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# THE DEVELOPMENT OF CORPORATISM IN LIBERAL DEMOCRACIES

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Corporatism as an ideology has a long history. It finds its modern roots in those versions of nineteenth-century social and political thought which reacted against the individualism and competition which characterized the emerging dominance of the capitalist mode of production, and against the industrial and political conflict between classes which was the ineluctable product of this development. Although the varieties of corporatist theory are many, the common premise was that class harmony and organic unity were essential to society and could be secured if the various functional groups, and especially the organizations of capital and labour, were imbued with a conception of mutual rights and obligations somewhat similar to that presumed to have united the medieval estates in a stable society. Accordingly, corporatist programmes advocated a universal scheme of vocational, industrial or sectoral organization, whereby the constituent units would have the right of representation in national decision-making, and a high degree of functional autonomy, but would have the duty of maintaining the functional hierarchy and social discipline consistent with the needs of the nation-state as a whole. A limited organizational pluralism, generally operating under the aegis of the state as the supreme collective community, would guarantee the major value of corporatism—social harmony.<sup>1</sup>

When we turn to actual corporatist structures, the most famous—or rather infamous—instances of corporatism in practice, that of the fascist

states, gave a rude answer to the question of how the social harmony trumpeted in theory would in fact come to replace the competition and class conflict of capitalist society. Corporatism was introduced concomitantly with the abrogation of liberal democracy and the smashing of the indigenous organizations of the working class to the end of repressing both political and industrial class conflict. Harris (1972: 72) has observed of this experience:

The relationship between force and the appearance of unanimity is not settled in the modern, anymore than in the earlier corporatist writings: it is assumed. Yet, as Pirou notes in relationship to Italian Fascism and Neumann with reference to the Nazis, corporatism in these countries was not, and could not be, much more than a decorative façade for force. For the harmony which it is assumed is intrinsic to society—if the squabbling cabals can be swept away—can in practice only be reproduced by the use of force. And the use of force directly contradicts the assumption of intrinsic harmony. In Vichy France and in Salazar's Portugal, overtly corporatist societies, the same comment is appropriate. Corporatism assumes what it is designed to create, and destroys what it seeks to create by pursuing the only practicable means available: coercion.

But the historical experience with corporatism in this century has not been confined to fascist states. In liberal democracies implicit tendencies toward corporatist structures developed both before and concurrently with the emergence of fascism.<sup>2</sup> One British Cabinet member contended in the 1930s: "it seems to me to be courting failure to tell people that they have first to dress themselves in black shirts and throw their opponents downstairs in order to get the corporative state. . . . This new economic order has already developed further in England than is generally recognised" (quoted in Harris, 1972: 55). Bowen (1947: 3-4) observed more generally of the pre-World War II period:

In countries where liberal-democratic political institutions continued to function, these authoritarian versions of "corporatism" were generally repudiated with some vehemence. At the same time, however, there appeared signs of a growing awareness that in modern industrial society certain fundamental tendencies which might be described as "corporative" had for some time been at work. Economists and historians found one such tendency to be the decline of atomistic competition in economic life, a sphere in the "free play of individual forces" was increasingly being superseded by the operation of collective agreements concluded among solidly organized "communities of interest." Jurists and political scientists observed a parallel decline of atomistic individualism in politics,

noting that private bodies claiming to represent the group interests of labour, of employers, of farmers, of consumers, of particular branches of industry and of other economic and social groups tended to become more inclusive and more highly integrated with a view to increasing their direct influence upon governmental policies. In some democratic countries, notably in pre-Nazi Germany, in France and in Czechoslovakia, groups of this kind were given a degree of official recognition when they were allowed representation in National Economic Councils created to serve as advisory "parliaments of industry."

In the late thirties, during World War II, and especially in the postwar period, these tendencies toward corporatist structures have accelerated and been more systematically developed in liberal democratic societies. They have been particularly associated with the increased state involvement in managing the advanced capitalist economy, and have centered on the integration of central trade union and business organizations in national economic planning and incomes policy programmes and bodies. This development has taken place within the framework of the maintenance of liberal political freedoms, has entailed the integration of indigenous class organizations for the most part, and state coercion has played a secondary, or at least sporadic and indirect, role in the process. For the most part, however, this development has rarely, or at least only in very specific contexts, been announced or even acknowledged as corporatist by politicians, group leaders, or bureaucrats, or described as such in even the "serious" press. Corporatism, not surprisingly, had become a term of denigration in the course of the antifascist war throughout liberal capitalist societies, and especially among western labour movements whose participation in the new structures was the "sine qua non" of their development. Indeed, insofar as the term was used—outside of intellectual or academic circles—it was used by labour leaders or left-wing social democrats and Marxists, as a means of opposing trade union integration in these structures.<sup>3</sup>

Among scholars, however, and especially among social scientists interested in the question of interest group representation and economic planning in liberal capitalist societies, the term corporatism, usually prefixed by "neo" or "quasi" or qualified by the adjective "liberal," has become increasingly common. Well over a decade ago, Beer (1969: 419) identified a "new group politics" in Britain, a "system of quasi-corporatism bringing government and producers' groups into intimate and continuous relationship" in framing, applying, and legitimating state

policies. "The welfare state and especially the managed economy of recent decades," Beer (1969: 395) contended, "simply could not operate without the advice and cooperation of the great organized producers groups of business, labour and agriculture. And the history of these groups displays the powerful influence of government in calling them into existence, shaping their goals and endowing them with effective power." More generally, Shonfield's influential *Modern Capitalism* (1965: 161) explicitly argued: "The term 'corporatist' is not to be understood in a pejorative sense. All planning of the modern capitalist type implies the acceptance of some measure of corporatism in political organization: that follows from basing the conduct of economic affairs on the deliberate decisions of organized groups of producers, instead of leaving the outcome to the clash between individual competitors in the market." More recently, Lehmbruch has defined "liberal corporatism" as "a special type of participation of large economic social groups in public, especially economic policy-making. Consultation and cooperation among administrations and organized interests is of course common in all constitutional democracies with a highly developed capitalist economy. But the distinguishing trait of 'liberal corporatism' is a high degree of cooperation among those groups themselves in the shaping of public policy." Significantly, Lehmbruch (1974: 1-2) carefully warns that: "Liberal corporatism must be distinguished from the traditional corporatism of pre-industrial Europe on the one hand, from authoritarian corporatism of the fascist type on the other. Its essential feature is the large measure of constitutional autonomy of the groups involved, hence the voluntary character of institutionalized integration of conflicting social groups."

