

Neo-corporatism and the responsiveness of democracy

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Abstract: In this chapter, I want to discuss the relationship between neo-corporatism as a form of interest group representation and prevailing inequalities in democratic representation and responsiveness. In much of the existing literature on the role of public opinion and democratic policy-making (most of it from the US), interest group influence is portrayed as something that distracts policy-makers from implementing the will of the people, catering to ‘special interests’ instead. In contrast, the core normative foundation of corporatist decision-making is based on the idea that corporatist institutions are superior to interest group pluralism in the sense that corporatism ensures a proper representation of those interests that are difficult to organize and mobilize. In my contribution, I want to provide a critical theoretical discussion of the promises and challenges of corporatist decision-making in relation to the normative goal of ensuring a responsive and representative democracy, drawing on the work of Klaus Armingeon and others.

1 Introduction

In recent years, public and scholarly debates about persistent inequalities in democratic representation have intensified (Bartels 2008; Elsässer, Hense, and Schäfer 2017; Gilens 2012; Gilens and Page 2014; Hacker and Pierson 2010; Schäfer 2010). The rise of new populist and anti-establishment parties on the left and right is often attributed to real or perceived deficiencies in the responsiveness of policy-makers to the demands of the mass public as policy-makers respond to the particularistic concerns of their specific electoral constituencies rather than the wishes of the general public (Gilens and Page 2014). Interest groups tend to be depicted as ‘special interest groups’, i.e. organizations that specialize in the “mobilization of bias” (Schattschneider 1960). Through the process of mobilization and organization, so the argument goes, those societal strata and groups, which are already privileged due to their socio-economic position, get an even larger advantage as they face less obstacles in collective action, compared to groups and individuals with fewer socio-economic resources.

This ‘pluralist’ perspective on the democratic process of representation is gaining ground in the scholarly debate about the relationship between public opinion, interest groups and party politics. Partly, this may be related to the fact that much of the research on political inequalities in representation and responsiveness is on the case of the United States, which is characterized by a highly pluralist interest group system as well as a particular set of political institutions. A

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second reason, however, may be that previous contributions to the scholarship on interest groups in the tradition of the work on neo-corporatism tend to get side-lined at a time when the object of study in this literature – namely corporatist institutions of interest mediation – comes under pressure even in those countries where it was believed to be firmly entrenched.

The purpose of this chapter is to juxtapose the contemporary debate about inequality in representation and responsiveness of democracy with earlier work on neo-corporatism. This endeavor is motivated by the idea that neo-corporatist forms of interest mediation could be both a more legitimate as well as more effective response to the various economic and political crises of advanced contemporary democracies, compared to pluralist interest mediation. Klaus Armingeon has made important and influential contributions to the scholarship on neo-corporatism, some of which I will revisit later in the chapter. The bottom line of the exercise undertaken in this chapter is to renew the call for a more complex and sophisticated understanding of the relationship between interest groups, party politics and the responsiveness of democratic policy-making, which, in my view, tends to get lost in current-day debates about these issues.

2 Interest groups, party politics and the responsiveness of democratic policy-making

As stated above, there is sizable and still growing literature on the link between public opinion and policy-making (Burstein 2003; Erikson, MacKuen, and Stimson 2002; Hakhverdian 2010; Hobolt and Klemmensen 2008; Jennings and John 2009; Page and Shapiro 1983; Stimson, MacKuen, and Erikson 1995). Much of this literature focuses on the empirical case of the US, although there is increasingly work on other, mostly European countries as well. One influential strand of this literature argues that by and large and in spite of potential biases which I discuss further below, policy-makers in democracies are indeed responsive to public demands, if only for the simple reason that they want to get re-elected. Stimson, MacKuen, and Erikson (1995) have coined the notion of “dynamic representation” to describe a continuous process of feedback and responsiveness between citizens and policy-makers unfolding over time (see also Soroka and Wlezien 2010 for a related approach): According to this argument, “public opinion moves meaningfully over time” (i.e. citizens perceive changing socio-economic environmental conditions and policy-makers’ responses to these changes), “government officials sense this movement, and [...] alter their behavior in response to the sensed movement” (Stimson, MacKuen, and Erikson 1995, 543). Admittedly, the signals that public opinion sends to policy-makers are rather vague and unspecific, resembling particular “moods” on a scale from left (liberal in the US sense) to right (conservative) (Stimson 1991), but nevertheless, they are meaningful and consequential signals.

