relinquished when market power is unduly concentrated, and raise the taxes required to pay for each of these functions – because all these are necessary to securing a competitive market order that respects choice.

Of course, economic coordination through existing markets does not always result in allocatively efficient outcomes. Even under perfectly competitive conditions, ‘market failures’ may occur, generated in particular by the effects of economic transactions on third parties. Because the state cannot always promote the general welfare simply by protecting choice in markets, it will sometimes need to supplement the market by, for example, providing public goods undersupplied on it, raising the revenue for such goods through taxation. Because of difficulties in determining the extent and sources of market failure and in assessing the likelihood that state action will remedy it,¹³ particular proposals for such supplementary state action will often be controversial. And because choice remains a fundamental value and the taxation to support state action is mandatory and thus abridges choice, neoliberalism endorses a strong presumption against any affirmative state action. But that presumption is rebuttable if the regulatory means are minimally restrictive of choice, and if they can reasonably be expected to work a substantial improvement in the general welfare.

Finally, although neoliberal constitutionalism endorses the legitimacy of state action that regulates individual choice in order to protect liberty and to secure the general welfare, it denies the legitimacy of restrictions and regulations of conduct designed to assure equality.

In competitive markets, inequalities in the lifetime expectations of different citizens arise from differences in their inherited resources, their native endowments, their individual tastes and values (reflected for example in their preferences about work and leisure) and their good and bad fortune. Because neoliberalism supposes that the protection of competitive markets is required to assure the right to liberty, it holds that inequalities of each of these kinds are the more or less inevitable price to be paid for securing that right. Regulating inequalities resulting from differences in inherited resource endowments, for example, would require significant restrictions on parental choice about the transmission of wealth to children. For neoliberal constitutionalists, such a restriction on individual liberty is unacceptable. Rights to liberty remain 'core' and cannot be abridged by egalitarian concerns.

As a matter of the design of public institutions, neoliberalism proposes to meet these commitments to choice and the general welfare through a variety of checks on the concentration of public power. Markets themselves are seen as one such check. A system of vigorous electoral competition is another. And within the state itself, constitutional limits on the state's plenary powers, an independent judiciary with powers to review and invalidate legislation, and a separation and federalism of powers to assure competition in the authorship of policy are others. In combination, market-ordered civil society, party competition and limited and divided government help to secure the blessings of a 'constitution of liberty', while disabling its opponents.

The Neoliberal Approach to Groups

Neoliberals respect the right of association and recognize the value that can come from exercising it. If associations are wholly voluntary and do not impede market efficiency or burden the fundamental liberties of non-members, they are tolerated, or more, in the neoliberal scheme.¹⁴ Neoliberals recognize that some sorts of associative activity can even produce efficiency gains and an expansion of choice by their role in ordering markets, as in privately ordered product standard-setting secured through a trade association. In so far as they perform educative and coordinating functions without drawing down the public purse, all manner of groups can promote the meaningful exercise of liberty, in ways consistent with a commitment to a minimal state, while contributing to the common advantage. Although they do not contribute to efficiency, charitable organizations and private welfare efforts find particular favor, as these 'thousand points of light' relieve pressures for expansion of the welfare state. Thus neoliberals are

enthusiastic about the proliferation of brotherhoods and sisterhoods, community organizations and gun clubs, chambers of commerce and parent-teacher associations, and menageries of Elks, Moose, Odd-fellows and Zor Shriners exercising their associational rights.

What neoliberals object to are organizations that are not wholly voluntary or that in some way impede market operation or otherwise infringe economic efficiency and choice. Trade unions are a favorite target, as these are seen to combine restrictions on the liberty of members and of employers with economic inefficiency. Business associations engaging in restrictive market practices are another. With Adam Smith, the neoliberals deplore the fact that 'people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.'¹⁵

What gives neoliberal constitutionalism a distinctive contemporary identity is its particular concern that such obnoxious group practices are tolerated, encouraged and lent sanction by the affirmative state. Indeed, the core of the neoliberal view of faction is that the problem arises not so much from groups themselves as from the way in which that state has corrupted the environment of voluntary association by providing countless opportunities for returns to political bargaining.

In modern administrative states, government action ranges far more widely than the protection of choice and the promotion of allocative efficiency. The burden that must be met to justify state action in the name of the general welfare has been substantially reduced.¹⁶ Administrative agencies, with powers to act in particular markets and arenas of social policy, are principal instruments of state action. And agency action is not, as a general matter, limited by precise rules or standards of either a procedural or substantive kind. In brief, liberty is threatened by a substantially 'untamed' power.

The way that faction arises from such affirmative state capacities was suggested in Smith's critique of mercantilism. Smith argued for limited government in part because he thought the more extensive state associated with mercantilist regulations of trade would inevitably be captured by merchants and manufacturers. Inspired by the 'spirit of monopoly' and facing relatively few obstacles to common action, they would use the powers of the state to protect their positions in particular markets. By thus securing special advantages for themselves, they would limit the choices of others and in so doing would reduce the wealth of the nation.¹⁷

Neoliberals essentially transpose Smith's quarrel with the mercantilists to the context of mass democracy. There, they argue, undue

restrictions on choice and departures from efficiency are introduced by the combination of associational rights, an affirmative state with the power to confer benefits on discrete groups, and the need by those with power to secure electoral support in order to retain that power. Rights of association enable groups to form. Incentives to group formation are then provided by the state's ability to provide benefits to select populations that are paid for by all – as in, for example, a tariff or subsidy for a particular industry that benefits members of that industry while imposing the costs of higher prices on everyone else. Such situations are ripe for political exploitation, because the clear incentives for groups to demand such benefits are typically not matched by public concerns to limit them. While the benefits are concentrated, the costs – even if they are in the aggregate greater than the benefits – are dispersed across an accordingly demobilized citizenry. Moreover, political officials need to bid for political support. So, they rationally seek to supply benefits to groups that demand them in exchange for such support, with little fear of sanction from an exploited but inactive public. Group exploitation of these opportunities, finally, is exacerbated by the access of groups to private information, difficulties in legislative monitoring of agency performance and the increased chances for group 'capture' of agencies that result, and the capture of relevant legislative committees by organized interests. Gradually, state policies come to be defined by the agendas of different groups.

The result, as Hayek puts it, is the 'domination of government by coalitions of organized interests' – by 'an enormous and exceedingly wasteful apparatus of para-government . . . [that] has arisen *only in response to (or partly as defense against being disadvantaged in) the increasing necessity of an all-mighty majority government maintaining its majority by buying the support of particular small groups*'. While such factional domination may appear to be the product of corruption and vice, its roots go deeper and are in fact 'the inescapable result of a system in which government has unlimited powers to take whatever measures are required to satisfy the wishes of those on whose support it relies'.¹⁸

Both the reduction of politics to group bargaining and the policies that result from that bargaining are sources of inefficiency and restrictions on choice. The processes of group organization and political bargaining themselves produce inefficiencies because they divert the energy of citizens away from economically productive contributions into political activity. The legislative and administrative results of the process (e.g. licensing arrangements, entry restrictions, price supports and redistributive tax-and-transfer schemes) restrict choice itself while

producing further inefficiencies – for example, artificial scarcities that produce a divergence of market prices from true opportunity costs, incentives to substitute leisure for labor that follow from rewards paid to nonproductive action, and incentives to engage unproductive acts of appropriation through the state.

The neoliberal constitutionalist institutional program follows fairly straightforwardly from this analysis. Since advantage-seeking groups will inevitably form in response to the opportunities for private benefit at general expense created by an affirmative state, and since their actions will result in efficiency losses and unjustified restrictions on choice, there are only two possible cures for faction: either limit associational liberties or limit the affirmative state. Since the curtailment of associational liberties is ruled out as a matter of principle and would restrict desirable as well as undesirable associative activity, the second strategy is mandated. Specifically, then, the program is to eliminate, at the level of basic constitutional principle and design, the 'affirmative' aspects of the modern state. By stranching the flow of discrete benefits from the state, such constitutional reform limits the key incentive to advantage-seeking, namely, the availability of returns to political action. It thus discourages the formation of destructive groups and the pathologies of 'bargaining democracy' associated with them.¹⁹

Analysis and Criticism

Parts of the neoliberal constitutionalist view are correct and important, and we will wish to take them over in elaborating our own view of associative democracy.

As a normative matter, individual choice and allocative efficiency are important social values, as is government competence and efficiency. These concerns must be ingredients in any working conception of democratic order. Furthermore, constitutional limits on state power seem essential to securing the conditions of a democratic order worthy of support. Even if constitutional design were not the only way to limit the state, the express statement of limitations at law would remain desirable because it makes manifest the terms and conditions of citizenship, a requirement for citizens being motivated directly by those terms.

As an empirical matter, some parts of the neoliberal analysis of 'bargaining democracy' are also clearly right. Political officials often do exchange bounty for support. Groups often do exploit asymmetries in the distribution of the costs and benefits of policies. State policies

themselves often do encourage the formation of advantage-seeking, choice-restricting and welfare-limiting groups. And state capacities are, in some measure, pushed beyond their limits in affirmative regulation.

Considered as a general framework for studying democracy and associations, however, the neoliberal conception exhibits four principal shortcomings.

First, we have a disagreement on fundamental norms. While we endorse neoliberal concerns with efficiency and liberty as such, we take exception to their single-minded preoccupation with these concerns. As noted earlier, in a system of 'natural liberty', in which the legitimate functions of the state are confined to protecting choice and ensuring efficiency, inequalities rooted in differences of inherited wealth, natural talent or brute good fortune will proliferate. But we see no justice in permitting differences of these kinds to determine life chances. More immediately, such inequalities are in tension with a fundamental ideal of democracy, itself essential to justifying aspects of democratic order that neoliberals value. In a democracy, citizens are treated as equals – with equal standing under the law and full political rights – irrespective of differences in their inherited resources, natural endowments and good fortune. It is difficult to see any rationale for insisting on that equal treatment which is not also a rationale for seeking to reduce the effects of these differences on lifetime expectations.²⁰

Of course, acknowledging the legitimacy of state action to ensure distributive equity carries with it a willingness to accept restrictions on choice in the name of equality. But we do not find this particularly troubling. While liberty as such is a good thing and ought not to be arbitrarily abridged, there are important distinctions within the class of liberties and correspondingly within the class of reasons for abridgement. Some liberties are more important or fundamental than others, and reasons that suffice for justifying restrictions on the less important are not always sufficient for justifying restrictions on the more important. The fundamental liberties in a democratic order, with a place of pre-eminence in political argument, are liberties of conscience and thought, expression and association, participation and personal privacy. But stringent protection of these liberties is consistent with regulations of and restrictions on market choice in order to ensure political equality and distributive equity.

Now, if one accepts that political equality and a fair distribution of resources are reasonable norms, then one may well have to live as well with some of the inefficiencies that neoliberalism notices. For example, so long as effort is tied to expectations of material compensation,

assuming a fair distribution of resources will result in a less than full utilization of resources. But that may simply be the inevitable price to be paid for the important value of a distribution of advantage not hostage to the vicissitudes of inheritance, talent and luck. Furthermore, so long as a fair distribution depends on pressures on the state to correct for unfairness in markets, it will be necessary to devote resources to ensuring that pressure. Neoliberals view such political engagement as a wasteful diversion of resources from productive contribution. It seems more plausible to view it as a way to assure the justice of the society.

Second, the same reasons that lead us to think that distributive equity is a reasonable concern within democratic orders lead us to think that the neoliberal account of group formation is misleading. That account emphasizes the degree to which the formation of groups pressuring the state for benefits is endogenous to the growth of the welfare state itself. The bounty provided by an expansive state creates the incentives to the formation and political actions of advantage-seeking groups.