The most rigorous contemporary specification of the corporatist concept in ideal-typical, but nevertheless in empirically bounded structural and behavioural terms, has recently been provided in an outstanding article by Schmitter (1974: 93-94):

Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular compulsory, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

The definition is purposefully constructed to cover both authoritarian and liberal democratic corporatism, but Schmitter (1974: 105) goes on immediately to distinguish between "societal" and "state" subtypes, whereby:

Societal corporatism appears to be the concomitant, if not ineluctable, component of the postliberal, advanced capitalist, organized democratic welfare state; state corporatism seems to be a defining element of, if not structural necessity for, the antiliberal, delayed capitalist, authoritarian, neomercantilist state.

The distinguishing structural and behavioural differences between the two are seen to depend on whether the nature of the constituent units, in terms of their limited numbers, singularity, compulsory character, and monopolistic representation of functional groups is a product more of general socioeconomic developments and voluntarist arrangements than of state imposition, and whether the state's controls on their leadership selection and interest articulation is a product of "reciprocal consensus on procedure and/or goals, or of an asymmetric imposition by the 'organized monopolists of legitimate violence'" (Schmitter, 1974: 103-104).

The foregoing examples of the employment of the concept of corporatism in the liberal democratic context are presented not merely as indicators of its growing acceptance in social science, but because, more as a corpus than individually, they capture the essence of the "neo-," "quasi-," "liberal-," "societal-" corporatist paradigm. Whereas many mainstream social scientists have joined the company of corporatist apologists and have seen the above developments as constituting "a distinct form of economic structure,"<sup>4</sup> an alternative or sequel to capitalism, even of the mixed economy variety, corporatism as used herein is a *political structure* that attends, if is not actually produced by, the emergence of the *advanced capitalist economy*. Whereas some scholars have carelessly characterized virtually any and all intimate interest group-state relations which have become accepted as legitimate in the political culture as corporatist (e.g., Lowi, 1969; Presthus, 1973), corporatism as used herein carefully stresses the centrality of the large socioeconomic groups' relationship to the state and the cooperative interaction among them as essential to the paradigm. Whereas some scholars have attempted to conflate consociationalism and corporatism, so that religious and ideological pillarization and elite accommodation are characterized as corporatism,<sup>5</sup> the concept as used herein maintains a careful distinction between the two, stressing the centrality of *functional*

*representation* in socioeconomic policy-making. Finally, whereas many scholars have used the term one-dimensionally to apply only to interest group *representation*, corporatism as used herein focuses as well on the state's group *reciprocal* influence on interest groups, and their consequent employment as agencies of mobilization and social control for the state vis-à-vis their members.

The corporatist paradigm as understood to connote *a political structure within advanced capitalism which integrates organized socioeconomic producer groups through a system of representation and cooperative mutual interaction at the leadership level and of mobilization and social control at the mass level* can be a heuristic tool for appropriating the social reality of many western liberal democracies. As a working model in political analysis, it has manifest advantages over pluralist theory unencumbered as it is by the latter's unwieldy assumptions of extensive group multiplicity, passive state behavior, and stability as a product of overlapping membership and the unseen hand of group competition.<sup>6</sup>

Nevertheless, even considering the more careful and rigorous practitioners of the corporatist paradigm, one cannot but come away from a reading of the literature with a profound sense of unease. Schmitter, in assessing the use to be made of "state corporatist" theorists in constructing an operational paradigm of the beast, decries their lack of candour, indeed their apologetics, about "corporatism's relation to capitalism and specific class interests," as well as the role of state coercion in the implementation of corporatism "as an instrument for rescuing and consolidating capitalism rather than replacing it." The unanimous emphasis they place on functional interdependence, he suggests, leads them to ignore factors of class conflict, status antagonism, and centre-periphery tension that state corporatism is designed to suppress. Schmitter (1974: 115-116) finds the record of societal corporatist theorists, especially Shonfield, better, suggesting they have set us off to an "impressive, if still speculative, start" in our understanding of this animal. But if the theory of corporatism within liberal democracies is better, that does not make it good. For there is herein also a pronounced—indeed, unmistakable—tendency in most instances to ignore the question of which class interests liberal corporatism serves. This tendency is the product of the widespread assumption that liberal capitalist societies, while subject to tension and strain, are no longer subject to contradiction with the coming of the welfare state and state economic planning. It is assumed, rather than demonstrated, in other words, that there is in fact an underlying social harmony in modern

capitalist societies and that in the circumstances the concept of national or public interest is an unproblematic one. Characteristic in this regard is Shonfield's (1965: 128) assertion that French planning is a "conspiracy in the public interest between big business and big officialdom." As Watson (1975: 461) has recently pointed out, "whether and why it is in the public interest, he seems to take for granted."

There are three specific, although highly interrelated, areas in which the liberal corporatist paradigm may be judged deficient. There is, first of all, a critical lack of a rigorous theory of the state in advanced capitalist society, despite the large, important, even determining role that is assigned to the state in the corporatist framework. There appears to be a theoretical closure to the question of whether the increased role and changing functions of the state is not a product of the changing needs of the capitalist class in terms of maintaining its political, economic, and ideological dominance. That is not to say that instances of bias are not discerned (although it is usually assumed that the state's role has been to reduce power differentials between the classes), but that the question of a *systematic* bias toward capitalist class dominance on the part of the state is not addressed.

Second, there is an assumption that the functional representation in economic decision-making of trade unions and business organizations takes place within the framework of an equivalence of power and influence between the two. This assumption is one that derives from traditional liberal theory. It is based on the view that if producers' organizations voluntarily enter into a "social contract," they must do so on the basis of equality, just as liberal economic theory assumes with regard to individuals in the market. As Macpherson has pointed out, liberal freedoms allowed capitalism to appear "as the system in which production is carried on without authoritarian allocation of work or rewards, but by contractual relations between free individuals (each possessing some resources be it only his labour-power) who calculate their most profitable course of action and employ their resources as that calculation dictates." But at the same time, "the market economy, with its concentration of capital ownership and its distribution of rewards in accordance with the marginal productivity of each of the contributors to the product, maintained a massive inequality between owners and workers" (Macpherson, 1973: 180-181). The importance of liberal democracy for capitalism lies in the guarantee of individual legal and political equality which makes the wage contract *appear* as an exchange between equals in a massively unequal society. The importance of liberal democracy for corporatism in such a



society is that the guarantee of legal and political equality for functional groups makes the "social contract" appear as an exchange between equals, despite vast inequalities between the groups in power and distributional terms. The assumption of equivalence within the liberal corporatist paradigm has led to the valid concern that "it may be that corporatism obscures as much about different configurations of power as the notion of pluralism has" (Martin, 1975a: 56 n.19).