This rather positive assessment about the responsiveness of democratic policy-making is challenged by a number of studies that identify inherent biases in representation and

responsiveness. Gilens' work and other contributions in this tradition (Gilens 2005, 2012; Bartels et al. 2005; Page, Bartels, and Seawright 2013; Schlozman et al. 2005) show that the association between policy output and individual-level preferences is more pronounced for those in the upper income strata than in the lower strata, i.e. policy-makers tend to implement the preferences of the rich rather than cater to those of the poor. Increasingly, scholars are transferring the Gilens framework to European countries (Elsässer, Hense, and Schäfer 2017; Rosset 2013; Rosset, Giger, and Bernauer 2013; Giger, Rosset, and Bernauer 2012; Bernauer, Giger, and Rosset 2015), obtaining similar results. Critics of this work have pointed out that the preferences of the rich and poor often move in parallel to each other and that differences in attitudes related to income are less pronounced than ideology-driven differences (Ura and Ellis 2008; Soroka and Wlezien 2008; Stimson 2011). Both factors would, in the eyes of the critics, mitigate the problem of non-responsiveness.

Independent of the eventual outcome of this debate, the claim about a direct connection between public opinion and policy-making has an empirical as well as a normative dimension. From an empirical perspective, the goal is simply to ascertain whether the preferences of the mass public are a significant determinant of policy change or not. From a normative point of view, the implicit claim that is made here is that the link between mass preferences and policy responses should be as direct and unmitigated as possible. This normative dimension is voiced more or less explicitly in the literature. For instance, after describing the basic contours of their "thermostatic model of democracy" (which is in many aspects similar to Stimson, MacKuen, and Erikson's "dynamic representation"), Soroka and Wlezien (2010, 3) state: "This, we argue, is how a functioning democracy should work." In the literature on inherent biases in democratic representation and responsiveness, the obvious implication is that the varying responsiveness of policy-makers to the concerns of the rich and poor violate the fundamental democratic norm of 'one man/woman, one vote'.

Why is the blending of empirical and normative dimensions regarding the linkage between public opinion and policy-making problematic? The core problem here is that this blending of perspectives and dimensions increases the danger of reverting to a rather simplistic and, in the end, pluralistic and majoritarian understanding of democracy. Going down this road in a way signals a return to the debates of the 1970s and 1980s, when scholars such as Lehmbruch (1979), Lijphart (1999), Schmitter (1979, 1985) as well as Armingeon (1986, 2002) had significantly broadened and expanded the empirical and normative perspectives of scholarship on democratic political institutions by highlighting the peculiarities of European democracies and thereby the variety of institutionalized forms of democratic representation different from the Anglo-Saxon version of majoritarian democracy.

Given that much of the contemporary empirical research about the responsiveness of policy-making to public opinion studies the case of the US, there is again a certain tendency to conflate particular attributes of this case with generally desirable attributes of democratic decision-making in other countries. For instance, collective actors such as interest groups and political

parties that in other contexts might play a crucially important role in mitigating potential biases in representation and responsiveness are portrayed as negative influence as they potentially ‘distract’ policy-makers from implementing the ‘true will’ of the people. Burstein (2003), for example, describes a potential conflict between public opinion and party politics in the following way: “political parties may, when in office, enact policies favored by their most ardent supporters rather than the general public” (Burstein 2003, 30).

In a context of coalition governments and multiparty-systems, however, the role of government parties *is* exactly to represent the interest of their respective constituencies rather than the general public. For instance, left-wing parties in European-style coalition governments could be more effective in representing the interests of low-income voters and labor market outsiders compared to the diffuse appeal of US parties to the median voters in particular electoral districts. In other words: The representation of the interests of the poor may improve rather than deteriorate, when left-wing parties in coalition governments try to implement the policies “favored by their most ardent supporters” rather than the median voter. And in fact, previous research (Huber and Powell 1994) has already found that the degree of congruence between citizen preferences and government positions is higher in the case of proportional representation (PR) systems compared to majoritarian systems.

