

## Numerical Democracy and Corporate Pluralism Revisited

Sten Sparre Nilson, University of Oslo

This article is meant as a contribution to the ongoing debate about the relative importance of numerical democracy and corporate pluralism, which was initiated by the late Stein Rokkan and has been recently taken up in the United States by Robert Dahl, and also by Don Schwerin.

The existence of Norwegian data that can throw some light on the subject is indicated.

### I.

Outside Scandinavia, Nordic forms of corporate pluralism seem to attract considerable interest. In his latest book, *Dilemmas of Pluralist Democracy*, Robert A. Dahl has discussed the likely long-term consequences for a country's political and economic system of centralized bargaining such as it is now practiced in Scandinavia. In effect, he says, the functional associations will become a kind of parliament, which displaces the regular national assembly on certain key questions. In this sense the system comes closer than anything that has hitherto existed to the functional parliament or parliament of industry that guild socialists and others have proposed. The solution even manages to detour around a problem that such schemes have never satisfactorily solved: how to *design* a functional parliament from scratch that is both significantly different from a conventional legislature in the concerns it represents, and at the same time honors the principle of individual equality in voting. Corporate pluralism in its present form does not solve the problem, but insofar as the associations and the interests they purport to represent are generally accepted by citizens as legitimate, an inherent difficulty that could cause a constitutional convention to founder is simply bypassed.

This is a considerable achievement, Dahl remarks, and although by failing to agree the parties involved could directly bring about grave consequences, their obvious power to do palpable harm is sobering. The future of the whole national economy, including that of the parties themselves, is dependent on the outcome of the decisions made in this informal functional parliament. For example, if rising costs put the country's products at a competitive disadvantage in world trade, some of the consequences will bear heavily on workers. But although this acts as a restraining influence, real dangers remain.

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### I.

Outside Scandinavia, Nordic forms of corporate pluralism seem to attract considerable interest. In his latest book, *Dilemmas of Pluralist Democracy*, Robert A. Dahl has discussed the likely long-term consequences for a country's political and economic system of centralized bargaining such as it is now practiced in Scandinavia. In effect, he says, the functional associations will become a kind of parliament, which displaces the regular national assembly on certain key questions. In this sense the system comes closer than anything that has hitherto existed to the functional parliament or parliament of industry that guild socialists and others have proposed. The solution even manages to detour around a problem that such schemes have never satisfactorily solved: how to *design* a functional parliament from scratch that is both significantly different from a conventional legislature in the concerns it represents, and at the same time honors the principle of individual equality in voting. Corporate pluralism in its present form does not solve the problem, but insofar as the associations and the interests they purport to represent are generally accepted by citizens as legitimate, an inherent difficulty that could cause a constitutional convention to founder is simply bypassed.

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'By their concerted action, certainly, the associations could exploit the nation'. (Dahl 1982, 70). Here Dahl refers to Stein Rokkan.

One question that Stein Rokkan raised is not mentioned by Dahl, however. Rokkan feared pressure from special interests behind the scenes and would have liked to see formal provisions for functional representation in a corporative assembly as well as effective channels for opposition within the interest associations. 'The great danger of these complex systems of interdependent decision-making', he said, 'is that representatives get tied into charmed circles of negotiators and administrators and become immune to communications from their rank and file'. (Rokkan 1966, 114).<sup>1</sup>

It is not clear whether Robert Dahl agrees with Rokkan on this point, but on another he seems to have certain reservations. Stein Rokkan wrote about the power of the interest organizations to halt the whole national system of highly interdependent activities, indicating that both labor, business and farmers had effective means at their disposal. About the latter he said that they had established a machinery ensuring their ability to 'withhold needed primary goods from the consumers' (Rokkan, p. 107). Dahl seems to think that this is an exaggeration of the power of primary producers. He makes a more cautious statement: 'By failing to agree on a social compact ... labor, business, and *possibly* farmers, could directly bring about grave consequences'. (Dahl 1982, 70. Emphasis added).