Finally, there has been a tendency to ignore the high degree of instability that marks corporatist structures within liberal democracy. This has been particularly evident in the crucial area of incomes policy, where tripartite structures have proved difficult to establish in the first place, and much more difficult to protect from breakdown once established. But it extends to economic planning structures as well, or at least to the instability of cooperative group behaviour within them. The tendency to ignore, or at least the inability to explain, this instability is largely a product of the above-mentioned defects—the assumptions of underlying social harmony, state neutrality vis-à-vis the groups, and power equivalence between them. In the absence of underlying social harmony between classes, and in the face of policy outputs which reflect capitalist class dominance vis-à-vis the state and trade unions, the latter have often had to opt out of corporatist structures, or at least abstain from accommodative behaviour if they were not to be repudiated by their rank-and-file membership. This very instability brings us directly back to the question raised at the beginning, i.e., whether state coercion, at least in the form of repressing rank-and-file actions and insulating union leadership from its effects, is not a *sine qua non* of establishing stable corporatist structures. And this raises in turn the fundamental question of the contradiction between corporatism and political freedom.

It has not been our intention to suggest that these concerns have been entirely overlooked among students of corporatism within liberal democracy. Lehmbruch (1974) addresses the question of instability in the face of class conflict; Schmitter (1974) explicitly raises the element of class dominance; and all the above concerns are central to Harris's (1972) study of modern British Conservatism and my own study of modern British Labour (Panitch, 1976a). But these contributions have been made by a minority of students of liberal corporatism, and have yet to be systematically developed. In the pages that follow we shall attempt to make a further contribution toward that development.

## II

In his seminal essay, Schmitter suggests that students of corporatism avoid the tempting game of finding fascism under the bed of every tripartite structure in liberal democracies, and, more generally, that we avoid tying it to any particular ideology or political movement. The advice is well taken. But it does not mean that we should ignore the question of the similarities between fascist and liberal corporatism in terms of origin, structure, behaviour, or internal contradiction. Bowen (1947: 5-6), writing shortly after the end of World War II, insightfully noted:

Italian Fascism and German Nazism lie in ruins, but many of the economic and cultural forces that brought them into existence have not ceased to operate. . . . Unless Germany's social structure should be completely revolutionized in the near future, important sections of the community may well continue to see in some kind of non-Marxian, non-liberal social ideal the promise of class harmony, national solidarity and economic stability.

And Schmitter himself places fascist and liberal corporatism under the same definitional and historical rubric, while discerning the important differences between them:

As a macrohypothesis, I suggest that the corporatization of interest representation is related to certain basic imperatives or needs of capitalism to reproduce the conditions for its existence and continually to accumulate further resources. Differences in the specific nature of these imperatives or needs at different stages in the institutional development and international context of capitalism, especially as they affect the pattern of conflicting class interests, account for the difference in origins between the societal and state forms of corporatism. . . . the decay of pluralism and its gradual displacement by societal corporatism can be traced primarily to the imperative necessity for a stable, bourgeois-dominant regime, due to processes of concentration of ownership, competition between national economies, expansion of the roles of public policy and rationalization of decision-making within the state to associate or incorporate subordinate classes and status groups more closely within the political process. As for the abrupt demise of incipient pluralism and its dramatic and forceful replacement by state corporatism; this seems closely associated with the necessity to enforce "social peace," not by coopting and incorporating, but by repressing and excluding the autonomous articulation of subordinate class demands in a situation where the bourgeoisie is too weak, internally divided, externally dependent and/or short of resources to

respond effectively and legitimately to these demands within the framework of the liberal democratic state. [Schmitter, 1974: 107-108]

Before turning to an examination of such structural factors which may be seen to account for the development of corporatism within liberal democracies, however, a short discussion on the admittedly less crucial ideological influences is necessary. What is most important to note, at the ideological level, is the common affinity of the three major governing ideologies in European liberal democracies—Catholicism, liberal-conservatism, and social democracy—to corporatist thought. Indeed, the common affinity is striking enough upon examination to have led one student of The Netherlands (Scholten, 1976: 2) to suggest that consociationalism is less a product of ideological cleavage than of ideological congruence between “pillars” influenced by the common corporatist goal, and that this congruence has been mobilized to “moderate, retard or even prevent the development in salience of other identification criteria which have greater potential for leading to social instability” (i.e., revolutionary socialism).

The corporatism of modern Catholic thought has been stressed enough to need no repetition here. What has been less noticed is the affinity between fascist corporatism and modern conservatism, at least in terms of their analysis of society's ills (but see Harris, 1972; Carpenter, 1976). This may be illustrated by comparing the following two quotations. The Italian Fascist Confederation of Industrialists, in a 1939 publication, stressed the necessity

of correcting and neutralizing a condition brought about by the industrial revolution of the nineteenth century which associated capital and labor in industry, giving rise on the one hand to a capitalist class of employers of labour and on the other to a great propertyless class, the industrial proletariat. The juxtaposition of these classes inevitably led to the clash of their opposing interests. [quoted in Arendt, 1967: 258 n.94]

The British Conservative industrialist, politician, and theorist, Jones, a prime mover of corporatist structures under both Conservative and Labour governments, similarly contended in 1950:

The greatest evil of all wrought by individualist capitalism was the division it drove between the two classes... status had been replaced by contract, and the labourer, preoccupied with the day, was left bargaining helplessly against an employer secure in the

present and uncertain only about the future. . . . The classic remedy for labour's plight, trade unionism, in fact solves only part of his troubles. . . . [It] was never calculated to bridge the gap that had grown between employers and employed; it served rather to widen it and to exacerbate the strife between the two sides. For trade unionism itself became infested with the doctrine that the struggle of the classes was something inevitable; this struggle was looked upon as scrawling itself across the whole of history; and the more inevitable it is accepted to be, the more implacable and the more permanent does it become. [Jones, 1950: 24-27]

But if the analysis of the problem was common, the proposed remedy differed in important respects (although both, of course, addressed themselves to the need to eliminate conflict within capitalism, rather than capitalism itself).

The Fascist answer is by organizing the people in groups according to their respective activities, groups which through their leaders . . . rise by stages as in a pyramid, at the base of which are the masses and at the apex the state. No group outside the state, no group against the state, all groups within the state . . . which . . . is the nation itself rendered articulate. [quoted in Arendt, 1967: 258 n.95]

Jones, while a major Conservative spokesman for state intervention in the economy and a subsequent architect of a tripartite incomes policy enforced with the state's coercive powers, looked, on the other hand, to a more reformist, integrative solution:

Conflict follows only because labour is an outsider in industry . . . the bigness or smallness of the common pool of profits means nothing to it; it is intent only on the size of its own share; and so it is tempted to act irresponsibly. It is so acting today. This irresponsibility can be overcome only if labour is made to feel that it has the same purpose as capital, and that while they remain rivals, their rivalry is subordinate to a unity. That, after all, is the first condition of a healthy society. [Jones, 1950: 28-29]

To this end, Jones recommended that the consultative system of voluntary joint union-employer production committees, which had evolved during World War II, be promoted: *"Authority remains with the employer, it is he who still controls. But those who are controlled are taken into his confidence; their views are solicited; and so the control, by becoming less of an imposition, is made to operate more effectively"*

(Jones, 1950: 31; emphasis added). A more candid view of the liberal-conservative corporatist position is hard to come by.