In a similar vein, interest groups are mostly regarded as organized manifestations of inherent biases in democratic representation to the benefit of the upper income classes (Gilens and Page 2014). Even though there are organized interest groups representing workers or general public interests, research finds that business groups representing the economic elites are more influential and powerful in setting the agenda (Baumgartner et al. 2009, 255-256; Gilens and Page 2014, 571-572). Hacker and Pierson (2010) come to a similar finding, using a different methodological approach. Of course, business groups might have significant advantages when it comes to the mobilization and organization of interests (as already explored by Offe and Wiesenthal (1980)). However, as is well-known from comparative research, the relative balance of power between unions and employers varies significantly across countries. Furthermore, as the recent work by Martin and Swank (2008, 2012) has shown, not all employers’ associations are alike. In a neo-corporatist framework, (formerly) pluralist interest groups are transformed into intermediary organizations or associations, which do not simply represent the interests of their members vis-à-vis the government, but also mediate between the public concerns expressed by governments and the particular concerns of their membership base (Streeck and Kenworthy 2005). Furthermore, when business interests are embedded in a network of cross-sectoral and cross-class associations and governance frameworks, then employers’ associations are more likely to take collective concerns into account in their decision-making. The same holds true for unions: In decentralized and liberal settings, unions may pursue particularistic goals and lobby for higher wages and employment conditions for their members only, whereas in corporatist frameworks, unions are more likely to adopt a more holistic perspective (Armingeon 1986).

In sum, there is a large variety of interest group types, as well as, more importantly, institutional contexts, in which these associations are embedded and interact with each other. This is neglected in the literature cited at the beginning of this section. Therefore, in the following section, I would like to further explore the potential contribution of scholarship on corporatism and associated theories about political institutions (consensual and consociational democracy) to the debate about the link between public opinion, interest groups and party politics.

3 Neo-corporatism and the responsiveness of democratic policy-making

In this section, I would like to start off by re-visiting two influential contributions by Klaus Armingeon on the topic of neo-corporatism, before I broaden the focus of the debate to include further scholarship on this issue. In an early contribution, Klaus Armingeon explores the conditions for the formation and long-term stability of neo-corporatist incomes policies in a number of European countries (Armingeon 1986). Even though incomes policies – a rather direct instrument to intervene in labor markets – are no longer used in today’s liberalized and globalized economies, this article makes an important point: Rejecting simplistic and rash normative assessments about the role of organized interests in policy-making, this chapter develops a sophisticated and differentiated argument about the *conditions* under which organized interest groups contribute to joint problem-solving rather than maximizing their particularistic benefits. Thus, instead of depicting interest groups solely as ‘special interests’, which are only focused on maximizing benefits for their particular clientele, Armingeon (1986, 139-140) analyzes the empirical variation in organizational attributes of interest groups, in his case mostly trade unions, as well as the institutional frameworks, in which they are embedded.

A common point of reference on this issue is Olson’s (1965, 1982) work on the theory of collective action. As is well-known, Olson argues that the mobilization of individual actors for the purpose of collective action is heavily constrained by free-rider problems, which can be better solved by small, coherent groups, leading to the dominance of ‘special interest’ organizations over the organization of diffusive, collective concerns. The exception to this rule are ‘encompassing organizations’. These are organizations, which – for idiosyncratic reasons – already encompass large shares of the population in a particular country. If organizations are sufficiently encompassing, they develop an enlightened self-interest in maximizing collective concerns rather than pursuing particularistic short-term goals in a self-interested manner. Applied to the field of labor relations, this argument has been helpful in explaining why powerful trade unions – covering a large share of the working population – have *not* been particularly bent on maximizing short-term wage increases for their members, but rather accepted a strategy of wage restraint in crisis periods in order to maximize the long-term growth potential of the economy (see also Scharpf 1991).

Armingeon (1986) takes issue with this argument. By studying the variation of income policies across a range of OECD countries, he finds that union organization is an important, but

by no means a *necessary* precondition for neo-corporatist policy formulation. This is an interesting point, because it proves that neo-corporatist forms of interest mediation are ultimately not dependent on a particular type of union organization, which can only be found in a very limited number of country contexts (i.e. the Scandinavian countries and, potentially, Austria). Rather, Armingeon (1986, 142) identifies a number of conditions related to the role of governments and employers' associations in committing to and promoting neo-corporatist forms of interest mediation: Simplifying and generalizing somewhat, one of these conditions is that unions and employers' association must share a basic and joint understanding about the goals and instruments to be used to address a particular policy problem (even though potentially disagreeing about the settings of these instruments). Furthermore, government actors must be willing to "realize those public policies agreed upon at the neo-corporatist level" (Armingeon 1986, 142). Thus, governmental and other state actors must be willing to delegate some of their decision-making authority to the "private interest governments" (Streeck and Schmitter 1985) of business and labor, accepting that private interest associations to some extent exploit this act of delegation to pursue their own particular goals, while at the same time – as an extension of the reach of government – mobilizing private actors to pursue public responsibilities. Also, employers and their associational representatives have to accept or at least consent to sharing a seat with unions at the bargaining table.