The reservation seems justified. In Norway at least, farmers have not been able to hold the country to ransom by retaining consumer goods. Collective action of this kind has been practiced, but for a somewhat different purpose. In certain respects the interplay between numerical democracy and corporate pluralism is more intricate than Rokkan presented it. Actually corporatism is not without its own numerical elements, which perhaps deserve more attention than they have received.

The study of corporate phenomena has been hampered by a scarcity of quantitative data, which has made measurement difficult. The situation is being remedied, however. For example, in a special issue of *Scandinavian Political Studies* (No. 3/1979), measurable factors like the size of an organization's membership were pointed out, and actual membership figures for large voluntary associations were given (Buksti & Johansen 1979, 208; Christensen & Egeberg 1979, 242). Data on strike activity can also provide some information. But perhaps the best source indicating rank-and-file opinion is provided by the institution of workers' referendas on acceptance or rejection of wage agreements. We revert to this subject below, but first another phenomenon should be mentioned. At times collective action by farmers no less than workers has served as a means of expressing opinion at the grass roots level.

## II

Withholding of primary goods from consumers has been practiced more for its demonstration effect than as a means of forcing city dwellers into submission. Although performed in the corporate channel, the activity has not been without connection with the institutions of numerical democracy. A couple of incidents from the nineteen-fifties can serve as a rather clear example. The Norwegian Labor government refused to comply with requests put forward by the farmers' associations for an increase first in the price of milk and somewhat later in the prices of bacon and meat. Each time the producers responded with a boycott. In 1955 there was a two-day interruption in the delivery of milk to all dairies, while in 1956 deliveries of bacon and meat were stopped for a period of several weeks. However, considered as means of disrupting the economy and bringing pressure to bear on the authorities, these actions could not be compared to strikes engineered by labor unions. Their impact on consumers was negligible. It was not possible to hold back a highly perishable commodity like milk for more than a few days without quite unacceptable loss being incurred by the dairy farmers. To an outside observer it might look as if the whole spectacle of farmers holding back milk, drinking it themselves or giving it to pigs and cows, had been nothing but a futile, two-day long demonstration of impotence. But what appeared as an attempt to put pressure through the corporate channel on consumers and authorities was in reality a maneuver in the numerical channel of influence.

The initiative had been taken by the Farmers' League, which was closely connected to the Agrarian party. The Labor-affiliated Smallholders' League followed suit with some reluctance. But it turned out that the boycott appeal was supported wholeheartedly by agriculturists both large and small. 'Hardly one drop of milk was supplied to any dairy in the whole country', newspapers reported. Clearly an excellent instrument had been found for strengthening solidarity among the rural population. Although different groups of farmers might be inclined toward different political parties, they were all willing to make common cause and show a united front against the Labor government's incomes policy. It is clear too that the initiative for an interruption of all milk deliveries in the middle of September was taken with an eye on the nationwide local elections that were due in the beginning of October. The Chairman of the Agrarian party issued a manifesto on September 30 indicating that with their ballots voters could now tell the government how they regarded its incomes policy. 'The interests of the rural population are being systematically neglected in favor of other social groups'.

When the following year deliveries of bacon and meat were stopped, the leaders of the Farmers' League and the Smallholders' League united in

supporting the action. In one sense the boycott was unsuccessful; the government immediately abolished quota restrictions on imports from abroad, so that demand could be satisfied within a very short time. But there were political repercussions. Rifts appeared within the Labor party. The matter was debated in Parliament on 17 October, 1956, and the subsequent roll-call showed four Labor M.P.s (among them the Chairman and Deputy Chairman of the Smallholders' League) voting against the government — a rare event in the annals of the highly disciplined Labor party. Negotiations followed between the government and the farmers' associations, resulting in certain price increases for agricultural products.