The ideological affinities of social democracy and corporatism are less readily apparent. Certainly the movements that have evolved under their respective banners differ enough in social base as well as philosophy and praxis to render ludicrous any attempt to revive the ill-conceived and tragic (in its consequences) strategy of the communists in the late 1920s of attacking social democracy as social fascism. To be sure, the more stable tripartite arrangements in Europe have been established or at least sustained by social democratic parties, and it is a telling sign that social democracy has been reduced in some eyes to tripartism itself (see note 5). But social democracy, for all its gradualism and promotion of class cooperation, has always entailed more than a call for tripartism within capitalism. This is because its strategy did involve at least reducing the capitalist class's power through some public ownership and because it was a political movement with a predominantly working class base.

How, then, is the social democratic proclivity toward corporatist structures to be explained? Although the major factors are structural, set in the historical context of the timing of the ascension to office of social democratic parties, an important facilitating factor has been that dominant ideological strain within social democracy which rejects the notion of the class struggle as the dynamic of social change (see Panitch, 1971). Those who would search for the corporatist roots of social democracy will find them less in its explicit programmatic links with guild socialism as a left-wing variant of corporatism or even with the Fabian or Bernsteinian dislike for the "class war" methods of industrial bargaining, and more in the fundamental differences between social democracy and Marxism. A succinct expression of the difference is to be found in Durbin's *The Politics of Democratic Socialism* (1940):

if there is a principle of living more fundamental than another, of the human species—and therefore of history—it is the principle and practice of cooperation. [p. 186]

It is radically false, therefore, to suppose that the dynamic element in social life is solely that of warfare and struggle—especially that of class struggle and class warfare. [p. 189]

There is no end to the sectional disputes of free people . . . how are these disputes to be resolved? . . . the only solution that is compatible with the maintenance of social peace and the growth of mutual respect between contending groups is that of open and honest compromise. [p. 264]

When individuals or groups disagree—including nations and classes and Parties within the state—the most important question is not what they disagree about, but the method by which their disputes are to be resolved. [p. 271]

This ideological linchpin of social democracy fits well with liberal corporatism, which, as Lehmbrunch (1974: 3) points out, also “rests on the theoretical premise that there exists strong interdependence among the interests of conflicting social groups in a capitalist economy. This ‘interdependence of interests’ image of society is clearly opposed to the ‘conflict of interests’ image which (as in the Marxist concept of class conflict) stresses the ultimate incompatibility of antagonistic group interests.”

The importance of this ideological factor is to be seen in terms of the fact that corporatist structures and practices have developed more fully in the postwar period in those countries where confessional and social democratic unions have dominated the labour movement, including in the three countries which we examine in some detail in the following sections: The Netherlands, Sweden, and Britain. Where a large communist movement has existed, on the other hand, the establishment of corporatist structures and practices has been much less marked. Postwar Italy, and even postwar France, despite a strong corporatist tradition in their respective histories and despite the major role played by the state in their post-war economies, have furnished far fewer examples of tripartism. Heisler's (1974: 57) contention that societies that approximate his corporative “European polity model” exhibit a high level of development to coopt groups “virtually without regard to their supportive or opposing orientations to the regime and its norms” cannot be supported. If the communist movements of Italy and France are being “coopted” at present, it is far more due to their participation in the parliamentary institutions of liberal democracy than in the corporatist ones.<sup>7</sup>

But if ideology is an important factor, it is primarily a facilitating one, rather than a creative one. To understand how and why ideology becomes operative, we have to understand the deeper structural factors that have impelled corporatist developments in liberal democracies. The example of Canada is instructive in this regard. Despite a strong Catholic corporatist tradition in Quebec (including the establishment of a Catholic trade union confederation), an English-speaking trade union leadership which was predominantly social democratic, and a powerful Liberal prime minister for almost a quarter of a century who explicitly ascribed to corporatist

principles as early as 1918<sup>8</sup> and consistently held to them throughout his career, Canada has seen very little of liberal corporatist developments. Why? Because the *petite-bourgeoisie* remained the largest subordinate class in Canada until World War II; because, even subsequently, labour has rarely posed a *centralized* threat politically or industrially with which the state has been forced to deal; and because the Canadian economy has had so little autonomy from the American (the problem of incorporating multinational corporations in national economic planning is particularly marked in Canada's "branch-plant" industry). Ideas, if they are socially disembodied in the sense of not correlating with the major socioeconomic forces in a society, can themselves have little impact.

### III

As we suggested earlier, although corporatist tendencies in liberal democracies may be traced as far back as World War I, the introduction of corporatism as a widespread systematic process, with corporatist structures playing a significant political and economic role, is more properly traced (as it is by most scholars) to the World War II period. The crucial factor, and the factor that allows us to locate its development in a country like Sweden, or Norway, *before* the war, is the state's commitment to full employment. This provided the material basis for industrial militancy in the postwar period and for the reactive (in some cases preventative) introduction of incomes policies and social welfare measures designed to coerce or induce wage restraint on the part of trade unions. From its very inception, state social expenditure in the postwar period was introduced with the threat of wage pressure a key element in the policy equation.<sup>9</sup> More important, from our immediate perspective, is the fact that in virtually every liberal democratic country in which corporatist structures become at all important an incomes policy designed to abate the wage pressure of trade unions was the frontispiece of corporatist development.

The full employment commitment, and the consequences it had for greater state involvement in the economy and corporatism, was a product of *political* forces. It is often presented as a technical achievement, based on the Keynesian discovery of the budgetary deficit as a solution to the disease of underconsumption and the attendant depressionary symptoms of the capitalist economy, and on the administrative planning experience and political confidence acquired by the state in the 1930s. It not only had the appearance of a technical achievement, but it was

abandoned afterwards), but the Keynesian "discovery" (as advocated by Keynes as well as other economists) had been available for well over a decade before its widespread acceptance. Governments in capitalist democracies, with the main exceptions of Sweden and Norway, had explicitly rejected a polity of increasing employment through budgetary deficits during the depression. As the economist, Kalecki, pointed out in a brilliant article in 1943, the reason for this rejection largely lay in the negative attitude of big business. This attitude was based on a number of concerns. First, the desire to maintain the powerful controlling device over governments which the need to sustain "business confidence" entailed in a "laissez faire" economy governed by the principles of "sound finance"; second, the suspicion of government spending, particularly of the kind of spending necessary to maintain effective demand in the Keynesian context, i.e., public investment and the subsidising of mass consumption (the former constituting a potential competition to private investment, the latter undermining the fundamentals of capitalist ethics—as Kalecki puts it: "You shall earn your bread in sweat—unless you happen to have private means"). Their main concern, however, was that

under a regime of full employment, "the sack" would cease to play its role as a disciplinary measure. The social position of the boss would be undermined and the self assurance and class consciousness of the working class would grow, strikes for wage increases and improvements in conditions of work would create political tension. It is true that profits would be higher under a regime of full employment than they are on the average under "laissez-faire," and even the rise in wage rates resulting from the stronger bargaining power of the workers is less likely to reduce profits than to increase prices, and to affect adversely only the rentier interests. But "discipline in the factories" and "political stability" are more appreciated by the business leaders than profits. Their class instinct tells them that lasting full employment is unsound from their point of view and that unemployment is an integral part of the normal capitalist system. [Kalecki, 1971: 140-141]