In sum, by identifying these conditions, Armingeon (1986) shows that neo-corporatist forms of interest mediation are not self-sustaining institutional equilibria by themselves, but depend on a range of supporting behaviors and dispositions among the actors involved. However, and this is the more important take-away from this chapter, neo-corporatism is a *matter of political choice*. Even though centralized structures both on the union as well as the employer side certainly help, they are not a necessary precondition for neo-corporatist forms of interest mediation and policy formulation. And for sure, there are a number of examples in later years – in particular the social pacts of the 1990s – which confirm Armingeon's intuition.

Furthermore, if the involvement of societal actors is a matter of political choice, it is likely to be influenced by the particular ideologies of governmental actors. In line with this, Van Kersbergen (1995) has shown that Christian democratic parties subscribe to the "politics of mediation" (ibid, 28). This notion captures the idea that societal conflicts about values and/or the distribution of politico-economic resources should not be solved by majoritarian forms of decision-making, but by incorporating different political viewpoints and interests into an emerging political and societal consensus regarding the solution of a particular problem.

Regarding the latter issue, there are obvious parallels to the debate about different types of democracies (Lijphart 1999). In a later contribution, Armingeon (2002) contributes to this debate by analyzing the "effects of negotiation democracy". Here, Armingeon again rejects simplification by arguing that the term "negotiation democracy" is actually related to three distinct forms: (i) consociational democracy (i.e. institutionalized forms of cooperation between organizational representatives of diverse socio-cultural groups within the political

administration system); (ii) corporatism (i.e. institutionalized forms of coordination and negotiation between state actors, unions and employers); and (iii) strong systems of institutional veto players, who may thwart governments' swift decision-making by exercising their constitutionally or otherwise enshrined veto rights. He then develops a differentiated set of empirical expectations regarding the associations between these different forms of negotiation democracy and various socio-economic and political outcomes such as political satisfaction, participation and trust, the integration of minorities, the size of the welfare state, inflation, economic growth and public debt.

One important finding – for the purpose of this chapter – is that consociational democracies are superior compared to other types of democracy in social integration (ibid, 82), i.e. the integration and representation of “large minorities” as long as those minorities are sufficiently large in order to be included in the institutionalized forms of interest mediation in these democracies. In consociational democracies – for a long time, real-world examples had been the Netherlands and Switzerland – the elites representing different socio-cultural groups cooperate and regularly interact with each other in democratic decision-making in order to ensure that the interests of the different societal fractions are taken into account (Ibid, 83). A second important finding in Armingeon's contribution is that stable corporatism is associated with better socio-economic outcomes, in particular lower levels of “industrial unrest” (Ibid, 84), i.e. strikes, as well as a more generous welfare state. Third, a high number of institutional veto-players is associated with a smaller public sector.

What is the relevance of these findings for the topic of this chapter? Simply put, Armingeon's work, as well as other classic contributions on neo-corporatism such as Lehmbruch (1979), Schmitter (1979, 1985) and Streeck and Schmitter (1985), has implications for understanding the role of interest groups and – eventually – government policy in addressing gaps in the representation of weakly organized sections of society. In the US-inspired literature on the link between public opinion and policy-making introduced above, interest groups are usually portrayed as actors deflecting policy-makers from pursuing the demands of the people (Gilens and Page 2014). At best, some types of interest groups – unions and civil rights groups – can boost the voice of low-income citizens, at least partly mitigating biases in representation and responsiveness (Baumgartner et al. 2009). However, given the dire position of unions in the United States and the central importance of monetary contributions in elections in this country, the success of these efforts is likely to be limited.

Most importantly, the dominant perspective in the US literature remains wedded to a pluralist conception of the connection between interest groups and decision-making. From this perspective, interest groups vie for influence by marshalling economic and political resources, which can be used to finance electoral and other campaigns. In the ideal-typical system of pluralist interest mediation, the role of the state is limited: Explicit interventions from state actors directed at influencing the balance of power between interest groups are regarded as illegitimate and probably ineffective to boot. Direct forms of state intervention are deemed

illegitimate because they infringe on the basic right of freedom of speech, if the state tips the scales of political debates in favor of one particular type of interest versus another. These kinds of ‘partisan’ interventions – in the worst case – signal the ‘capture’ of state institutions by particularistic interests that abuse and exploit the powers of state institutions to promote their own agendas.