But this emphasis seems misplaced. It is true that group formation is responsive to the level and kind of benefits provided by the state. But it is also true that at least one important source of group formation is exogenous to the affirmative state, namely ethical concerns about the injustice of purely market-based resource distributions.²¹ The history of the welfare state – whether told as the partial triumph of the working class or as a growing series of subsidies to capital, or (more plausibly) as both – is a history of social pressures for the expansion of state functions. Before programs of the modern welfare state encouraged groups to seek resources through the state, social groups fought for the establishment of programs in social insurance, income support and labor market regulation. They aimed to make citizens' life chances less dependent on the contingencies of market success.

There is every reason to believe this history would repeat itself if the neoliberal remedy for faction were implemented. If a more minimal state were achieved, those suffering from material disadvantages of the kind described earlier (that is, inequalities that are at odds with the underlying ideal that citizens are equals) would likely set about pressuring the state to address them. Constitutional bars on redistribution, of the sort neoliberals propose, would clearly increase the political costs and the political stakes of their doing so. But the perception of injustice will lead at least some groups to be willing to bear those costs and to change, as they have done before, the constitutional structure

itself.²² In a word, even a complete enactment of the neoliberal solution appears unstable.

Third, it is unlikely that a complete realization of the neoliberal constitutionalist program can be achieved. One reason for this is simple political power. The welfare state benefits many, business and non-business alike, who can be expected to resist its dismantling. However, even if political power were not an issue, difficulties in definition would intrude. In practice, there is no sharp distinction between programs that provide discrete benefits and those that provide dispersed benefits, between legitimate actions to promote the common advantage and illegitimate interventions in support of particular constituencies. Programs whose benefits are targeted to particular groups – whether the poor or educationally disadvantaged, or farmers, or producers of natural gas – can always be defended by reference to reasons of the general welfare – economic strength, a stable food supply or energy independence and national security. Combining the two points, it is easy to imagine a protracted struggle over the definition of state functions waged via existing programs. In any case, a second-best approximation to the desired neoliberal state seems the ‘best’ that can be hoped for.

But this second-best approximation would very likely exacerbate certain aspects of the problem of faction. Consider, for example, a scaled-back welfare state, featuring privatization of essential services, more restrictive laws defining the power of secondary associations, the withdrawal of state subsidies to groups performing broad public functions and the exclusion of groups of this kind from policy-making and implementation. Under these conditions, barriers to group formation would be relatively easily negotiated by wealthier constituencies with clearly defined private agendas and the information and other resources needed for collective action. But they would be virtually impassable for would-be organizations of the poor, members of diffuse majorities and other traditionally under-represented classes. The political inequalities that neoliberals associate with groups would thus become worse, not better, on reasonable assumptions about the success of their reform. Even if the total benefits provided by the state were reduced, the share of benefits going to limited populations, and paid for by others, would be greater.²³

Fourth and finally, we have attributed to the neoliberal constitutionalists the view that when the legitimate functions of the state extend beyond protecting choice and assuring allocative efficiency, factional groups and their mischief inevitably follow. Even crediting the alleged relation between affirmative state functions and group

formation, however, the claim that groups formed in the environment of affirmative state action will inevitably be factionalizing does not follow from the existence of that state. Whether a group or group system produces faction is a function of its *qualitative features*. Neoliberal accounts are generally inattentive to such qualitative variation in groups; their analysis of group effects is highly general, and while the impulse to generality is understandable, it can be quite misleading here.

As an illustration, consider the neoliberal claim that group politics produces efficiency losses. To be sure, some groups will engage in redistributive rent-seeking. But more encompassing groups, claiming as members a large share of the population affected by such strategies, will, precisely because they are encompassing, have little incentive to pursue strategies that limit efficiency.²⁴ They are more likely to pursue productivity growth, forsaking zero-sum conflict for general gain. Similarly, the relations between organized interests and administrative agencies can take different forms. Some groups, certainly, will seek to capture administrative agencies for private purposes. But others are commonly brought into service to act as ‘fire alarms’, sending signals to legislatures about whether agencies are in fact acting on their legislative mandate. By sending them, they promote the accountability of bureaux to those mandates and reduce the costs of monitoring agency performance.²⁵

In response, then, to a general question about the consequences of group formation in a political order characterized by an affirmative state, the right general answer is: ‘It all depends.’ What it importantly depends on is the range of factors producing qualitative variation in group structure and behavior. But these are exactly the sorts of factors typically neglected in neoliberal accounts.

Strategies of Insulation: Civic Republicanism

A second general approach to democracy and groups endorses a broader scope of legitimate state action than is accepted by neoliberal constitutionalists. At the same time, it recognizes with the neoliberals that the powers of an affirmative state represent a considerable prize and that groups will likely be tempted by the benefits it makes available. To remedy the problems of faction resulting from such temptation, this second strategy proposes institutional reforms that aim to insulate arenas of collective choice from the pressures of particular interests. The recent revival of civic republicanism provides us with a prominent contemporary illustration of this program of insulation.²⁶

Background View

Civic republicanism belongs to the species of antippluralist conceptions of politics. Antippluralist conceptions all aim to ensure that the substance of state policy is not fixed by bargaining among interest groups, each seeking its own advantage. Within this broad species – which includes the neoliberal constitutionalism just considered – civic republicanism belongs to the subset of antippluralist conceptions that accept the affirmative state and with it a conception of the state as legitimately advancing a common good that extends beyond the ideal of an efficient allocation of resources.

Within this affirmative subset, civic republicanism is distinguished by two principal commitments. First, it emphasizes the importance of a deliberative politics of policy formation. By a ‘deliberative politics’ we mean a process of public reasoning that proceeds by reference to considerations of the common good and that shapes the preferences of participants by requiring them to offer reasons for their views that provide such reference. Second, it advances a distinctive institutional program to remedy problems of faction. Specifically, it seeks to secure and *insulate* public processes of orderly political deliberation and efficient achievement of publicly declared ends. In general terms, the strategy is to strengthen institutions, alternative to secondary associations, that have the capacity to consider and act on the common good and to encourage those holding power within such institutions to engage in just such consideration and action. The hope is to increase the degree to which deliberation about and action on the common good proceed autonomously from the pressures of particular interests.²⁷

Republicanism and Groups

Civic republicans are not committed to promoting deliberative politics and shielding it from group pressure and bargaining by abolishing groups or excluding them from politics. Quite apart from the impossibility of doing this within a framework of liberal commitment, they recognize that associations can and often do assist public deliberation and the formulation of workable policies to the common advantage.²⁸ They recognize, for example, that information provided to the state by groups – information on the impact of proposed policy, or the implementation of existing policy, or the intensity of member preferences about either – often aids in public deliberation. They recognize the obvious importance of group representation, particularly in so far as it advances political equality. More controversially, they recognize that

the ability of groups to ‘deliver’ their members in support of a policy once it is enacted can facilitate reasoned deliberation about that policy when it is being formulated. Finally, the fact that associations can serve as ‘schools of democracy’ promoting habits of other-regarding deliberation has long been honored in the republican tradition.

All this said, civic republicans generally accord groups a distinctly secondary role in deliberative politics. They are generally suspicious of the information they provide, alert to the profoundly unequal character of existing group organization, wary of the conditions that groups impose on policy-makers in exchange for promises of delivering support, and despairing of the selfish habits actually learned within the schools of contemporary group practice. In general, then, they wish to separate public deliberation so far as possible from group influence.

Departing from a combination of opposition to pluralism and commitment to deliberation and insulation, the civic republican embraces both a stronger state and a more sharply delineated one. Accepting the desirability of affirmative state action, civic republicans seek to facilitate ‘responsible’ performance by state and electoral institutions. Such responsible exercise of public power is understood to require an autonomous reflection on the proper tasks of state action, sufficient capacity to discharge those tasks and accountability to previously declared forms and expectations.

This program has implications for the operation of all major institutions of traditional politics, from political parties and the legislature to the executive and the courts. Parties and party competition should be strengthened with a view to promoting clear and encompassing programs of action, organizing and informing the electorate around them, and holding elected legislators accountable to their performance. To protect against the factional distortion of parties that would arise from their dependence on resources supplied by organized interests, public resources ought to be provided to the parties and their candidates in a system of generally subsidized elections.²⁹ Similarly, legislators should debate and then legislate clear standards of performance, not simply dollop out vague grants of statutory authority to agencies. In the case of the United States, for example, Congress should spend less time on toothless oversight hearings and routinized constituency service and more on the enactment, codification, and repeal of clear legislation and on genuine review of the performance of administrative agencies in light of a rebuttable presumption of agency disbursement.

The executive should also be strengthened, since, as Alexander Hamilton observed, ‘energy in the executive . . . is essential to . . . the

security of liberty against the enterprises and assaults of ambition, of faction, and of anarchy.³⁰ Again in the case of the United States, that strengthening should involve disciplining Congress at the presidential level (e.g. with increased use of the veto power to curb vague delegations), serving Congress at the agency level when it enacts sufficiently precise rules, and coordinating the operations of different agencies to ensure their responsiveness to electoral outcomes.

And finally, the judiciary, the ultimate guarantor of deliberative politics, should insist that the different branches do their job. It should curb accretions of power to the president, invalidate vague delegations of congressional power and apply the principles of statutory construction and standards of review necessary to ensure executive and legislative control over the procedures and substantive decisions of the 'fourth branch' of the agency bureaucracy.

Lowi named this system more than twenty years ago. It is 'juridical democracy', or 'the rule of law operating in institutions'.³¹

Analysis and Criticisms

Much in this conception is plausible and attractive. To begin with, we endorse the civic republicans' acceptance of the affirmative state and mass democracy. From this it follows that we applaud the general form of their question about faction. Unlike neoliberals, civic republicans ask what can be done about faction given this political background. They do not ask how we can eliminate the background itself. We also agree that there can and should be more to politics than the aggregation of preferences given in advance and agree with the republicans' rejection of the reduction of democratic politics to its 'group basis'. Democratic governance requires debate about policy, conducted against the background of explicitly articulated conceptions of the common good. Finally, we agree with the basic constitutional idea that public institutions should have clearly defined responsibilities and the strength to perform them. We are particularly interested in a vigorous electoral system and the recommended strengthening of political parties as alternatives to secondary associations in linking citizens to the state. In brief, we agree that any comprehensive and plausible solution to the problem of faction must include efforts to insulate a politics of the common good from more particularistic aspirations of associations.

But we depart from the civic republicans on three points.

First, the basic strategy of insulation seems unrealistic. The ideal of juridical democracy presumes a greater degree of state autonomy than

can be expected under conditions of capitalist democracy – particularly in an affirmative state with the capacity to pursue remedies for social and economic problems. No matter how ingenious the procedural devices of insulation, no matter how vigilant and professional public officials may be, and no matter how resistant courts are to putting their imprimatur on interest group bargains brokered through the state, the state operates within society, and institutional proposals need to be attentive to that fact.

Politics is still largely a game of resources, not a forum of principles. In capitalist democracy, some people have great advantages in the control of strategically important resources, good and clear reasons for wishing to influence the state, and the power to do so. Unless one is prepared to make the implausible assumption that the state can resist the demands and supplications of organized business interests in an environment densely populated by those interests, problems of faction will remain. In particular, as in the case of the second-best neoliberal solution, the fact that the civic republican program of insulation is not attentive to the associational foundations of deliberative democracy can be expected to translate into problems for political equality. If it is implausible to think that any strategy of insulation will be 'group-proof', it is particularly implausible to think that the insulating barriers will not first be negotiated by the best-endowed political players to the further detriment of the less well off.