As Kalecki pointed out, business leaders in the Allied countries had come during World War II to agree that "something must be done during a slump," but the conflict continued as to the direction of government intervention and as to whether it should be used merely to alleviate slumps or to secure sustained full employment. But, although the outcome was still indeterminate at the time Kalecki wrote, he recognized the possibility that continuing opposition to full employment might at least temporarily be overcome "under the pressure of the masses." It was precisely this



pressure that did turn the tide, as the political dangers of not introducing full employment loomed far larger and far more immediate than the political danger of introducing it. The necessity of sustaining trade union cooperation during the course of the war with the promise of continued prominence in decision-making after the war and a commitment not to return to prewar conditions, the recognition that the experience of full employment and comprehensive planning had led to rising expectations of a postwar rise in living standards and security on the part of the working class, the example of the Soviet economy (much played up during the wartime alliance) and the concern regarding its effect on the working class in the postwar period, and, finally, the mass radicalism that exhibited itself in the electoral success of working class parties in the immediate postwar years—these were elements in the final decision.

It was the changing balance of class forces which attended the commitment to full employment and the consequent development of economic planning to deal with its consequences that lay at the heart of corporatist developments. The point has been made by Warren (1972: 3-4): "Full employment policy . . . was a product of the fear of the *political* repercussions of a repetition of the mass unemployment of the 1930's. Capitalist planning was, on the contrary, designed to deal with the economic, as much as the political, consequences of full employment policies." The consequence of full employment was that trade unions were in a much stronger position than heretofore to raise money wages. If these increases were passed on in price increases, however, this had the effect, given the growth rate of productivity, of affecting a country's foreign competitiveness. If the increases were not passed on in an inflationary spiral, on the other hand, the motor force of the capitalist economy—profits—tended to be squeezed. It was this problem that provided the spur to state economic planning in the postwar era, directed both at raising productivity (and hence economic growth) and inducing trade unions to cooperate in an incomes policy which would restrain money wage demands.

Although specific factors have affected the character and timing of developments in each country, corporatist structures have been most pronounced precisely in those countries where incomes policy has been at the heart of economic planning. Although the operative details of the various systems cannot be adumbrated here, Sweden (see Shonfield, 1965: 189-211; Martin, 1975b; Van Otter, 1975; Sunesson, 1966) and The Netherlands (see Shonfield, 1965: 211-220; Pepper, 1975; Edelman and Fleming, 1965) may be taken as two major examples of postwar economic planning being secondary or at least facilitary to the early establishment of

incomes policy as the central focus of economic policy, although direct state intervention in the wage bargaining process differs markedly in the two systems. Britain, on the other hand, provides a prime example of tripartite economic planning structures being developed in the first place with the primary aim of inducing the trade unions to cooperate in the incomes policy (see Panitch, 1976a; Corina, 1975; Dorfman, 1973). However, where a tripartite incomes policy has not been central to economic planning, as in France, planning has been a much more closed exercise, largely confined to senior civil servants and big business, with "functional representation," including that of organized labour, largely passed by. When emphasis has been given to achieving tripartite consensus in the context of French planning, wage restraint via an incomes policy has provided the motivation for, and the central content of, discussions (Shonfield, 1965: 130-131, 143; Hayward, 1966, 1972).

It would be wrong, of course, to tie corporatist developments solely to incomes policy. For instance, the specific geopolitical location of Austria and West Germany in the postwar balance of international forces may be seen as a particularly powerful factor in cementing an institutionalized alliance between capital and social democratic-led labour. Moreover, even within the economic policy framework, the transition to advanced capitalism necessitated much more state involvement in the economy than was directly necessitated by the full employment commitment or the formalized process of indicative planning. To facilitate capital accumulation under monopoly capitalism (as well as to the end of securing the economic growth and higher productivity to accommodate consumer demand and increased wage costs), the state promoted the tendency toward even greater industrial concentration, undertook to socialize the risks of private production through subsidies, tax write-offs, building infrastructure, manpower training, and so on, and sought to integrate private and public investment and planning decisions. To the end of legitimating this increased state-business interface, as well as to facilitate labour cooperation at the level of individual industries, joint consultative structures, works councils, and the like were often promoted. Moreover, access to the state was made relatively easy for groups other than business. But insofar as this entailed the *offer* of an effective say for labour in national economic policy (rather than a formalized, legitimating process such as the annual presentation of views to the Cabinet), the topic of the unions administering a wage restraint policy to their members or at least moving toward centralized wage bargaining (to contain as much as possible wage drift) never lagged far behind.

The reason that incomes policy generally lies at the heart of corporatist developments is that, far more than is the case in other fields of state intervention in the economy, it requires the direct cooperation of the trade unions. Unions might be induced to legitimate other policies, such as taxation policy, automation, manpower policy, and so on, but the administrative arm remains the state or the corporation. The union is the direct object of an incomes policy, however, for it is its behaviour the policy is designed to affect, and it must be the vehicle for administering the policy to the rank and file. And because business groups must in turn agree to at least nominal state supervision of prices, profits, and dividends, the stage is set for that cooperative behaviour between the groups themselves in the framing and administering of public policy that is the "distinguishing trait" of liberal corporatism. Moreover, the establishment of a wage norm inevitably involves the unions in discussions of what fiscal, monetary, and even private and public investment policies are consistent with the norm. With a social democratic party in office, the prospect of union influence on decision-making and of state control over profits and prices and thus the distribution of incomes becomes a tempting inducement to union cooperation in wage restraint.

The process we have been describing can be theoretically explicated by employing a theory of the state along the lines suggested recently by Miliband (1969) and Poulantzas (1973). If we employ a theory of the state which permits it to respond *only* to the needs and demands of the capitalist class, our location of the origin of corporatist planning and incomes policy developments in the victory of the working class on the full employment issue makes little sense. If we employ a theory of the state, on the other hand, which sees the state as relatively autonomous from this class, acting on its behalf but not necessarily at its behest, we can discern how the state responds directly to various class pressures. As Miliband has pointed out with regard to Marx's famous formulation that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie": "The notion of common affairs assumes the existence of particular ones; and the notion of the whole bourgeoisie implies the existence of separate elements which make up that whole. This being the case, there is an obvious need for an institution of the kind [Marx and Engels] refer to, namely the state, and the state *cannot* meet this need without enjoying a certain degree of autonomy. In other words, that nature of autonomy is embedded in the definition itself, is an intrinsic part of it" (Miliband, 1973: 85 n.4). Precisely because of this relative autonomy, the actions of the state have to be "situated within the field of the class struggle" (Gough, 1975: 64).