From a pluralist perspective, the involvement of interest groups in agenda-setting and decision-making is associated with an increase in political inequalities and a decline in responsiveness to the concerns of the less well-off. This is because it is easier for interest groups representing the interests of the economic elites to accumulate power resources – money – to invest in political campaigns (Gilens and Page 2014). Interest groups representing non-elites or diffuse public interests have to compensate for a lack of economic resources by mobilizing a larger number of supporters, encountering the well-known challenges of collective action as identified by Olson (1965, 1982), even though they may attract the occasional big donor for ideological reasons. Furthermore, trade unions in particular have enjoyed non-pecuniary privileges supporting mobilization efforts, such as the automatic deduction of union membership fees from workers’ paychecks or ‘closed shop’ rules for collective wage bargaining, although these rules are eroding quickly in the case of the United States (Anzia and Moe 2016).

4 The potential contribution of corporatist institutions and practices to mitigating political inequalities

In the following section, I reflect on the normative underpinnings of corporatism and its implication for democratic responsiveness. Given the prominence of pluralist perspectives in the contemporary literature on public opinion and responsiveness, the potential contribution of neo-corporatist institutions in its various forms as discussed above to mitigating problems of political inequalities is at risk of getting lost. This risk is aggravated by the fact that even in those countries, where corporatist institutions and practices are well-established, they are coming increasingly under pressure to either reform (and liberalize) or wither away and become irrelevant. To some extent, these developments are likely driven by the broad process of individualization, which fuels more critical attitudes towards any forms of collectively organized interest representation in political parties and unions (Armingeon and Schädel 2015). Nevertheless and in spite of these developments, corporatist institutions and practices still hold the potential of mitigating some forms of political inequality under certain conditions as I will discuss in greater detail in the following paragraphs. By contributing both to social inclusion as well as economic development, neo-corporatism holds the potential of mitigating economic crises as well as democratic crises of legitimacy.

First, and of central importance to the notion of neo-corporatism, is the idea that corporatist institutions and practices can balance out inherent imbalances in power resources between the

associational representatives of different sides of a given societal cleavage or conflict line. Most commonly, this conflict line is the class cleavage between business and labor, but other cleavages are relevant as well, e.g. latent conflicts between farmers and environmental protectionists or between health insurances, doctors and patients. The normative reference point for corporatism is the notion that all sides in a latent conflict have to be heard and given consideration. Rooted in and connected to very different “visions of liberal democracy” (Huber and Powell 1994), corporatism aims at achieving consensual policy choices supported by large parts of the population, whereas pluralism is associated with majoritarian decision-making. Furthermore, the corporatist understanding of democratic representation acknowledges more forcefully the fact that individual citizens participate in the political decision-making process as individual citizens (mostly via elections) *and* as members of collectives and social groups, which – as groups – deserve to be recognized and included into policy decisions.

Applied to the issues of representation and responsiveness, corporatist institutions and practices can ensure that the interests of the ‘weaker’ side in a latent conflict are better represented, when policy decisions are contingent on the agreement between the organizational representatives of all concerned, i.e. traditionally the state, employers and unions. Since workers’ interests have commonly been regarded as the weaker side in the capitalist class conflict (Offe and Wiesenthal 1980), the establishment of corporatist institutions and practices has often been associated with powerful unions and social democratic parties (Rothstein 1987), although – as mentioned above – corporatism has also been promoted by Christian democratic parties (Van Kersbergen 1995) and – partly – employers and local representatives of workers themselves (Martin and Swank 2012). Independent of its historical origins, corporatism holds the potential of boosting the representation of the political and economic interests of societal groups and strata with weak organizational resources. This can – to some extent – compensate for the erosion of power resources and declining levels of political participation among the less well-off. However, it has to be emphasized that the balance of power prevailing at certain moments of historical development certainly shapes the responsiveness of corporatist institutions themselves, as Rothstein (1987) has argued for in the case of Scandinavian macro-level corporatism.