Second, even as it recognizes some sorts of group contributions directly to deliberation, the civic republican program of insulation neglects the distinctive capacities of groups to facilitate cooperation for the common advantage and remains wedded to an essentially 'zero-sum' understanding of the relation between associations and the state. But that relation can just as easily be 'positive-sum', with an increase in the power of groups contributing to an increase in state capacities to achieve democratic order.

Peak wage bargaining of the kind once practiced in Northern European social democracies, for example, did not diminish the capacity of the state to promote the general welfare. To the contrary, by providing a private mechanism for stable incomes policies, it facilitated state efforts at macroeconomic planning and social support for redistribution. Similarly, the involvement of worker and business associations in organizing systems of worker training need not diminish state capacities to provide all citizens with education. To the contrary, it appears necessary to providing the training best gained through 'hands on' practice, while being equally necessary to ensuring that private training efforts not be narrow and firm-specific and that

they be broadly distributed. The enlistment of environmental groups into the development and enforcement of local or regional standards of acceptable use of toxics need not diminish state capacities to state and enforce higher standards of protection. To the contrary, by enlisting the monitoring and enforcement capacities of private associations, it can expand the capacity to achieve better protection of the environment and the public health.

Of course, efforts to enlist associative energies do always threaten the appropriation of public powers by particular interests. But this threat need not be realized. Whether or not it is depends, as we have emphasized, on the organization of the groups, the terms of their interaction with one another, the range of powers that they can exercise and the conditions on which they are granted those powers. In short, it depends on what we have been calling the 'qualitative' characteristics of groups and group systems. Like the neoliberals, civic republicans are insufficiently attentive to such qualitative variation, and its signal relevance to understanding, even defining, the problem of faction.

Our third criticism builds on these two via the observation that the core of the civic republican strategy for addressing issues of faction is to 'design around' groups. Civic republicans take the associative environment as fixed and then seek to design procedures for making and implementing collective choices immune to group pressures. Our first criticism, essentially, was that this strategy of insulation is not feasible. It fails to recognize the centrality of groups, the fact that they are unavoidable as political facts. Our second criticism was that insulation might be undesirable. Noting the qualitative variation of groups, we indicated that groups are not all the same and that some have distinctive virtues in contributing to democratic order. Efforts to protect that order by screening them all out, even assuming the plausibility of that effort, may be self-defeating.

Now one could imagine a position, call it 'reformed civic republicanism', that combined acceptance of both these criticisms in a tragic sense of politics. This reformed view would agree that insulation is difficult and that qualitative variation is important but hold that the determination of group qualities is a matter of social fate. Reformed republicanism agrees, then, that the qualitative character of the group system in a society importantly determines its politics. Nevertheless, reformed republicanism places the group system, the possibilities of insulating politics from it, and therefore the possibilities of achieving a civic republic beyond politics. The reformed civic republican might note, sadly, that unalterable factors – of political culture, ethnic

diversity, economic or social structure, population size or some other intractable element – have condemned the United States to a fractious pluralism, even as they permit Swedes or Germans a greater measure of cohesion and so the prospect of deliberative politics.

Our third criticism is that this reformed view is itself mistaken, for it is inattentive to the artifactual character of groups: the fact that there is no natural structure of group representation that directly reflects the underlying conditions of social life. By acting on the environment of group formation (as the neoliberals recommend), or acting on groups themselves, or both, it is possible to change the character of groups and their interaction. It is, moreover, possible to do so along those dimensions of qualitative variation that lie at the source of problems of faction. Northern European incomes policies and training systems were not just inherited but built in significant measure through public policies. Whether unions are more or less encompassing of the working population is not just a matter of national position in international markets or the size of their labor markets but of laws setting the costs and benefits of union membership. And whether environmental groups are merely disruptive of administrative hearings on toxic waste or are co-administrators of its reduction and disposal depends substantially on whether public power is used to facilitate such joint administration.

Like neoliberal constitutionalism, civic republicanism slights the possibility that certain forms of secondary association may be part of the solution for democratic governance and not only a source of its problems. Once this possibility is acknowledged and combined with notice of both the artifactual aspect of groups and their unavoidable centrality, then the need for a politics of associations, and not simply a politics of the reform of political institutions, must be directly addressed.

Strategies of Accommodation: Egalitarian Pluralism³²

Egalitarian pluralists share, with a vengeance, the doubts just expressed about the possibilities of insulating collective political decisions from the pressures of group bargaining. Assuming the background of mass democracy and associative liberties, they believe that insulation is impossible and perhaps even undesirable.

Background View

Egalitarian pluralism, more positively characterized, is a species of normative pluralism.³³ All members of this genus trace the legitimacy

of state actions to their pedigree in procedures of interest representation and group bargaining. Those procedures are set within a political framework that facilitates representation and bargaining, ratifies their results in legislation and enforces the legislative outcomes through executive and judicial action. What distinguishes the different species of normative pluralism are the conceptions of the process that confers legitimacy. What makes egalitarian pluralists *egalitarian* is the central role of the idea of equal representation in their characterization of a legitimacy-conferring process. Thus an outcome is legitimate only if it emerges from a process of representation and bargaining in which all interests have substantively equal chances of being heard and influencing the outcome.

Reflecting this procedural conception of political legitimacy, the egalitarian pluralist emphasizes the importance of assuring liberties of expression, association, and political participation in order to ensure the proper framework of interest representation and group bargaining itself. Other liberties – of conscience, privacy and nonpolitical expression – have a less certain place in egalitarian pluralism. Moreover, the view rejects the generic right to liberty associated with neoliberal constitutionalism, holding that that right would impose an unreasonable constraint on the process of group bargaining.

Finally, egalitarian pluralists are skeptical about substantive conceptions of the common good.³⁴ Given the diversity of interests characteristic of a pluralistic society, they argue, conceptions of the common good are either vacuous or as controversial as the competing interests that those conceptions are supposed to reconcile. In so far as the notion of the common good has any content, it can be identified procedurally as the outcome of a fair procedure of interest representation and group bargaining. Given this procedural view of the common good, the specifically deliberative aspect of political justification associated with civic republicanism drops out of the egalitarian pluralist conception. Its ideal instead is a political process that reflects the true distribution and weight of social interests. Once opened up in this way, cured of distortion, bargaining in the 'pluralist's bazaar'³⁵ should proceed essentially unchecked.

The Egalitarian Pluralist Approach to Groups

The value that egalitarian pluralists attach to groups follows simply this characterization of their view of democracy. Groups are primarily good for representing interests effectively. They give individuals of like mind power to bargain with others. This capacity to represent interests

is of particular importance because of its contribution to greater political equality, the centerpiece of the egalitarian pluralist political ideal. Groups contribute to greater equality in interest representation in two ways. They provide a means for individuals with fewer resources, who might otherwise not be heard, to pool their resources with others and emerge as potent political factors. And they provide representation for 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 whose intensity is not registered in voting procedures; and, at least in systems without proportional representation, the interests of minorities. Briefly, groups can help to provide a more fine-grained system of interest representation, sensitive to interests that might go unacknowledged in a system whose only devices of representation were political parties and representatives with territorial constituencies.

The egalitarian pluralist view of faction also follows straightforwardly from its conception of legitimacy-conferring procedures of collective choice. Politics is factionally dominated when certain groups are over-represented in those procedures. So faction arises from the different capacities of different groups to organize and be heard within the process of political bargaining. Poor groups tend to be under-represented because they lack the resources required for organizing; diffuse groups (e.g. consumers) tend to be under-represented because the costs of organization are very high; and groups that are the object of discrimination (blacks, gays) tend to be under-represented because the hostility and stereotyping directed toward them leads their interests to be discounted.³⁶

To cure faction, then, the egalitarian pluralist institutional program recommends a more or less radical effort to cure problems of under-representation in the political process by redressing inequalities in the conditions of group formation and access. Beginning from the ideal conception of a procedure for making binding collective decisions that ensures fair terms of representation and group bargaining, egalitarian pluralists are customarily attracted to three avenues of reform, the joint aim of which is to eliminate the pathologies of political inequality and to ensure a fair, legitimacy-conferring political procedure.

The first strategy is to reform legislative and administrative processes. Because the problem is inequality in conditions of group formation and political access, the task of reform is to provide an encompassing account of the sources of under-representation and exclusion (race, sex, income, sexual orientation, religion, and so on) and to make the elimination of all such obstacles a central feature of

policy. Apart from eliminating formal obstacles to participation, that elimination can proceed through strategies of affirmative action for under-represented groups. These might include subsidies for representation of disenfranchised interests (e.g. intervenor programs in administrative agencies), enlarged rights of standing to seek judicial review of actions taken by administrative agencies and an extension of rights to participate in administrative processes themselves, or the establishment of specialized agencies that would be directed to represent the interests of under-represented groups and that might provide a focus for efforts to organize those groups (e.g. consumer protection agencies or environmental protection agencies).

Given egalitarian pluralism's correct recognition of the importance of resources in group formation and its correct skepticism about the possibility of insulating politics in a modern democracy from the effects of those inequalities, a second sort of recommendation is to promote significantly greater equality in the distribution of the resources – for example, income, power and information – that are relevant to organization. Robert Dahl, for example, has recommended a scheme of worker cooperatives in part because that scheme would plausibly contribute to background socioeconomic equality in ways that would enhance political equality.³⁷ More familiarly, the view recommends aggressive use of the taxing power to provide, through the state, compensations for privately generated inequalities of the sort that affect organization. These include compensations for inequalities in the distribution of education, health, housing, other basic goods and income itself.

Finally, in a religiously, ethnically and racially heterogeneous society, there may well be limits on the protections for the representation of minority interests that can be achieved through these two strategies. So egalitarian pluralists commonly favor supplementing the political and socioeconomic strategies with more narrowly judicial ones. Thus there might be more exacting judicial scrutiny of legislation that imposes special burdens on groups that are the familiar object of hostility or stereotyping or that in other ways operate at a disadvantage in the process of political bargaining. The justification for heightened scrutiny is the suspicion that legislative burdens on such groups themselves arise from hostility or other forms of denigration, which are themselves sources of imperfection in processes of political representation.³⁸ Equally, administrative agencies might be required to consider interests affected by their decisions, irrespective of the participation by affected interests in the process itself.

Analysis and Criticisms

Egalitarian pluralism has two principal strengths. First, it rightly emphasizes that groups defined by common interests and values and not simply by a common territorial basis will inevitably play a central role in the politics of mass democracies. It accepts the centrality of groups that we have insisted on against the other views. Given such centrality, it emphasizes that a program animated by concerns about political equality must address the sources of unfairness or inequality in the group system itself – that is, in the conditions of association formation and access. Second, egalitarian pluralism highlights the artifactual aspects of the group system.³⁹ It rejects the notion that politics ought to be limited to the transmission of *de facto* organized social interests into policy. It takes the organization of group interests to itself depend on the structures of political decision-making. And it takes the design of the group system to be an object of political choice, at least with respect to the range of organized interests and the density of group organization.

On the other hand, we disagree with the egalitarian pluralists in part for the reasons that we agreed with civic republicans. More specifically, four considerations lie at the heart of our differences with the view.

First, politics is more than process. A more universalistic concern is needed in politics than is provided by the plurality of interests and aims that define the pluralist bazaar – even an expanded and equalized bazaar. For if politics is defined entirely by the interests of particular groups that bargain with one another over the terms of public policy, then it is unlikely that the framework of pluralist bargaining would itself be stably egalitarian. In the absence of a *direct* concern to ensure the preservation of fair bargaining conditions, those conditions are unlikely to be preserved across changes in economic and social circumstance, particularly since fairness may require alterations in the institutions of bargaining. But the institutional program of the egalitarian pluralist does not address this concern about the formation of such civic sensibilities and the linkages of citizens and state that might plausibly foster them.