At times, the state will intervene against the short-term interests of the capitalist class as a whole, or even against the long-term interests of a fraction of that class to the end of engaging in compromises and sacrifices which will maintain the long-term interests of the whole class. This was precisely the basis for the introduction of successful reforms in the postwar era; they were reforms in the true sense—i.e., they left untouched the fundamental structure of capitalist society, but nevertheless constituted material economic and social gains for the working class.

The shift in the balance of class forces after World War II (and before it in Sweden and Norway) has been widely recognized by most students of advanced capitalism. Unfortunately, however, it has been usually correspondingly assumed that at this time the state shed its systematic relationship with class structure and emerged, as Brenner (1969: 119) puts it, as “the political arm of the community.” But the autonomy evidenced in the state’s interventionism and the access given to noncapitalist groups do not entail state independence from the system of class domination. Indeed, the fact that the state operates within the confines of capitalism usually ensures that the functions of state activity often diverge from their historical origins. As Gough (1975: 76) puts it: “Social policies originally the product of class struggle will, in the absence of further struggle, be absorbed and adapted to the benefit of the dominant class.”

This can be seen from the conclusions to the major recent survey of planning in the liberal democratic state since Shonfield’s study.

The nature of planning is to be judged in the first place by its works. Such a balance sheet shows that the social reforming potential, which has not lacked government sponsors, has proved largely illusory, dominated by the preoccupation with management of the economic system of modern capitalism. This establishes the real sense in which planning is compatible with the mixed economy, insofar as it works for the maintenance of the social and political structure associated with it rather than for its change. [Watson, 1975: 447]

The outcome in terms of the distribution of resources may be seen by taking what is generally judged to be the strongest case of corporatist planning with a social purpose—that of Sweden. Despite the widespread myth with regard to the income redistribution effects of Swedish policy, a report submitted to the Landsorganisation (LO; the Swedish confederation of trade unions) shortly before the strike explosion of the late sixties which shook the corporatist system found that not only had there been no marked change in income distribution since 1948, but that the fraction of persons with 40% or less of mean income had considerably increased,

while the group with "normal" income decreased and the proportion with high incomes increased. This was matched by a growing concentration of wealth in Sweden (Anderman, 1967: 111).<sup>10</sup>

This kind of outcome may be attributed partly to the imbalance between the groups in corporatist arrangements. In characterizing the postwar British system as "quasi-corporatist," Beer identified the source for the power of functional organizations in the state's need for the expert advice in the formation of policy, for their acquiescence or voluntary agreement to administer state policies, and for their approval and legitimation of state policy in the eyes of their members. It was particularly the state's need of these things from the unions, according to Beer (1969: 211), which accounted for their "unrecognizably transformed power position." My own study of economic policy-making in Britain in the postwar period (Panitch, 1976a) has shown, however, that government policies were repeatedly formed either without first securing the advice of the unions, or after having explicitly rejected their advice. It was not their advice, but their acquiescence and approval which were studiously courted, usually *after* policy decisions were reached. The advice on which the Labour government acted in introducing massive deflation and a statutory wage freeze and abandoning the economic plan was that of the Confederation of British Industry, the City of London, and Britain's foreign creditors, in light of the latter's immediate concern to protect the pound against devaluation. Indeed, even when this advice proved faulty in the extreme, as devaluation was eventually forced on the government, Labour had to continue to promote private business incentive to foster economic growth. For insofar as the logic of class cooperation ruled out command reformist planning, it also ruled out a redistributive fiscal policy.

Watson (1975: 468) has put the point more generally, summing up the planning experience of France, Italy, and Britain:

Notwithstanding the participation of a variety of interests, an established hierarchy has exerted on the effectiveness of their contributions. A *de facto* convergence between planners, officials and industrial management has dominated the process. . . . Undoubtedly some planners and officials have regretted the extent of this alignment, but seen it as virtually inevitable, given the lack of trade union expertise. Notwithstanding the great improvement that has occurred in national accounts and statistics, information from industry remains crucial for the planners designs, especially when they are seeking to deal directly with specific problems, which the strategic, operational orientation of planning involves. Yet the reluctance of industrialists to disclose information, particularly to the unions, has not diminished. Here planning has singularly failed to bring about explicitness in decision-making.

That a similar situation existed in Sweden, despite the vaunted "partnership" between the LO and the central employers federation, can be seen in the LO's demand in the early seventies, after the system was shaken by rank-and-file unrest, that the unions be provided information by employers on their recruitment policy and labour force planning. Without direct access to managerial information, and with a staff of 90 at the LO headquarters, for the requisite "expertise" the LO had to develop for corporatist policy-making, it was obviously highly dependent on its "partner."

What this suggests is that the bias of the system is less attributable to direct pressure from business than to the logic entailed in state planning in a capitalist economy. To quote Watson (1975: 458) again:

The expertise on which planning has been based requires that there be definite constants in the economic process, above all in its authority structure. Social science solutions rely on people behaving as their assigned role requires. Insofar as planning has been the medium for propagating the reasoning underpinning such solutions, the circle involved has remained the very restricted one of those having a direct relationship to the management function, whether at the micro or macro level, since they are the ones on which successful steering is taken essentially to depend. The system is viewed as structured to permit management a discrete, specialized, and hierarchical function.

The consequence of this is that planning's success rests on the participants' speaking the same language as management, given the state's prior acceptance of the prevailing authority structures in industry. Indeed, one of corporatism's main functions appears to be a matter of diffusing this language among the union leadership, who have often been willing apprentices since without it their concerns appear to be irrelevant, if not hostile, to the planning exercise. It is in this manner, as much as through the overt pressure of particular capitalist interests, that corporatism within liberal democracies has become a powerful vehicle for reinforcing class dominance.

But it is also in this light that the instability of corporatism within liberal democracies must be understood. For in accepting the one-dimensional rationality entailed in its decision-making, trade union leaders become unable to promote the interests of their membership. Moreover, since their primary involvement in the system relates to the economy's problem with wage pressure, rather to a mere legitimizing role they might play, they are forced to carry this rationality back to their members in the concrete, if unpalatable, form of wage restraint. Not surprisingly, in the

absence of effective union input in economic decision-making and in the absence of extensive price and profit controls and a redistributive fiscal policy, union leaders eventually come under heavy pressure from their membership to withdraw from the incomes policy structures and abstain from cooperative behaviour in broader economic planning structures. The legitimization and union action which the state needs, in other words, delegitimizes the union leadership in the eyes of their base.