Second, corporatist institutions and practices can also help to develop organizational capacities of societal groups. Typically, the right to participate and to be recognized in corporatist decision-making arenas is made conditional on a number of attributes of the respective associations. More specifically, associations claiming to represent certain societal interests have to demonstrate that they are a legitimate and recognized representative of these interests. In exchange, the state supports the formation of functionalist representation monopolies by privileging certain interest groups over others. This can be done in a direct manner, in the extreme, non-democratic version of corporatism through the outright prohibition of interest groups. It can, however, also be done more indirectly by shaping the incentives for individual citizens or businesses to affiliate with one interest group rather than another.

The latter supports the development of organizational capacities of those interest groups that participate in corporatist institutions and practices since potential members have a strong incentive to become affiliated in order to influence decision-making processes more directly than they could as individual citizens. Furthermore, once “incorporated” into corporatist institutions and practices, private interest groups cease to be fully “private” lobbying groups, but turn into “private interest governments” (Streeck and Schmitter 1985), in particular when corporatist practices involve the delegation of quasi-public responsibilities to these associations. In this case, private interest groups are pressed – informally through politics and occasionally even via formal means – to look beyond particularistic needs and to take into account public concerns. Taken together, corporatism’s contribution to boosting organizational capacities is likely to provide further support to those societal and political interests, which are inherently more difficult to mobilize and organize, i.e. diffuse public interests.

Third, and related to the previous point, corporatism can be a useful lever to promote organizational democracy, if the inclusion of interest groups in corporatist institutions and practices is made conditional on them establishing procedures of representative democracy for internal decision-making processes. Pluralist settings are more tolerant of a multitude of organizational forms: from social movements via formal organizations with clearly defined representational hierarchies to professionalized advocacy groups with little involvement of the membership beyond fiscal contributions. The legitimacy of corporatist decision-making, in contrast, more strongly depends on participating groups and associations subscribing to and complying with the normative standards of representative democracy. Vice versa, the outlook of participating directly in governmental decision-making can trigger, or at least consolidate, democratization processes within interest groups.

Finally, fourth, a broader contribution of corporatism to mitigating political inequalities is that it tends to produce economic and social policies, which are more effective in mitigating socio-economic inequality, by itself associated with political inequalities (Anderson and Beramendi 2008; Solt 2008; Schäfer 2010). As shown by Armingeon (2002), corporatism is associated with a more generous welfare state. Other research (Hicks and Kenworthy 1998; Wallerstein 1999) has furthermore found that extensive collective wage bargaining is linked to lower levels of wage inequality.

To the extent that corporatism is conceived as the “social democratic institutionalization of the class conflict” (Rothstein 1987), this may not be surprising: In countries, where the left is powerful, unions and social democratic parties establish corporatist institutions and practices to tame business interests. Thus, the ultimate driving force could still be differences in power resources and not corporatism as such. This argument holds some value, but neglects the fact that corporatist institutions and practices are much more wide-spread and not confined to the Scandinavian countries. Furthermore, once established, corporatism as a set of institutions develops a path dependency on its own, contributing to its long-term stability, but by no means ensuring its long-term survival.

5 The dangers of aggravating political inequalities and non-responsiveness

In spite of its potential to mitigate political inequalities by improving the institutional representation of ‘weak’ segments of society discussed in the previous section, neo-corporatist institutions and practices also suffer from a number of weaknesses regarding representational inequalities and have been – rightly – criticized for those shortcomings. In the end, similar to Armingeon’s (1986) early contribution to the literature, the challenge is to identify conditions that would need to be met in order for neo-corporatism to contribute to mitigating political inequalities. In the following section, I will discuss corporatism’s weak spots, whereas the concluding section of this chapter summarizes and enumerates the aforementioned conditions.

A first weak spot is its potential to contribute to the formation of new elites and ‘oligarchies’ within interest group associations. According to Michels’ “iron law of oligarchy”, there might be an inherent tendency in large-scale mass-based political organizations to establish oligarchies and hierarchies between political insiders and outsiders. But even independent of that, the danger of establishing oligarchical structures could be more pronounced in corporatist systems compared to pluralist settings. This is for several reasons discussed hereafter.