Second, we are not persuaded that the fact of a diversity of interests undermines the force of substantive conceptions of the common good. More precisely, we think that reasonable conceptions of the common good fall within a narrower range than the egalitarian pluralist supposes. To recur to a point raised earlier in our discussion of neo-liberal constitutionalism, we take it to be unreasonable for inherited advantage, natural talent and luck to determine differences in lifetime

expectations of equal citizens. And we do not see how this can be denied consistent with upholding an egalitarian view of political representation. Legitimate differences of circumstance must be traceable to factors other than these, for example to the choices that individuals make in light of values and preferences formed under free conditions. This constraint on acceptable inequalities does not uniquely determine an account of the common good, but it does impose a significant constraint on acceptable views.

This supposition that there is a substantive common good and that it is a proper aim of politics to advance it adds force to the first point about the need for a direct concern with the fairness of bargaining. Even if conditions of fair political bargaining were self-sustaining, it would not follow that there exists a procedure of fair bargaining among diverse interests that will as a general matter lead to that common good. So achieving it almost certainly requires that it provide a direct aim of political choices.

Third, the ideal of a fair bargaining procedure appears to be so indeterminate as to have limited force as a guide to choices among forms of interest representation.⁴⁰ Put otherwise, the ideal of 'fair bargaining', standing alone, is too thin to generate determinate judgments about the appropriate objects of solicitude, subsidy and other sorts of affirmative action. The problems may be clarified by natural questions that might be raised about such affirmative action. Are only interests to be represented? But then what about groups that have aesthetic or other more ideal concerns? Is there a threshold level of intensity of interest that must be reached before interests are represented? If not, then the potential for representational overload is overwhelming; if so, then the scheme of representation is likely to be subject to strategic manipulation. How are interests to be represented? Through representatives of organized groups? Through appointed representatives? In the absence of a more substantive conception of the common good, and relying simply on the ideal of a fair scheme of interest representation, it is difficult to see how these questions could be answered.

Finally, while egalitarian pluralists clearly recognize the centrality of groups, and in some measure recognize their artifactual character, they are as inattentive to the importance of qualitative variation as the neoliberals and civic republicans. This appears, moreover, not to be a matter of oversight, but an ingredient in the egalitarian pluralist conception.⁴¹ The pluralist ideal is to remedy the problems of underrepresentation by ensuring a fair system for the representation and aggregation of interests. Lacking a more substantive view of the common good and the proper terms of political debate, egalitarian

pluralists are concerned principally with whether interests are represented at all. They are not concerned with coordinating interest representation in the service of some substantive goal, least of all the goal of reasoned deliberation. Issues about the organization of groups, about just how they are represented in the state, and about the effects of the forms of representation on political outcomes and on civic consciousness fall outside the central range of their view.

Conclusions

Our evaluation of the dominant approaches to democracy and groups is, then, mixed. We agree with neoliberal constitutionalists on the importance of self-regulation and choice and the importance of economic performance and competent and accountable government. We agree with civic republicans that politics is more than process, that a substantive notion of the common good is possible and that that good needs to be aimed at to be achieved. We agree with the egalitarian pluralists on the importance of equality in representation and decision-making. And we agree with each of the views that groups can indeed pose a threat to the satisfaction of their central aspiration.

At the same time, we dissent from each of these views in different particulars. And, anticipating central themes in our account of associative democracy, we argue that they have a common limitation in their failure to give sufficient weight to the simultaneous facts of group importance, qualitative variation and artifactuality. The sheer importance of groups underscores the need for a more deliberate politics of secondary associations. Given the associative liberties that partly define a liberal society, groups will inevitably form, and will inevitably play an important role. Associative democracy, our deliberate politics of associations, focuses on improving that role. The artifactuality of groups, and the roots of faction in the qualitative features of groups, suggests the possibility and appeal of such a deliberate politics – directed not merely to one or another aspect of democratic order, but their reconciliation in a well-ordered egalitarian democracy. We turn now to filling in the outlines of this suggestion.

2. The Idea of Associative Democracy

Is it possible, and desirable, to promote a deliberate politics of association directed to egalitarian-democratic ends? In outlining our

affirmative answer to this question here, we begin with those ends themselves – the norms of egalitarian democracy. We then indicate some of the ways that secondary associations commonly act to undermine those norms – in effect, the problem of faction as seen from an egalitarian-democratic perspective – and the ways that groups can and frequently do advance those norms. Finally, we restate the core idea of associative democracy – to cure this factional threat while netting group contribution – and defend that idea against two natural objections: that it is impossible because associations are essentially intractable to political reform; and that it is undesirable because that which is necessary to secure a greater group contribution to democracy raises a ruinous threat of faction.

Norms of Democratic Governance

Associative democracy draws on an egalitarian ideal of social association. The core of that ideal is that the members of a society ought to be treated as equals in fixing the basic terms of social cooperation – including the ways that authoritative collective decisions are made, the ways that resources are produced and distributed, and the ways that social life more broadly is organized.⁴² The substantive commitments of the ideal include concerns about fair conditions for citizen participation in politics and robust public debate, an equitable distribution of resources and the protection of individual choice. Lying at the core of social democratic practice in Northern Europe, this conception figures centrally in the most compelling arguments for the affirmative welfare state, including arguments made within such quintessentially liberal orders as the United States. So while we aim here to provide a particular interpretation of both the egalitarian foundations and the more substantive implications, the main ideas that we draw on are familiar and have some roots in common political sensibilities.

For example, we take there to be broad acceptance of the view that opportunities for participation ought to be available to all and that the aspirations of those who do wish to participate ought not to be thwarted by discrimination or limited resources. And while it is widely agreed that some spheres of individual choice ought to remain beyond the reach of public power, government efforts to regulate economic activity with an eye to promoting the general welfare and to securing some measure of distributive fairness and equal opportunity in a scheme of ‘ordered liberty’ are widely accepted as legitimate functions, even among those who are skeptical about the effectiveness of concerted public action in achieving these aims.⁴³

More specifically, we assume that there is broad commitment to the abstract ideal of a democratic society – a society of equals that is governed both by its members and for them. In particular, citizens are understood to be equals in respect of certain basic capacities, including the capacity to evaluate the reasonableness of the rules of association and to govern their conduct in the light of those evaluations and the capacity to formulate and to pursue their aspirations against the background of those rules. Reflecting this abstract democratic ideal and giving it substance are six more specific conditions: popular sovereignty, political equality, distributive equity, civic consciousness, good economic performance and state competence.

These six conditions plainly have different relations to the abstract ideal of democracy. Popular sovereignty and political equality (the popular control or ‘by the people’ aspect of democracy) are fundamental procedural implications of that ideal. Distributive equity, by contrast, interprets the notion of the general welfare (the responsiveness, or ‘for the people’ aspect of democracy) in light of the fundamental idea of citizens as equals. Civic consciousness, by which we minimally mean an understanding of and willingness to act to uphold conditions that embody the abstract ideal, contributes to the stability of arrangements satisfying that ideal. And adequate economic performance and state competence are among the conditions required to provide for the general welfare and to sustain confidence in democratic order. For present purposes, however, the precise nature of these connections matters less than the fact that these conditions represent widely shared standards of performance for a modern, democratic society and that they enjoy natural connections to the abstract conception of democratic order. If the problem of faction, then, consists in the threat that secondary associations can present to democratic order, that problem can reasonably be specified by reference to threats to these more particular conditions of democracy.

In the remarks that follow we discuss each of these conditions in more detail, saying only enough about the content of each to give structure to our account of solutions to the problem of faction. We also indicate characteristic measures that democratic states take to satisfy them. This latter feature of our review will be important for later discussion because the attraction of associative democracy partly turns on whether, in meeting the full range of democratic norms, associative forms of governance can be combined with the non-associative measures noted here.

Popular Sovereignty

A central feature of a democratic order is that final authority in fixing the terms of association rests with citizens: that authorization through procedures in which citizens are represented as equals is necessary and, within the limits set by the fundamental liberties, sufficient for the legitimacy of state action. Formally, this requirement of popular sovereignty commands procedures for decision-making which assign citizens or their elected and accountable representatives the legal powers to determine the public agenda, to advance specific proposals for public action, to choose among alternative courses of action and to oversee and enforce the implementation of choices. Meeting these conditions in turn requires rights of expression, association, suffrage and office-holding as well as formal procedures for the oversight of executive bureaux to which enforcement is entrusted. More substantively, popular sovereignty requires that citizens and their elected representatives have at their disposal adequate sources of information and enforcement powers that enable them reliably to control the exercise of governmental power. Good information permits precision in public decisions, including the choice of means for implementing collective choices. The availability of reliable enforcement powers is necessary to ensuring that what is enacted in the name of the sovereign people is in fact done. In addition, the availability of such powers widens the scope of sovereignty. It enables legislatures to enact policies that are judged reasonable but that might not be approved if citizens or their representatives anticipated that the agencies, commissions and departments charged with enforcement would fail to implement the popular will.

Political Equality

A second fundamental element of democratic governance is political equality. We understand this requirement to mandate what Rawls has called the 'fair value of political liberty', or the extension of fair equality of opportunity to the political process.⁴⁴ Specifically, the chances to hold office and to influence political choices ought to be roughly equal across citizens. Wealth and other features that distinguish among equal citizens (e.g. race, gender, religious ideals) should not fix the general terms of that process or the weight assigned individual views within it.

As with popular sovereignty, the requirement of political equality has a more formal and a more substantive aspect. Formally understood, it mandates the elimination of legal or other official barriers

to political participation, requiring in particular that modes of political representation neither unfairly aggregate individual opinion (e.g. example, through differently sized election districts) nor officially discriminate against certain classes of citizens on grounds of their race, gender or other ascriptive features unrelated to their status as moral equals. But ensuring that citizens are treated as equals in arrangements of collective choice is not simply a matter of barring such official discrimination. So, ensuring political equality also requires measures to correct for the effects that inequalities in wealth, private discrimination or organizational capacity might otherwise exert on the political process. In part, this is a matter of insulating the political process from the effects of de facto economic and organizational inequalities – by, for example, limiting private campaign contributions and establishing public financing of party competition or encouraging the representation of traditionally under-represented groups by lowering barriers to entry into administrative proceedings that bear on their interests and circumstances. In part, it is a matter of limiting those inequalities themselves, through, for example, inheritance taxes, income redistribution and subsidies for the organization and representation of under-represented interests.

Distributive Fairness

In addition to making such adjustments in the distribution of material resources as are necessary to ensure the fair value of political liberty, contemporary states are widely expected to ensure fairness in the distribution of resources. We think that the most suitable understanding of distributive fairness for a democratic society is an egalitarian conception – a conception that condemns inequalities of advantage deriving from differences of inherited resources, of natural endowments or of simple good luck.⁴⁵ Even when the imperfections of actual markets are eliminated, differences arising from such factors can be expected to proliferate under the system of 'natural liberty' described by market exchange – for example, income differentials traceable to educational differences that are themselves due to differences of parental wealth or income differentials traceable to the possession of differences in inborn capacity (e.g. for intensive effort). Such differences in market reward may signal genuine differences in the value that others place on individual contributions. They are irrelevant, however, to the moral equality of persons. A concern to respect that equality in the distribution of advantage, therefore, requires efforts to ensure that such factors do not generate differences in lifetime expectations of advantage.

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.

First, then, the necessary severity of the limits on inclusion is plainly an unsettled empirical issue. It is clear that increasing the number of parties to negotiations complicates them, generating 'diseconomies' of scale. What is less clear, however, is what peak bargaining with three groups instead of two, or four instead of three, might look like and how it would affect outcomes on the performance versus exclusion dimensions. Discovering the scope and limits of the space of representation appears, quite simply, to be a matter of institutional tinkering.