#### IV

The foremost example of corporatism's instability is that of Britain. The Trades Union Congress (TUC) was first forced to withdraw from the tripartite wages policy in which it had cooperated for two years when the General Council suffered a rare defeat at the 1950 congress on the issue. Having been once burned, and without the pull of loyalty to the Labour Party, the TUC refused participation when the question was broached by the Conservatives in the 1950s, and although they joined the tripartite National Economic Development Council when it was established to induce them to cooperate in an incomes policy in the early sixties, they refused to cooperate with the Conservative government's pay pause or National Incomes Commission. When the latter was swept away after Labour's 1964 victory, the unions joined in a voluntary tripartite policy on the promise of full employment, a national economic plan, and extensive trade union input in decision-making. But under the impact of the introduction of statutory backing (only three months after the policy was inaugurated, at the insistence of Britain's foreign creditors and the domestic financial community), the abandonment of planning and full employment, and price control of a mainly symbolic nature, the unions, after three years of extensive cooperation, were forced by the defeat of right-wing union leaders, and rank-and-file dissent which culminated in the wage and strike explosion of 1969, to withdraw their cooperation. Since then we have seen the Heath government's unsuccessful attempt to reestablish corporatist arrangements through its incomes policy of 1972-1974, and the more successful (for how long?) social contract under the present Labour government (Panitch, 1976a).

It is mainly those union leaderships which are highly insulated from membership pressures at the plant level which can sustain participation in corporatist arrangements for any considerable period of time. It is no coincidence that those societies most commonly listed as corporatist—Austria, Norway, Sweden, and The Netherlands—contain the most highly



centralized union confederations in the western world.<sup>11</sup> This insulation may be provided by central bargaining and control over strike funds, the purposive atrophy of union locals, and the underrepresentation of oppositional elements at the central level, as well as by the state's use of its coercive powers to prohibit unofficial strikes and provide a statutory framework for collective bargaining and incomes policy with severe penalties against their breach.

Under many of these conditions, the corporatist arrangements of Sweden and The Netherlands have proved more stable than the British. But what is striking as one examines these systems more closely is that this stability was highly precarious while it lasted. The voluntaristic incomes policy contained in the Swedish annual central negotiations was effectively established during the 1950s only after the unions had opted out of a state-imposed wages policy similar to the British in the late 1940s (Martin, 1975b: 429-432). And even this system, sustained as it was by an active manpower policy pursued by the government, was far more subject to disruptive influences than is generally recognized or admitted by the central actors. As has been recently demonstrated, unofficial strikes have been fairly common in Swedish industry at the plant level throughout the postwar period, although "the myth of labour peace and the focus of interest on the institutional structure have long obscured this fact" (Fulcher, 1973: 52). It is this shop-floor power which has provided the basis for the extensive wage drift which occurs outside the central wage agreement. This suggests that

in the Swedish case more and more open conflict appears as one descends from the central level of organizational interaction to the shop-floor. The pattern of this conflict and its similarity with that of other industrial societies suggest that whatever the institutional superstructure, the economic and technological substructure tends to impose their own pattern. [Fulcher, 1973: 54]

To those less subject to accept the LO's explanation of employer-union peace in terms of "we has a meeting" (Shonfield, 1965: 199), then, the explosion of industrial strife in the late 1960s and early 1970s was likely to come as less of a surprise. The industrial unrest of this period weakened the power of the central union organization, and, following the 1974 settlement, a new wave of unofficial strikes hit the economy.

In the Dutch case, the debacle came earlier, as should perhaps be expected from a policy that was much more obviously one of wage restraint, and one in which the state was much more directly involved. The policy for years held back The Netherlands's real wages to a level below



that of other European countries, and it would have been impossible to sustain but for the coercive powers that backed it up and the extremely high degree of central union bureaucratic independence from rank and file. By the late 1950s, rank-and-file pressure (including the formation of independent unions outside the recognized structure) led to a reorientation of the policy (significantly, after the socialists left the governing coalition, thus weakening the pull of loyalty on the socialist union leadership). The unofficial strikes and wage explosion of 1963 finally convinced the union leadership that they could not hold the line and led to their subsequent rejection of central wage controls. The strikes of the last decade, and the union decentralization that has accompanied them, have indicated that the system cannot easily be put together again (see Pepper, 1975; Marx and Kendall, 1971; von Tijn, 1964; Turner and Jackson, 1969).

The manifest instability of corporatist arrangements in liberal democracies by the late sixties and early 1970s has led in most cases to a state response of a coercive kind. In Sweden this was seen in the government taking the unprecedented step of suspending the right to strike for public employees in 1971. In The Netherlands, it was seen in the Law of Wage Formation (submitted to Parliament in 1968 and passed in 1970) which permitted the government to invalidate wage contracts which were considered detrimental to the national economy. It must be noted again that in neither of these countries was this coercive intrusion entirely new. Since 1928, unofficial strikes in Sweden (more particularly strikes and related actions during the period of an agreement) have been prohibited by law. The famous 1938 Basic Agreement between the LO and the employers federation, the linchpin of the postwar incomes policy, was itself struck under an immediate government threat of legislation. In the "guided wage policy" of The Netherlands, statutory powers played a major role. These older coercive elements already tainted the much-vaunted voluntarist nature of liberal corporatism. The new controls did

The shift toward coercion was more striking in Britain because of the previous absence of statutory interference in collective bargaining. It began with the statutory incomes policy of 1965 (which required unions to refrain from pursuing any agreement referred to the Prices and Incomes Board for a four-month period) and was maintained in the face of union opposition throughout the life of the Labour government. It took on new dimensions in 1968-1969 when the government attempted to impose a compulsory cooling-off period on unofficial strikes. This development had indeed been foreseen as necessary inside the government as early as 1965, when the incomes policy was inaugurated. The Ministry of Labour had seen "one obvious general problem" with the new tripartite arrangements:

If trade union leaders accept these wide responsibilities there is a risk they will cease to be regarded as representative of their members' interests and their influence and authority may be transferred to unofficial leaders. [U.K. Ministry of Labour, 1965: 3]

The proposed legislation was withdrawn when the furor it produced in the labour movement led to the revolt of the party caucus, but not before the government attempted to get the TUC to rewrite its constitution to expel unions which failed to apply sanctions against unofficial strikers. The effort failed in the face of pressure on the union leadership from the rank and file. This was followed, after the Labour government's defeat in 1970, by the Conservative's Industrial Relations Act, which reserved the very term "trade union" only for those organizations that registered under the act and which undertook to discipline unofficial strikers, whose actions were in any case now made illegal by the act.