First, by being directly ‘incorporated’ into joint decision-making processes with state actors and representatives of other associations, the political leadership of interest groups on the one hand receives political and even pecuniary privileges, which the membership base does not. On the other hand, the associational leadership has to defend and implement the joint decisions achieved in corporatist decision-making arenas, nurturing temptations to implement a hierarchical, centralized decision-making structure to minimize the potential of protest at the base (Armingeon 1986, 139). Obviously, there is a trade-off here: Improving the representational clout of low-skilled workers in political decision-making via the involvement of unions in corporatist institutions and practices might prove to be ineffective if the union leadership becomes detached from the interests and concerns of its membership base.

Second, another weak spot concerns the scope of corporatist decision-making. As discussed above, the core idea of corporatist decision-making is to include representatives of all major factions in society, in order to achieve a politically and economically feasible consensus regarding policy responses to a particular political problem. A fundamental problem in this respect is that this consensus is rarely, if ever, truly comprehensive. One issue is representational inequality *within* associations discussed in the previous paragraph. Another issue relates to the scope of interests included in the ‘corporatist compromise’. In the heyday of industrial neo-corporatism in the 1970s and 1980s, the major actors in corporatist decision-making arenas were employers’ associations and unions representing the core sectors of the economy. Thus, the scope of the ‘corporatist coalition’ was indeed encompassing. This might have changed in recent years, however: The structural transformation of economies to service-oriented knowledge economies has fueled the expansion of new types of employment in the service

sector. In some countries with well-established corporatist institutions, new associations representing these new sectors have come up, but are struggling to assert themselves against the dominant position of the established actors. In other (probably most) countries without a strong tradition of corporatism, the establishment of associations in emerging sectors of the economy has been even more difficult if not impossible.

This holds true in particular for associations representing the interests of workers, i.e. unions. In country contexts, where unions nowadays only represent workers in the sheltered public sector or declining sectors of the economy, they are often regarded as defenders of the interests of the remaining labor market insiders to the detriment of outsiders (Rueda 2007; Emmenegger et al. 2012). Giving insider-oriented unions even more power by establishing privileged access channels via corporatist decision-making arenas could then severely aggravate political inequalities and problems of non-responsiveness. The question, however, is whether the response to this challenge is to completely dismantle any forms of collective representation of worker interests with the justification of “leveling the playing field” (on a low level) via liberalization or whether corporatist institutions and practices can still be used to improve the representation of outsider interests.

A third weakness of the model of neo-corporatism is its often more implicit rather than explicit expectation that all actors involved in the process share at least some basic agreement about problem definition and potential policy responses (see also Armingeon 1986, 142). Of course, actors representing different constituencies with different socio-economic interests are likely to disagree on a range of issues, such as the adequate level of wages, social benefits and employment guarantees. Still, a basic precondition for corporatist institutions and practices to work is that one side accepts the other side as legitimate and largely reasonable negotiation partner. In fact, one might even argue that if this basic premise no longer holds, the resulting pattern of interest group interaction would no longer qualify as corporatism, but simply revert to pluralist bargaining. In times of increasing political polarization across OECD countries, this implicit assumption may no longer hold. Furthermore, a related implicit assumption for corporatist institutions and practices is that the corporatist partners involved in the process refrain from overtly tactical ‘warfare’, exploiting their hold-up power in corporatist arenas excessively in order to maximize short-term gains. The viability of corporatism depends on the mutual recognition among the involved actors that they are engaging in a long-term game and not in one-shot short-term bargaining.

The fourth weakness of corporatist decision-making is related to the recognition of a long-term engagement, namely the fact that decision-making is likely to be much slower than in majoritarian, pluralist settings because of the requirement to achieve broad consensus before proceeding. Traditionally, research in public policy has summarized the differences between these institutional settings by stating that corporatist decision-making takes time, but produces policy solutions that are more stable and politically sustainable in the long run because all major stakeholders are involved. In majoritarian, pluralist contexts, in contrast, public policy-making

proceeds more in a stop-and-go manner with significant policy change in one direction, followed by significant reversals of direction in the next legislative period (Armingeon 2002, 83).

Given the changing socio-economic context with an ever increasing pace of globalization and technological change, this particular weakness of corporatist decision-making might become more severe over time, however. For instance, the expansion of precarious forms of employment across European countries, which had already started before the crisis years (Eichhorst and Marx 2012), has further intensified in many countries since then. Corporatist institutions and practices might not be sufficiently reactive (or nurture particular ‘blind spots’, see previous point from above) to develop policy responses to this challenge, potentially foregoing some of its cherished contribution to promoting inclusive social and economic policies.