The second issue concerns the legitimacy of exclusion. It appears to us that in mass societies with heterogeneous social interests the possibilities of achieving a group system of functional representation that provides equal representation of all interests is more and more remote. But this is less a problem for democratic governance than it might be if decisions about the range of interests to be represented, in particular the range of groups to be accorded quasi-public status, are themselves made under conditions in which the views of each citizen are accorded equal weight. This might be done, as we have suggested at several points, by making the choice of groups, the groups selected, the appropriate criteria of selection, the rules on their external and internal accountability, the tasks they are selected to discharge, and so forth themselves the object of authoritative popular political choice through conventional political institutions. In that case, the groups so authorized inherit the legitimacy of the authorization.⁶⁴

Distributive Fairness

Our discussion of distributive fairness indicated two problem areas: (1) possible coincidences between excluded or under-represented interests and less well-off citizens; and (2) regional inequality. It is not at all clear that the first is a major problem, especially when compared to existing alternatives. This aside, all that we have to say about its address has been said in our discussion of mitigating inequalities in representation.

The second issue appears to us important but not intractable. That is, it does seem to be the case that functional systems of representation, by their very nature, will be less responsive to territorially defined inequalities. In addition, it appears that heavier reliance on 'private government' in promoting supply-side adjustments in regional economies will itself tend to favor those regions that already have some organizational infrastructure in place.

By way of response, we begin by invoking once again the continuing authority of traditional modes of representation, and in particular

the fact that such traditional modes are territorial. This should provide some counterbalance to regional inequality, by ensuring a sphere of decision-making more attentive to the proliferation of such inequalities, and to the need to encourage greater balance in associability across regions. Thus the state should encourage group organization in regions where the requisite organizational structures are not developed. In providing 'encouragement', the state could use an array of familiar incentives and sanctions – preferred tax treatment of cooperative ventures and grants to communities and regions contingent on demonstrations of efforts to so organize – to achieve the desired result.

Civic Consciousness

Troubles for civic consciousness came from three sources: the problem of encouraging extant tendencies to erode public authority by according public status to groups; the undermining of respect for encompassing organizations; and residual problems with group narrowness. To these objections, we offer three responses.

First, many of these alleged effects derive from the unequal representativeness and lack of public accountability in the group system. With greater efforts (of the kind recommended here) to ensure both, these aspects of the problem can be mitigated. Thus, with the supremacy of the 'traditional' forms of representation clearly established – through the more explicit discussion within that system of appropriate delegations of power to groups, regular review of group action, the articulation of standards of public accountability, and the like – both devolution from and declining respect for public authority seems a less pressing concern. Similarly, with the satisfaction of new standards of public accountability and internal responsiveness set as the precondition of grants of quasi-public status to groups, and a range of recommended remedial measures in place for assuring suitably wide representation of interests, the problem of residual narrowness appears to have less force.

Second, we resort again to our realist criterion. Consider the case of the United States. Here, civic consciousness is already woefully 'deformed' by (among other things) ineffective government, gross inequalities and weak parties that appear to be uninterested in mobilizing citizens into popular discussion or in demonstrating fidelity to articulated programs. It is further eroded by the general lack of opportunities for citizens to engage in acts of self-government other than the occasional act of voting, to participate in ways that bear more direct consequences for their daily lives. It is against this

backdrop that the suggested greater use of groups in governance should be assessed, and in this context, the proposed contribution to civic consciousness may seem more plausible. Assuming that more associative forms of democracy do deliver performance benefits, the obstacle to the development of civic consciousness represented by general public cynicism about the effectiveness of public institutions would be weakened. With the sorts of internally accountable association imagined here, along with greater reliance on decentralized groups in administration and enforcement, citizens would have enhanced opportunities to engage in just those concrete acts of politics that strengthen and encourage citizenship.

Third, and perhaps most generally, we offer a point about the state of public debate. Reforms of associability in the direction of a more associative democracy would make explicit a condition that is already a standing feature of even the most liberal of societies, namely, that secondary associations do in fact perform a variety of functions that affect the conditions of political order. As Jaffe observed in his classic article on 'Law Making by Private Groups' written at the height of New Deal constitutional controversy:

Participation in law-making by private groups under explicit statutory 'delegation' does not stand . . . in absolute contradiction to the traditional process and conditions of law-making; it is not incompatible with the conception of law. It exposes and brings out into the open, it institutionalizes a factor in law-making that we have, eagerly in fact, attempted to obscure.⁶⁵

Such exposure would, we think, itself represent an advance over present conditions. For individual citizens, it might serve as an immense act of public education, bringing the understanding of groups and their role in society into the sphere of public knowledge and debate. For groups themselves, it would represent a call to look beyond the immediate concerns of their members, to recognize the consequences of their actions for the larger society, and to consider those consequences in devising their own strategies for action. As proposed here, of course, the formal assignment of public authority will carry public sanctions for malfeasance, sanctions that do not exist at present. Even abstracting from such sanctions, however, explicit recognition of such a role is plausibly a condition for, and powerful spur to, its responsible performance, for, as Jaffe also observed, 'tolerated, covert monopolies – power exercised indirectly – may be much more difficult to attack or to ameliorate than the edicts of majorities arrived at openly and according to forms of law'.⁶⁶ And one of the conditions that defeats civic consciousness is

precisely the sense that the most significant exercise of power is 'covert' and 'indirect'.

To summarize this entire discussion of associative democracy, then, we have argued that there is a variety of pressing problems of economic performance and state regulation to the solution of which secondary associations can make important contributions. These contributions, moreover, need not come at the expense of other conditions of democratic order – provided that sufficient attention is paid to encouraging those features of groups consistent with such order. Although countless details are absent from the discussion and many legitimate questions remain, the account is, we believe, sufficient to support the plausibility of wider use of associations in contemporary governance.

4. Reforming a Liberal Polity

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

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

There is, for example, a tradition of delivering many welfare

and social services through secondary associations – community organizations, churches, volunteer agencies, and the like. While such organizations often have substantial autonomy in designing the appropriate service mix for the communities they are asked to serve, they are also increasingly inextricably dependent on government fees for such services for their own survival.⁶⁷ Much ‘public’ input in local economic development is decided, for good or ill, in ‘community development corporations’ heavily subsidized government grants representing different admixtures of independent neighborhood associations and business firms.⁶⁸ In education, parent-teacher associations are commonly vested with substantial powers in determining the budget and curriculum of elementary and secondary public schools, and those schools increasingly look to local business interests for support in setting standards on student performance.⁶⁹ In training, the largest single training program in the United States, the Job Training Partnership Act (JTPA), is almost wholly administered through ‘private industry councils’ dominated, by statute, by local business interests.⁷⁰ In environmental regulation, from the deliberate promotion of bargaining among industry and environmental groups as a prelude to standard-setting at the federal level to the promotion of bargaining between business and community organizations over the appropriate implementation of environmental standards in local neighborhoods and regions, policy is rife with secondary associations exercising *de facto* public powers.⁷¹

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

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

Generally, we agree that the United States has high levels of

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

Worker Representation

Our goal here – controversial and surely bitterly contested – would be to improve the organization of American workers. Such improvement would plausibly contribute to the satisfaction of democratic norms in a variety of ways. By extending and deepening the benefits of organized representation to those who are now unorganized or underorganized, it would advance the goal of political equality. It would also have a fair chance of improving distributive equity and of improving economic performance in the United States. At the same time, properly structured worker organization is of particular importance because work is important. The associative framework that determines how it is organized, distributed and rewarded sets the background and tone for associative action throughout much of the society. So other reforms are more likely to succeed if reforms here succeed.⁷²

The system of worker organization in the United States currently suffers from two related problems. First, very few substantive benefits are provided to workers simply as citizens. We have a low ‘social’ wage. Most benefits are instead provided through individual firms. But benefits are costly and firms compete. So there are obvious incentives to skimp on the provision of benefits. The result is comparatively low and uneven substantive protection for workers.

Second, the system discourages cooperation between employers and employees. Part of the reason for this is the generally low level of worker organization. Genuine cooperation is based on mutual respect, which typically depends on recognition of mutual power. With the disorganization of workers limiting their power, however, employees are commonly incapable of extracting from employers the sorts of institutionalized respect for their interests (e.g. a serious

commitment to job security or consultation in advance of work reorganization) needed to elicit genuine cooperation. The other part of the reason has to do with the structure of union organization. In general, mimicking the decentralized benefit system, unions themselves are highly decentralized. Where they have power, then, they have incentives to free-ride on the interests of others and to seek maximum reward for their particular labor. Decentralization does permit wildcat cooperation. More commonly, however, it – in conjunction with the low social wage – promotes an economic job control unionism unfavorable to cooperation. Altogether, then, an environment featuring a low social wage, low union density and highly decentralized union organization is dense with incentives for collectively irrational conflict.⁷³

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

Even within the current framework of current US labor law, which centers on collective bargaining between elected and exclusive worker representatives (unions) and employers, strategies for reducing barriers to worker representation are clear enough. Elections of representatives could be simplified and expedited, bargaining obligations could attach early and survive the arrival of successor employers, the right to use economic force could be enhanced, and, throughout, violations of labor regulation could be remedied with compensatory damages rather than toothless 'make whole' remedies. In a more ambitious scheme of reforms, representation might be awarded on the basis of a simple demonstration of support from a majority of affected workers rather than the elaborate demonstration elections now required; the individual rights of workplace members of unions without majority status might be enhanced; restraints on the coordination of unions in using economic force could be relaxed; greater attention could be given to the practical requirements of union 'security' in maintaining a workplace presence; and current restraints on the use of member dues for organizing the unorganized, and for political action, could be relaxed.⁷⁴

Even with such reforms in place, however, most of the economy will remain non-union, leaving most workers without representation. We would suggest, then, that forms of workplace representation alternative to, though not in direct competition with, unions also be

encouraged. This could be achieved directly through a mandate of workplace committees with responsibilities in, for example, occupational health and safety or training or areas of concern apart from wages. Alternatively, or as supplement, government purchasing contracts might be used to enhance worker voice. Eligibility for such contracts could be conditioned on successful employer demonstration of the existence of a works council or some other acceptable form of autonomous employee representation with real powers in the administration of the internal labor market.

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

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

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

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

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

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

Vocational Training

Our second example of constructive group artifice comes from the area of vocational training. In the United States, as in most other rich countries, intensified international competition and rapid technological change have underscored the need for improvements in workforce skills. To preserve living standards in the face of low-wage competition from abroad, labor must be made substantially more productive and firms must become increasingly adept at such ‘non-price’

aspects of product competition as quality, variety, customization and service. Success here will require, *inter alia*, that ‘frontline’ production and non-supervisory workers be equipped with substantially higher and broader skills than they presently possess.

The vocational training problem in the United States consists in the fact that such skills are being provided in insufficient quality and quantity by US schools and firms, and in so far as they are provided, they are directed to college-bound youths and managers. In the public school system, very little occupational training is provided for either the ‘forgotten half’ of each high school cohort that does not go on to college or the ‘forgotten three-quarters’ of each cohort that do not complete it. Also, US employers provide their frontline workforce with far less training than do leading foreign competitors. Moreover, the training they do provide is generally narrower than is desirable – for the economy as a whole, for innovative firms drawing from the external labor market, and for individual workers, who typically change employers several times in their working lifetime.⁷⁵ With skills more essential than ever to compensation, the failures of US training have powerfully contributed to the decline in production and non-supervisory worker wages experienced over the past generation and to rising inequality in US market incomes.⁷⁶

The problems in the US training system lie on both the ‘demand’ and ‘supply’ side. We shall concentrate here on the supply-side aspect, focusing in particular on two central issues.⁷⁷

First, the quality of public [i.e. state] school vocational training is limited by the absence of effective linkages with the economy itself. Most such vocational training in the United States is essentially ‘stand-alone’ classroom-based instruction, and while such instruction is certainly important for any training system, it has intrinsic limits.⁷⁸ As a general matter, the system will lag behind industry practice in its provision of skills. It will be baffled by the need to make large expenditures on capital equipment, of the sort needed to replicate factories inside schools. And it will have difficulty conveying to students the active knowledge they need to flourish in, and can only acquire from, real-world production situations.