The primary aim of these coercive measures was not to destroy trade unions, as was often alleged in the course of the labour movement's struggle against them, but rather to define, codify, and back by state sanctions the obligations of unions to employers and the state in a way consistent with securing a stable corporatism. The philosophy behind them was perhaps best expressed, in explicitly corporatist terms, by none other than Shonfield (1968: 284) as a member of the Royal Commission on Trade Unions and Employers Associations:

The distinction between labour organizations which explicitly accept certain responsibilities towards society as a whole, as well as toward their members, and those which refuse to do so needs to be pressed further. This should be done by demanding of trade unions the fulfilment of certain minimum standards of behaviour . . . notably those which express the duty of trade unions to conduct their industrial relations in such a way as not to hold back improvements in the standard of living of the community as a whole.

If trade unions as voluntary democratic organizations were not going to adopt a corporatist conception of the national interest, then state coercive force was necessary to make them do so.

But the line between authoritarian and liberal corporatism is not as thin as this would suggest. For what has been remarkable about the recent development of the state's coercive force over labour is its ineffectiveness. The inability of the Swedish labour courts to stop the dockers' strike of May 1970, despite its application of maximum fines on 78 workers, was symptomatic of the problem, and in most cases the unofficial strikes have not led to prosecution (Fulcher, 1973: 54-55). The Law of Wage

Formation in The Netherlands was met with implacable union opposition and led to the withdrawal of the two largest of the three labour centres from the preparation of the semiannual economic reports in the Social and Economic Council, "an act of key significance, an open show of noncooperation, which ruptured the established system of industrial relations" (Pepper, 1975: 132-133). This action, together with the mobilization surrounding the one-hour general strike of December 1970 and the setbacks suffered by the Christian parties in the 1971 elections, led to the emasculation of the law by the new government. In Britain, the Industrial Relations Act was rendered inoperative within three months of its implementation by the refusal of most trade unions to register under it, and more significantly by the real threat of a general strike in the face of the imprisonment of five unofficial docks leaders.

The reason behind the ineffectiveness of the new state coercive measures in this area is to be found in the contradiction they pose to liberal democracy itself. To meet the challenge of a working class united against the operation of laws that contradict the freedoms of their indigenous class organizations, coercive measures have to go far beyond the immediate field of industrial relations. To have made these laws operable, the extensive use of police powers would likely have been necessary, and probably would have involved limiting the rights to mobilize opposition through free speech and assembly. It would have entailed, in other words, the abrogation of liberal democracy itself. It should be pointed out that, even under fascism, industrial class struggle continued to take place in the form of indiscipline, abstentions from work, and even sectional wage demands (Mason, 1966). What kept the conflict closed (it was never healed) was the iron fist of the state preventing the working class from mobilizing and unifying itself industrially or politically. That the advanced capitalist state has backed off from such a venture may be attributed partly to the self-identification of political leaders and the capitalist class itself with the principles of liberal democracy. More important still, however, must be the risks it would entail for a capitalist society with a large working class prepared to defend its indigenous organizations and itself highly conscious of the value of political freedom.

The foregoing does not suggest by any means that we have seen the end of corporatist development in advanced capitalist liberal democracies. On the contrary, in the absence of much evidence of the immediate emergence of a political movement (with the possible exception of Italy and France) which would merge with and go beyond the massive industrial militancy of the last decade, and particularly in countries with social democratic governments, we are likely to see a further cycle of the establishment,

breakdown, and reestablishment of corporatist structures. To be sure, it is unlikely that these cycles can be continued indefinitely, and, in the face of the inability of the working class to effect its own resolution to capitalism's contradictions, the dynamics of these repeated cycles will eventually lead to a fully authoritarian response by the state. In any event, it is certainly clear that the much-vaunted view of corporatism as representing a new avenue of democratic stability for advanced capitalism contains no fewer contradictions than the traditional corporatist theory itself.

### NOTES

1. For useful discussions, in English, of European corporatist theory, see especially Bowen (1947), Elbow (1966) and Harris (1972). Schmitter's "Still the Century of Corporatism?" (1974) provides an outstanding bibliography and introduction to the range of corporatist thinkers.

2. The early American experience is covered in Draper (1961) and in Weinstein (1968), although both are too ready to identify as corporatism any form of class collaboration.

3. For examples of this form of use of the term see my *Social Democracy and Industrial Militancy* (Panitch, 1976a: 4, 124, 131). Recently the term has become more commonly employed, at least in the Canadian and British press, as a descriptive term (with only continuing nuances of opprobrium) for Trudeau's "New Society" and Wilson's "Social Contract" programmes of wage restraint. And the Executive Council of the Canadian Labour Congress went so far in the "Manifesto" presented to the May 1976 convention as to condemn Trudeau's "New Society" proposals as "liberal corporatism" (where "tripartism would mean that the institutions of organized labour would function to ensure the acquiescence of workers to decisions in which their representatives have no real power"), but to advocate a system of "social corporatism" where labour would be an "equal partner" in economic decision-making with business and government. The use of the term in a positive sense produced widespread outrage at the convention, however, and the leadership amended the document, perhaps tellingly, to read "social democracy" rather than "social corporatism." See Canadian Labour Congress (1976).

4. The phrase is from Pahl and Winkler (1975: 31). This widely read article, by two British sociologists, is not without its insights, but stands as a prime contemporary example of the lack of definitional rigour and loose thinking in much theorizing about corporatism.

5. Apart from Presthus's (1973) utter confusion between the two, Heisler (1974: 42ff., 88) also tends toward a conflation of corporatism and consociationalism.

6. Both Brenner (1969) and Schmitter (1974) provide useful contrasts between the pluralist and corporatist paradigms.

7. Heisler (1974: 87) does not explicitly consider Italy as approximating his model, but he does France.

8. See King (1973). The consistency with which the views expressed in this book were held over time may be seen from an entry to the *King Diaries* on June 29, 1937. On a visit to Germany at the time, King had been impressed above all with the corporative element in German fascism, almost to the total neglect of its effects on working class institutions and the freedom of working people. "They are truly establishing an industrial commonwealth, and other nations would be wise to evolve rapidly on similar lines of giving to labour its place in the control of industry." For a fuller discussion of this see Panitch (1976b).

9. The widely influential Beveridge report (1945), which laid the programmatic foundations for the British welfare state and, it might be argued, for the postwar capitalist state generally, explicitly placed the responsibility for the avoidance of inflation on the unions, demanding a unified wage restraint policy as a "quid pro quo" for full employment and social services.

10. Anderman's (1967) conclusions are drawn from the findings of the 1964 Swedish Royal Commission on Taxation. On the regressivity of the Swedish tax system see Van Otter (1975: 222-223). For similar findings in Britain see Nicholson (1967) and Blackburn (1967).

11. For an index of union centralization see Headey (1970: Table 5, 432-433). On the index, the confederations of the countries mentioned score from 25 to 35 in centralization—as compared with those of France, Britain, the United States, and Italy, which score from 0 to 5.

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