Finally, and maybe most importantly, the fifth weak spot to be discussed here is the fact that the potential of corporatist institutions and practices to mitigate political inequalities and to enhance the responsiveness of policy-making to weak segments of society hinges on the political willingness of governmental actors to support these institutions. Again, there are several issues to be talked about. For one, governmental actors need to be willing to delegate significant powers in decision-making and potentially also the implementation of policies to non-state actors, i.e. private interest associations. Not surprisingly, state actors do not necessarily do this voluntarily as evidenced by the fact that corporatist institutions have often evolved historically in a context of weak statehood. This can, for instance, be seen in Katzenstein’s (1987) classical work on the “semi-sovereign” state of Germany.

Furthermore, besides organizational capacities, a willingness to make use of corporatist institutions and practices depends on the particular ideologies of government parties. As shortly discussed above, social democratic and Christian democratic parties have historically been most supportive of neo-corporatism. Both party families, however, face daunting political challenges in contemporary European politics, where they had been most established. Social democratic parties are in a continuous state of crisis and decline, which has now even reached the strongholds of the Scandinavian countries. Whether the emergence of right-wing populist parties that increasingly cater to the traditional electoral constituencies of social democratic parties is a causal driving force of this development, or merely an accompanying symptom of it, cannot be discussed here in full. In any case, the increase of right-wing populism also puts pressure on Christian democratic parties. Hence, the political supporting coalition for corporatist institutions and practices is shrinking. Right-wing populist parties have started to come out as staunch critics of corporatism as can be seen in the recent conflict between the Austrian Christian Democratic Party (ÖVP) and the right-wing FPÖ.² Even though Austria is one of the countries in which neo-corporatist institutions are well-entrenched and have

² <https://www.sn.at/politik/innenpolitik/koalitionsverhandlungen-oevp-und-fpoe-einigen-sich-bei-kammern-21637711> (accessed August 8, 2018)

contributed significantly to economic prosperity and social inclusion, the ÖVP could barely fight off calls from the FPÖ during the recent coalition negotiations to dismantle the principle of compulsory membership in the Austria's Chambers of Commerce – an essential pillar of the corporatist system.

6 Conclusions

To sum up, the goal of this chapter was to reflect on the potential contribution of classic scholarship on neo-corporatism – including first and foremost the work of Klaus Armingeon – to contemporary debates about the responsiveness of democratic policy-making. I argued that the perspective of this literature on the role of interest groups is predominantly influenced by pluralist conceptions of the relationship between public opinion, interest groups and the state. It neglects the potential contribution and value of corporatist institutions and practices to mitigating political inequalities and non-responsiveness of decision-making to the interests of the weak segments of society. In this concluding section, I would like to follow the example of Armingeon (1986) by providing an updated list of “conditions” that would have to be met in order for neo-corporatist institutions and practices to realize this potential contribution:³

1. The actors involved in neo-corporatist institutions and practices need to share a basic agreement concerning problem definition and the range of potential (feasible) policy responses, in spite of the fact that they commonly disagree on the most preferred policy choice among the range of options.
2. The actors involved need to accept associational representatives from the “other side” as legitimate negotiation partners and be willing to engage in goal-oriented negotiations with these partners rather than promoting their political destruction.
3. The inclusive potential of corporatist institutions and practices needs to be regularly monitored in order to avoid the formation of insider-oriented oligarchies: Newly established stakeholders (associations) should be allowed to participate and contribute, and corporatist institutions and practices should be employed to compensate for organizational and capacity-related obstacles in the representation of the “weak” segments of society, i.e. those lacking political, social and economic resources.
4. Government policies need to accommodate and support joint decision-making via corporatist institutions and practices, including the delegation of quasi-public responsibilities to corporatist bodies. At the same time, following the idea of negotiations in the “shadow of hierarchy” by Scharpf (2000, 323), the state needs to retain an essential capacity to act unilaterally in case corporatist institutions and practices result in grid-lock or are captured by particularistic interests.

³ It is important to emphasize that these “conditions” by no means imply a functionalist relationship between structures and policy output, but should rather be interpreted as *factors* that influence the potential of corporatist institutions to address non-responsiveness.

These ‘conditions’ are by no means easy to fulfill. The modest ambition of this chapter is certainly not to provide a final answer to the questions raised here, but to raise the awareness in contemporary debates about the responsiveness of democratic policy-making for earlier contributions by innovative and thought-provoking scholars such as Klaus Armingeon.

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