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

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

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

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

Facilitating linkage, associations provide the state with timely information on emerging industry trends and practices, new technologies, skill needs and access to the insides of firms. They permit industries to speak with a unified voice to public training providers, to

negotiate authoritatively with the state over training curricula, access to firms, requirements on skills certification, rules on the use of equipment, and the like. They permit the state to get closure and enforcement on decisions once made – 'If you don't like it, talk to your association' being a far more effective retort to second-guessing firms than 'Well, that's just what we decided to do' – while providing monitoring and enforcement capacities to supplement any public training effort. Thus by being broad in their representation and accountable to members, they are natural vehicles for developing general standards of wide applicability, of the sort that protect the training investment made by employees themselves.

As facilitators of employer training efforts, industry associations help in part by setting general standards on skills, something no single firm can do. The identification of commonly desired competencies assures workers that acquiring those competencies will improve their position on the external labor market. This leads to increased takeup rates on training, assuring employers of a large pool of workers with high and common skills. And this assurance encourages more proactive industry strategies of upgrading and interfirm cooperation in implementing those strategies.

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

How might associative supports be enlisted for a revamped

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

For example, significant improvement in the quality of vocational training will require some recognized occupational standards. But outside a few specialized trades, these do not exist. Joining with public training providers, existing unions and employer associations could be invited, on an industry-by-industry basis, to develop such standards. Their work could be facilitated by the state in the form of modest financial supports and technical assistance. And it should not be accepted by the state without independent vetting. But some product should finally be accepted and enforced as a standard. Such enforcement will naturally be advanced by the primary authors themselves. Employers would look to demonstrated competence, according to these standards, in the award of jobs in internal labor markets. Unions would center on them in wage negotiations or in rules governing job assignments in those markets. But such private actions can also be supplemented through public means. The standard can be made applicable to all federally funded vocational training programs, for example, and adopted as a standard in arbitration and judicial decisions in labor and employment law.⁷⁹

The competency of labor and trade associations to provide training services to members may be explicitly promoted by public policy as well. Public subsidies and technical assistance to such organizations for this purpose, utterly routine in other countries and already tried with some success with a handful of trade and labor organizations in the United States, would be a natural supportive policy. Antitrust law could be relaxed for joint training activities of member firms,⁸⁰ additional amendments may be needed in labor law to permit union-management cooperation in training activities involving nonunion firms.⁸¹

Both of the examples just presented involve efforts to improve training by strengthening existing associations. But the formation of

new associations around training might be encouraged as well. Industry or regional training consortia composed of firms and unions, for example, could be encouraged through demonstration grant assistance, technical aid and discounts on public training services provided to their members.⁸² These supports would properly be conditioned on those associations providing training services, participating in standard-setting, mounting outreach programs to public schools, providing such with technical assistance, expanding existing apprenticeship programs (the best, albeit much neglected, example of vocational training in the United States), and otherwise cooperating with public providers and each other to move a more aggressive and inclusive training agenda. The goal again would be to bring both more order and a critical mass to private training efforts and to improve effective linkages to schools.

Given the present weakness of associations in the United States, addressing the externality problem probably requires direct government efforts at socializing costs – through unqualified payroll levies or ‘play or pay’ levy structures. The revenues, however, can be used in ways that strengthen future private capacities for self-governance. Funds might, for example, be given to associations for redistribution. The effect would be to create enormous temptations to associations to organize themselves to take a more active role in training and for firms and unions to join associations – in effect, an inducement to encompassingness of the sort desired. Or, in a ‘play or pay’ scheme, tax relief could be granted to firms that demonstrate that the training they provide conforms with the standards set by industry associations. This would have the same effect of strengthening a collective associative hand in standards and strengthening associations themselves.

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

Occupational Safety and Health

Finally, we consider an example of how associations can operate to enhance state capacity and advance egalitarian norms in a more overtly regulatory activity.

We said earlier that in many areas of regulation 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 – because neither institution is well suited to delivering the result desired on egalitarian grounds. Vocational training is one such area: uniform public standards on behavior are needed, but neither markets nor the state have the competence to specify and secure them. There are, however, also situations where non-market public standards on behavior are needed and government has the competence to set them, but the objects of regulation are either so diverse or unstable that it is not possible for the government to settle just how those standards should be met at particular regulated sites or so numerous and dispersed that it is not possible for government to monitor compliance effectively. In the latter sorts of cases, the deficiencies of 'command and control' specification of process and the reliance on government inspectors for enforcement become pointed. The protection of occupational safety and health represents one such case.

Consider the Occupational Safety and Health Act (OSHA). By all accounts – left and right, management and labor, state and academic – OSHA has had only limited success in improving workplace health and safety. The sources of this problem owe in part to the OSHA standard-setting process. That reflects the under-representation of worker interests and the failure to enlist the 'social partners' (as well as community and environmental groups) in joint decision-making. More immediately, however, it illustrates the difficulty of enforcing heavily procedural standards over diverse and numerous sites.

The chief problem with enforcement is that, in a system that relies chiefly on an inspectorate, there are too many plants and too few inspectors. Several million commercial establishments, employing countless specific mixes of different production techniques, cannot be successfully monitored by a few thousand federal officials. So long as federal inspectors remain the chief enforcement mechanism, either the law will be – as at present – narrow in its objects and woefully under-enforced or the process of production will need to be more closely regulated through a qualitatively greater federal presence. The former is unsatisfactory, and the latter, whatever its merits (which are not obvious), is not in the cards.

An alternative, however, is to supplement the federal enforcement mechanism through the enlistment of existing (or encouragement of new) but alternative mechanisms available 'on the ground', namely, workplace committees on occupational safety and health. Such committees, used widely and with good effect in Western Europe,⁸³ would

be selected by employees themselves, trained by the government (again working with unions and business) and empowered to make decisions and conduct activities contributing to workplace safety and health. Certain generic aspects of health and safety training, indeed, could be part of standard vocational education programs. Such powers might include taking air samples or conducting other tests of plant environment to detect hazardous levels of exposure, performing certain routine forms of health monitoring (e.g. pulmonary function tests), consulting with management about how best to satisfy or supplement generic performance standards (e.g. permissible exposure limits for chemicals), shutting down plants in cases of imminent danger, reporting back to central federal administration on problems, educating colleagues on health and safety, and collaborating with health professionals, academic researchers and environmental activists to detect emerging problems. The hope is that a stable, quasi-public group, accountable to its members, and set within a framework of national standards, would combine the power to enforce and the capacity to generate specific, local information in ways that would help to reduce workplace hazards.

A problem with any system of self-administration of costly standards is that the self-administering actors face tradeoffs between the benefits of effective administration and the costs that it imposes on them. In the case of workers in dependent bargaining relations with employers, clearly, such tradeoffs can become pointed. Workers' interest in eating may exceed their interest in staying healthy. In addition, because the groups involved in decentralized administration may not be sufficiently encompassing, interests not best organized from the standpoint of the particular administrative unit might be selected out. More simply put, workers may be concerned with their own health but not with the pollutants that the factory discharges into the ambient environment.

Such problems would have to be addressed in any plausible scheme. As just suggested, it is important to establish reporting requirements back to an authoritative government agency, to be clear that local negotiation around the satisfaction of minimal performance or specification standards cannot extend to negotiated reductions in those standards, and to encourage (perhaps by requiring) the exchange of information between committees and actors outside the firms. In principal, however, none of these problems appears intractable. And in practice, as the Western European cases make clear, a workplace committee system of administration delivers more effective, and efficient, administration of occupational safety and health than in the United States.

Moreover, what is true in the OSHA case might be plausibly extended to other areas of regulation in which monitoring must be extended to numerous and diverse local sites. Environmental regulation is one such case, but there are many others: for example, all manner of social programs (in health, housing, welfare services) and economic development programs. Fairly generally, that is, it would be helpful to supplement public efforts at securing certain standards of behavior with private multipliers on enforcement, local negotiation on process and monitoring of those standards.

Conclusion

The examples just given provide only a few illustrations of the directions an associative democratic strategy might take in the United States. But they suffice to underscore the sorts of concerns that define that strategy and the considerations relevant to its execution. What we have argued in this essay and what is displayed in the examples just given is straightforward enough. To proceed, egalitarian politics must once again be shown to work. To work, it requires associative supports. Those supports can be developed. And developing them, and realizing their contribution to democratic governance, does not require a naive view of associations as free from the threat of faction or a dangerous view on the surrender of encompassing public authority. Faction can be mitigated through the same artifice that enlists associative contributions. And the strength and competence of public authorities can gain by their enlistment.

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

Acknowledgment

Drafts of this manuscript have been presented at meetings of the American Political Science Association, Princeton University Political Theory Colloquium, Social Organization Colloquium at the University of Wisconsin-Madison, Society for Ethical and Legal Philosophy, UCLA Center for History and Social Theory, University of Chicago

Colloquium on Constitutionalism, University of Maryland Seminar on Political Theory, PEGS (Political Economy of the Good Society), and CREA (Ecole Polytechnique), at the conference on 'Post-Liberal Democratic Theory' held at the University of Texas, Austin, and at the 'Associations and Democracy' conference held at the Havens Center, University of Wisconsin-Madison. We are very grateful to participants in those discussions, and especially to Bruce Ackerman, Suzanne Berger, Owen Fiss, Charles Sabel, Wolfgang Streeck and Erik Olin Wright. Shorter versions of this paper appeared in *Market Socialism*, ed. Pranab Bardhan and John Roemer (Oxford University Press, 1993), and *Social Philosophy and Policy*, 10, 2 (summer 1993), pp. 282-312.

Notes

1. The phrase comes from James Madison, Federalist paper no. 10, in *The Federalist*, New York: G. P. Putnam 1907, pp. 51-60. We are concerned here only with what Madison called 'minority' faction, or the exploitation of the many by the few – the problem that Madison thought (incorrectly, in our view) would be fully addressed through enactment of the 'republican principle'. We have very little to say here about the problem of 'majority' faction – conflicts of the 'ruling passion or interest' of the majority with 'both the public good and the rights of other citizens'. Moreover, what we do have to say about it is generally limited to the case of majority decisions that fail to advance the 'public good', thus leaving unattended the problem of majority suppression of the 'rights of other citizens'. This is an important limitation on our treatment of faction, which would need to be remedied in a more comprehensive discussion of the subject. But we believe that our proposals for addressing those aspects of the problem of faction that we consider here do not carry untoward implications for addressing issues of oppressive majorities. In addressing the problem of faction, then, the narrowing of our focus does not, we think, make the resolution of that general problem more difficult.

2. We do not distinguish here between secondary associations, which represent the interests of their members to, and in other ways interact with, the state, and those that do not. However, as the following makes clear, we are chiefly concerned with the former.

3. See E. E. Schattschneider, *The Semi-Sovereign People: A Realist's View of Democracy in America*, Hinsdale, IL: Dryden [1960] 1975; V. O. Key, *Politics, Parties, and Pressure Groups*, 4th edn, New York: Crowell 1958; Grant McConnell, *Private Power and American Democracy*, New York: Vintage 1956; and Charles Lindblom, *Politics and Markets: The World's Political-Economic Systems*, New York: Basic Books 1977.

4. See Theodore Lowi, *The End of Liberalism: The Second Republic of the United States*, 2d edn, New York: Norton 1979.

5. See, in particular, Philippe C. Schmitter, 'Still the Century of Corporatism?', *Review of Politics* 36 (1974), pp. 85-131; Suzanne Berger, ed., *Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation of Politics*, Cambridge: Cambridge University Press 1981; and John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism*, Oxford: Clarendon 1984.

6. Charles F. Sabel, 'Flexible Specialization and the Re-emergence of Regional Economies', in *Reversing Industrial Decline: Industrial Structure and Policy in Britain and Her Competitors*, ed. Paul Q. Hirst and Jonathan Zeitlin, Oxford: Berg 1989,

- 17-70; and Wolfgang Streeck, 'On the Institutional Conditions of Diversified Quality Production', in *Beyond Keynesianism: The Socio-Economics of Production and Employment*, ed. Egon Matzner and Wolfgang Streeck, London: Edward Elgar 1991, pp. 21-61.
7. Philippe C. Schmitter, 'Interest Intermediation and Regime Governability in Contemporary Western Europe and North America', in Berger, ed., *Organizing Interests*, ch. 10.
8. We share the term 'associative democracy' with John Mathews, *Age of Democracy: The Political Economy of Post-Fordism*, New York: Oxford University Press 1989, but arrived at the term independently.
9. See John Rawls, *A Theory of Justice*, Cambridge, MA Harvard University Press 1971, whose own work is an exception to the generalization made in the text. Another prominent exception is Roberto Unger's *False Necessity*, vol. 2 of *Politics*, Cambridge: Cambridge University Press 1987.
10. Our discussion of neoliberal constitutionalism is based, in particular, on James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan*, Chicago: University of Chicago Press 1975; Milton Friedman, *Capitalism and Freedom*, Chicago: University of Chicago Press 1962; and Friedrich A. Hayek, *The Constitution of Liberty*, Chicago: University of Chicago Press 1960; *The Mirage of Social Justice*, vol. 2 of *Law, Legislation, and Liberty*, Chicago: University of Chicago Press 1976; and *The Political Order of Free People*, vol. 3 of *Law, Legislation, and Liberty*, Chicago: University of Chicago Press 1979. We draw as well on the constitutional argument associated with the 'Lochner era' in US constitutional law, in particular the idea that the constitution's due process clauses impose substantial barriers to the exercise of the police powers of the state in areas of economic activity. For examples of such argument see *Lochner v. New York*, 198 U.S. 45 (1905); *Coppage v. Kansas*, 236 U.S. 1 (1915). For general discussion of the Lochner era, see Cass R. Sunstein, 'Lochner's Legacy', *Columbia Law Review* 87, no. 5 (1987), pp. 873-919. Our presentation and criticism of the view is indebted to John Rawls's critical discussion of the 'system of natural liberty' in Rawls, *A Theory of Justice*, pp. 66-72.
11. Neoliberal constitutionalism is not the only plausible historical continuation of the liberalism of John Locke and Adam Smith. Moreover, in associating the term 'liberal' with neoliberal constitutionalist views, we do not mean to suggest either that such liberals as Alexis de Tocqueville, John Stuart Mill, Emile Durkheim, John Rawls or Ronald Dworkin really agree with the neoliberal constitutionalists, or that because they disagree they should not be called 'liberals'.
12. For qualifications, see Samuel Bowles and Herbert Gintis, 'Contested Exchange: New Microfoundations for the Political Economy of Capitalism', *Politics and Society* 18, no. 2 (June 1990) pp. 165-222.
13. A central theme of neoliberal constitutionalism is that the fact of market failure is not sufficient to justify state action, because political action may produce still greater inefficiency. For discussion of this issue, see Gary S. Becker, 'Competition and Democracy', in *The Economic Approach to Human Behavior*, Chicago: University of Chicago Press 1976, ch. 3; Charles Wolf, Jr., 'A Theory of Nonmarket Failure: Framework for Implementation Analysis', *Journal of Law and Economics* 22 (1979), pp. 107-39; and Kenneth A. Sheple and Barry R. Weingast, 'Political Solutions to Market Problems', *American Political Science Review* 78 (1981), pp. 417-34.
14. Hayek emphasizes the virtues of voluntary associations in *The Mirage of Social Justice*, pp. 150-52.
15. Adam Smith, *Wealth of Nations*, New York: Modern Library 1937, p. 128.
16. The 'rational basis test' for the constitutionality of economic regulation in Post-New Deal constitutional law provides one way to articulate this reduced burden. For cases that define and illustrate the reduced burden, see *United States v. Carolene Products Co.*, 304 U.S. 144 (1938), *Williamson v. Lee Optical Co.*, 348 U.S. 483 (1955), and *Ferguson v. Skrupa*, 372 U.S. 726 (1963).
17. See Smith, *Wealth of Nations*, book 4, ch. 2, esp. pp. 429, 438.

18. Hayek, *The Political Order of Free People*, pp. 13, 15 (emphasis added).
19. *Ibid.*, p. 14. A more direct route to the limited government conclusion proceeds without a detour through (partially) democratic legislatures, semi-autonomous bureaus, or even the actions of groups. The direct argument is that all regimes require popular support and that appropriation and redistribution of the surplus to the public is a principal means of securing that support. Given this political criterion for resource allocation, however, the state's allocation of resources will be less efficient than the market's. There will be deadweight losses, violating the fundamental norm of efficiency. While such losses will increase under democratic conditions with organized groups (since democracy institutionalizes the requirement of support and since organized individuals are better able than unorganized ones to extract benefits), neither democracy nor groups are necessary to creating problems of waste. States with extractive powers and even minimal dependence on popular support (e.g. dictatorships) will do that alone. Once that is recognized, the basic solution for public order again follows: limit rents at their source, by constitutionally constraining the functions of the state to those needed to preserve formal individual liberty and a robust market.
20. See Joshua Cohen, 'Democratic Equality', *Ethics* 99, no. 4 (July 1989), pp. 727-51.
21. For a suggestive discussion of this issue, see Jon Elster, 'The Possibility of Rational Politics', *Archives Européennes de Sociologie* 18 (1987), pp. 67-103.
22. Here we are thinking of the example of the New Deal constitutional revolution which was directed against the constitutional understandings set in place by the line of Supreme Court decisions beginning with *Lochner v. New York*. On the New Deal as a fundamental constitutional change carried through by a mobilized citizenry, see Bruce Ackerman, *We The People*, Cambridge, MA: Harvard University Press 1991.
23. Schematically, imagine a world with tariffs but without unemployment insurance or social security. State outlays will be smaller, but their distribution will be even more skewed toward select populations.
24. Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, New Haven, CT: Yale University Press 1982, pp. 47-53.
25. See Matthew D. McCubbins and Thomas Schwartz, 'Congressional Oversight Overlooked: Police Patrols vs. Fire Alarms', *American Journal of Political Science* 28 (1984), pp. 165-79.
26. See, for example, Cass R. Sunstein, 'Constitutionalism After the New Deal', *Harvard Law Review* 101 (1987), pp. 421-510.
27. On the issue of institutional program, different republican conceptions diverge considerably, depending on where precisely they put the locus of deliberative politics. Confining attention just to contemporary debate in US constitutional law, there are at least four proposals in the field. Sunstein, whom we follow in the text for purposes of concrete illustration, emphasizes the deliberative role of elected legislators. See Cass R. Sunstein, 'Beyond the Republican Revival', *Yale Law Journal* 97 (1988), pp. 1539-90. Michelman locates deliberative politics in the Supreme Court. See Frank I. Michelman, 'The Supreme Court, 1985 Term - Foreword: Traces of Self-Government', *Harvard Law Review* 100 (1986), pp. 4-77. Ackerman finds deliberative forms of mass politics in moments of constitutional transformation, and argues that the role of the judiciary is to preserve the results of those periods of popular political engagement. See his *We the People*. Brest argues that republican self-rule ought to be extended outside the arena of narrowly political institutions, even in periods of normal politics. See Paul Brest, 'Further Beyond the Republican Revival: Toward Radical Republicanism', *Yale Law Journal* 97 (1988), pp. 1623-31.
28. Issues about associative contributions to democracy have not played a prominent role in the recent 'republican revival'. So, when we say in the text that republicans 'recognize' certain possibilities of contribution, we mean only that such recognition would be a natural extension of their views.
29. Sunstein, 'Republican Revival', pp. 1576-78. Strategies of strengthening

political parties played a particularly prominent role in an earlier generation of anti-pluralist political conceptions. See, for example, Key, *Politics, Parties, and Pressure Groups*; Schattschneider, *Semi-Sovereign People*; and Committee on Political Parties of the American Political Science Association, 'Toward a More Responsible Two-Party System', *American Political Science Review* 44 (1950): Special Supplement. Parties are featured less prominently in the current wave of republican antipluralism perhaps because parties in the United States look increasingly implausible as vehicles of reform or perhaps because the republican revival has come to be so closely associated with law schools and with the more formal-institutional concerns of constitutional lawyers.

30. *Federalist Papers*, p. 423.

31. See Lowi, *The End of Liberalism*.

32. This section draws in particular on Robert A. Dahl, *A Preface to Democratic Theory*, Chicago: University of Chicago Press 1956; *Dilemmas of Pluralist Democracy*, New Haven, CT: Yale University 1982; and *Democracy and its Critics*, New Haven, CT: Yale University Press 1989; and John Hart Ely, *Democracy and Distrust: A Theory of Judicial Review*, Cambridge, MA: Harvard University Press 1980.

33. Pluralism, of course, is not only a normative view, but an empirical one. Empirical pluralism is sometimes said to assert or assume that existing societies do in fact approximate a complete, proportional representation of interests. The strength and distribution of interest groups is taken to match closely the actual strength and distribution of citizen preferences. We doubt that this is a correct characterization of empirical pluralism. In any case, egalitarian pluralists make no such assumption, and the extent of their concerns about faction is defined by the degree to which they suppose it to be false.

34. See, in particular, Dahl, *Democracy and its Critics*, ch. 21.

35. Ely, *Democracy and Distrust*, p. 152.

36. See, for example, Ely, *Democracy and Distrust*; and Bruce Ackerman, 'Beyond Carolee Products', *Harvard Law Review* 98 (1985), pp. 713-46.

37. See Robert A. Dahl, *A Preface to Economic Democracy*, New Haven, CT: Yale University 1985, pp. 105-7.

38. See Ely, *Democracy and Distrust*.

39. Pluralism is sometimes criticized for treating the group system as natural or pre-political. Perhaps this is true of empirical pluralism or of some formulations of that view. But it is not a fair assessment of normative pluralism.

40. On the problem of indeterminateness as it applies to the context of US administrative law, see Richard Stewart, 'The Reformation of American Administrative Law', *Harvard Law Review* 88 (1975), pp. 1776-81. On the more general problem of the indeterminateness of procedural conceptions of democracy, see Ronald Dworkin, 'The Forum of Principle', in Dworkin, *A Matter of Principle*, Cambridge, MA: Harvard University Press 1985, pp. 33-71.

41. Dahl, *Dilemmas of Pluralist Democracy*, pp. 68-80, 193, is an important exception.

42. The egalitarian tradition, as we characterize it here, begins with Rousseau and includes both Marx and John Stuart Mill among its principal nineteenth-century exponents. In *A Theory of Justice*, Rawls gave new philosophical life to the central ideas of this tradition.

43. Such classical liberals as Hayek and Friedman would not accept the account of political equality or the egalitarian conception of the general welfare that we present below, although they agree that ensuring formal equality of opportunity (keeping 'careers open to talents') and promoting the general welfare are legitimate public functions, and they are not hostile to the idea that public policy ought to seek to assure a decent minimum. See, for example, Friedman, *Capitalism and Freedom*; and Hayek, *Mirage of Social Justice*. Only the most extreme forms of libertarianism deny this. See Robert Nozick, *Anarchy, State, and Utopia*, New York: Basic Books 1974. We are not troubled by the disagreement with the classical liberals, both because we do not think that their views are coherent or plausible and because we think that some of their

current popularity reflects more a judgment about the efficacy of certain strategies of public policy than an agreement with the classical liberal conception of the legitimate functions of the state.

44. Rawls, *Theory*; and Rawls, 'The Basic Liberties and Their Priority', in *Tanner Lectures on Human Values*, vol. 3, Salt Lake City: University of Utah Press 1982.

45. In asserting this natural fit between an egalitarian conception of distributive fairness and democratic order, however, we do not mean to embrace any particular egalitarian conception – such as Rawls's maximin criterion, or a conception that imposes constraints on the dispersion of resources, or a mixed view combining attention to the minimum and to the dispersion – or, to take another dimension, a resourceist as distinct from a welfarist interpretation. We mean only to underscore the connection between the democratic ideal of an association of equal citizens and the family of distributive conceptions that seek to limit inequalities to those that can be justified without regard to the factors that distinguish among equal citizens.

46. Committee, 'Toward a More Responsible Two-Party System', 2. On the connection between this substantive characterization of deliberation and a more abstract characterization in terms of finding reasons that are acceptable to others who share that commitment, see Joshua Cohen, 'Deliberation and Democratic Legitimacy', in Alan Hamlin and Phillip Pettit, eds., *The Good Polity*, Oxford: Blackwell 1989.

47. Erik Wright has urged us repeatedly to call this requirement 'democratic consciousness'. Sheer stubbornness prevents us from taking the suggestion.

48. We shall say more about threats to each of the six norms when later in the essay we consider the ways that an associative democratic scheme might handle the problems of faction.

49. Here we are assuming that the representatives of groups do faithfully represent the interests and aims of the members, thus abstracting from 'iron law of oligarchy' problems.

50. The threats to popular sovereignty noted here do not depend on inequalities in group organization, as there is the possibility of mutual exploitation by different groups equally situated.

51. It might be thought that rational legislators, anticipating such results at the administrative level, would resist making policy that would require delegation to unreliable agencies. If true, this simply returns us to the problems that faction creates for sovereignty, as popular political choices would be thwarted by the anticipated opposition of privileged groups.

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

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

54. Harold L. Wilensky and Lowell Turner, *Democratic Corporatism and Policy Linkages: The Interdependence of Industrial, Labor-Market, Income, and Social Policies in Eight Countries*, Berkeley: Institute of International Studies 1987, p. 1.

55. Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide: Possibilities for Prosperity*, New York: Basic Books 1984, p. 278.

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

57. An example is the principal French agricultural union, the FNSEA (*Fédération Nationale des Syndicats d'Exploitants Agricoles*). The sole agricultural union recognized by the state, the FNSEA was a regular target of protest by rank-and-file farmers,

- prompting the president of the FNSEA to say at a 1969 Congress that the leadership had been 'the object of permanent criticism, for its "excessively intimate" connections with the French state. See John T. S. Keeler, 'Corporatism and Official Union Hegemony: The Case of French Agricultural Syndicalism', in Berger, *Organizing Interests*, pp. 185-208, at pp. 187.
58. Schattschneider, *Semi-Sovereign People*, p. 109.
59. Dahl, *Dilemmas*, p. 47.
60. See, for example, the discussion of 'fire alarm' enforcement in McCubbins and Schwartz, 'Congressional Oversight Overlooked', pp. 165-79.
61. Again, see de Tocqueville, *Democracy in America*, p. 117.
62. These effects are noted in Sunstein, 'Constitutionalism', pp. 480-81: 'The movement toward increased congressional control is not without risks of its own [since] . . . undue specificity may produce regulation riddled by factional tradeoffs.'
63. Philippe C. Schmitter, 'Democratic Theory and Neo-Corporatist Practice', *Social Research* 50 (1989), pp. 883-928, at p. 918.
64. Consider, by way of clarification and contrast, a proposal by Schmitter about how to address the problems of the limited space of representation in a corporatist association. He argues that an assurance of fair authorization, specifically attentive to inequality in representation, might be provided by a voucher system. Citizens would receive vouchers, representing a promise of funds to be generated out of general tax revenues, to spend on quasi-public groups. They could then 'vote' these vouchers on groups of their choice. At a very general level, our suggestion is similar, as we also are thinking of the system of favored organizations as itself a matter of collective choice. But whereas Schmitter proposes a collective choice through a new form of political market, the choice that we have in mind would be made under more conventionally political circumstances. Citizens would vote through the electoral system on party programs, one aspect of which would be party positions on the appropriate forms of associative governance; and then would hold elected officials accountable to the conduct of those programs. See Philippe C. Schmitter, 'Corporative Democracy: Oxy-moron? Just Plain Moronic? Or a Promising Way Out of the Present Impasse?' (mimeo, Stanford University 1988). We prefer our proposal to Schmitter's because we think that the decisions in question ought to be made through institutions that make a deliberative collective decision possible. But whatever the advantages of the more political method of choice, both proposals appear to provide promising approaches to the problems that our associative scheme faces in the area of political equality, suggesting that however serious those problems are, they may not be entirely intractable.
65. Louis Jaffe, 'Law-Making by Private Groups', *Harvard Law Review* 51 (1937) pp. 202-53, at pp. 220-21.
66. *Ibid.*, p. 221.
67. For an instructive discussion of the role of non-profit organizations in welfare state service delivery, emphasizing the increased dependence of many of these agencies on their ties to government, see Steven Rathgeb Smith and Michael Lipsky, *The Age of Contracting: Nonprofit Agencies and the Welfare State*, Cambridge, MA: Harvard University Press (forthcoming).
68. A useful (though not impartial) recent survey of local economic development strategies is provided in R. Scott Foster, *Local Economic Development*, Washington, DC: International City Management Association 1991.
69. For an enthusiastic review of some of the emerging linkages between schools and private business associations, see Anthony Carnevale, Leila Gainer, Janice Villet and Shari Holland, *Training Partnerships: Linking Employers and Providers*, Alexandria: American Society for Training and Development 1990.
70. The Job Training Partnership Act (JTPA) has been widely criticized as insufficiently accountable to public needs. Among others, see John D. Donahue, *Shortchanging the Workforce: The Job Training Partnership Act and the Overselling of Privatized Training*, Washington, DC: Economic Policy Institute 1989; and US General Accounting Office (GAO), *Job Training Partnership Act: Inadequate Oversight Leaves Program*

- Vulnerable to Waste, Abuse, and Mismanagement*, rep. no. GAO/HRD-91-97, Washington, DC: General Accounting Office 1991.
71. Some of the federal experience is reviewed in Charles W. Powers, *The Role of NGOs in Improving the Employment of Science and Technology in Environmental Management*, New York: Carnegie Commission on Science, Technology, and Government, May 1991; the experience of local communities in fostering such environmental bargaining among organized groups is reviewed in Valjean McLanahan, *Sustainable Manufacturing: Saving Jobs, Saving the Environment*, Chicago: Center for Neighborhood Technology 1990.
72. The force of this claim will emerge in our discussion of the role of associations in vocational training.
73. For a general review of the US industrial relations system emphasizing these interactions, see Joel Rogers, 'Divide and Conquer: Further Reflections on the Distinctive Character of American Labor Law', *Wisconsin Law Review* (1990), pp. 1-147. For a recent review of the state of the American labor movement, see the contributions to George Strauss, Daniel G. Gallagher and Jack Fiorito, eds., *The State of the Unions*, Madison, WI: Industrial Relations Research Association 1991.
74. There are many such statements of possible labor law reform. A good guide to the issues involved, containing both more and less ambitious recommendations for reform, is provided by Paul Weiler, *Governing the Workplace: The Future of Labor and Employment Law*, Cambridge, MA: Harvard University Press 1990.
75. For general reviews of US training problems, making all these points, see US Congress, Office of Technology Assessment, *Worker Training: Competing in the International Economy*, rep. no. OTA ITE-457, Washington, DC: GPO 1990; and Commission on the Skills of the American Workforce, *America's Choice: High Skills or Low Wages?*, Rochester, NY: National Center on Education and the Economy 1990.
76. For a good review of wage trends in the United States and the more general decline in living standards among non-supervisory workers, see Lawrence Mishel and David M. Frankel, *The State of Working America*, 1990-91 edn, Armonk: M. E. Sharpe 1990.
77. A word of explanation on the focus. Demand by US employers for high and broad frontline workforce skills is extremely weak and uneven. Unless this changes, supply-side innovations geared to improving skill delivery to frontline workers will have all the effect of pushing on a string. Moreover, the needed changes cannot come from competitive pressures alone, as employers can choose to respond to those pressures by reducing wages, increasing firm productivity through changes in work organization that 'dumb down' most jobs while increasing the human capital component of a well-paid few, or simply moving away from high-end markets. Most US firms, in fact, have chosen some combination of these 'low wage, low skill' competitive strategies. To remedy the demand-side problem, it is essential to foreclose this option. The most obvious way to do this is to build stable floors under wages and effective linkage between productivity improvements and wage compensation, thus forcing employers to be more attentive to strategies for increasing the productivity of their labor (e.g. skill upgrading). Direct state action can help here by increasing minimum wage floors. As regards more specifically associative reform, however - and this is why we do not linger on the demand side - we believe the most important actions are those already outlined in the recommendations just made on improving industrial relations. Deeper and more encompassing worker organizations, especially ones shaped by social interests in proved cooperation (discussed earlier), would help create the needed wage floors, wage-productivity linkages and pressures within firms to upgrade. Moreover, they could be expected to do so in a way that not only raised the aggregate demand for skills and their compensation but improved the distribution of both. The basic problem on the demand side is that the interests of the bulk of the population - workers - are simply not now centrally in the picture. They are barely represented in the economy and only very imperfectly represented in the state. The basic solution to under-representation is to improve the conditions of their organization in ways consistent with other democratic norms.

78. The importance of these limits rises where, as in the United States, the public training system lacks any effective industry-based training complement.
79. The Department of Labor's Office of Work-Based Learning is already making qualified moves in this direction, 'qualified' in that, outside more heavily unionized industries, it remains unclear what, if any, organized voice workers in the industry will have.
80. Following current practice for joint research and development activities.
81. Recommendations on how to do this are made in Margaret Hilton, 'Shared Training: Learning from Germany', *Monthly Labor Review* 114, no. 3 (March 1991), pp. 33-7.
82. An experiment along these lines is now under way in Milwaukee, where several firms (non-union and unionized), unions and public training providers have come together around a Wisconsin Manufacturing Training Consortium designed to do just these things. See Joel Rogers and Wolfgang Streeck, 'Recommendations for Action', Madison: Center on Wisconsin Strategy 1991.
83. For a review of worker participation in safety regulation focusing on Europe, see the contributions to Sabastiano Bagnara, Raffaello Misiti and Helmut Wintersberger, eds., *Work and Health in the 1980s: Experiences of Direct Workers' Participation in Occupational Health*, Berlin: Edition Sigma, 1985; for a particularly useful country study, see Bjørn Gustavsen and Gerry Hunnius, *New Patterns of Work Reform: The Case of Norway*, Oslo: Universitetsforlaget 1981; for the contrast with the United States, see Charles Noble, *Liberalism at Work: The Rise and Fall of OSHA*, Philadelphia: Temple University Press 1986; and Eugene Bardach and Robert Kagan, *Going by the Book*, Philadelphia: Temple University Press 1982.

PART II

Commentaries, Criticisms,
Extensions