### III

Not only in the agricultural area has there been interaction between numerical and corporatist elements. In labor relations too votes can be of importance. In Denmark and Norway wage agreements are regularly placed before union members for their approval or rejection. An analysis of such referendum results can throw light on a variety of patterns of behavior. In particular, the figures provide indications, in numerical form, of the degree of tension existing at any time between union leadership and the rank and file. There can be no doubt that such tension, open or latent, does represent a more or less constant problem. Stein Rokkan was particularly concerned that 'effective channels of opposition and protest within the private associations' might be closed (Rokkan, 114).

He certainly did point to a possible danger. But in actual fact the corporatist process in a country like Norway is hardly as comprehensive and centralized as is often assumed. The institution of the referendum is a guarantee that wage agreements which contravene the wishes of a majority of members will be nullified. The leadership has usually been careful to avoid such a situation arising. But this in itself is scarcely sufficient to uphold mutual trust. More than once large minorities have openly expressed the opinion that their interests were disregarded. It can be asked how, under these circumstances, the legitimacy of the corporatist 'parliament' is maintained among its 'electorate', the members of the individual unions.

The answer is twofold. For one thing, centralization is to some extent more apparent than real; general agreements concluded at the center are supplemented by local 'wage drift' at company level. Also, from time to time the comprehensive, central bargaining procedure has been formally and completely suspended as a result of pressure generated by increasing opposition from the grass roots during previous years. Decentralized bargaining was conducted in 1956, in 1961, in 1974 and again in 1982. Not even in the generally quiet thirteen-year period from 1961 to 1974 were the results of

a centralized procedure always accepted as legitimate. An incident that occurred in 1966 was unusual, but it reveals some of the factors at work.

A proposal for a new general wage agreement was put forward by the government-appointed public conciliator and accepted by the representatives of management and labor. Thereafter it was referred to the members of the unions concerned. The result of the referendum is given in Table 1. The unions were of varying size, and in some cases the agreement applied only to certain groups of members. In most of the participating organizations there was a clear majority of voters favoring the agreement. In certain cases the majority was a negative one, however, and it was considerable in the case of three large unions: the Iron and Metal Workers' Association and the unions of workers in the chemical and pulp and paper industries. As a total result, the negative votes outnumbered the positive ones by more than 25,000. Actually the negative majority among the iron and metal workers alone was sufficient to outweigh the overall positive majority among the rest by a large margin.

At the government's proposal the matter was then referred to compulsory arbitration. The workers did not protest; they clearly regarded this as another opportunity to make their voice heard. A demand was put forward that the

Table 1. Norway 1966.  
Referendum on the Wage Proposal of the National Mediator.

<i>Union</i>	'Yes' Votes	'No' Votes	Total	Per cent 'Yes'
Iron & Metal Workers	9,878	38,639	48,517	20
Chemical Industry	6,223	12,577	18,800	33
Pulp & Paper	3,708	6,752	10,460	35
Transport	1,857	1,958	3,815	48
Bookbinders	1,602	1,622	3,224	49
Alimentary Industry	5,902	5,537	11,449	51
Typographers	2,654	2,535	5,189	51
Seamen	644	524	1,168	55
Road Workers	2,793	2,262	5,055	55
Building Trades	10,118	9,713	19,831	56
Electricians	1,409	1,036	2,445	57
Textile workers	3,544	2,662	6,206	57
Various small groups, total	1,596	1,114	2,710	59
Shoe factories	1,263	819	2,082	60
Sawmills	2,452	1,518	3,970	61
Bricklayers	1,558	909	2,467	63
Lithographers	875	422	1,297	67
Meat Industry	1,865	783	2,648	70
Commercial and Clerical Employees	2,627	884	3,511	74
Clothing Industry	5,764	1,993	7,757	74
Total:	68,372	93,569	161,941	
	'Yes'	'No'		

large negative vote should be taken into account by the Arbitration Board. In particular the metal workers found articulate spokesmen when they asked to be awarded a higher wage increase than the one that had been agreed to by their own representatives during the negotiations. And the Arbitration Board duly decided on a somewhat higher rate. The impact of nearly ninety-five thousand negative votes was unmistakable. The referendum procedure proved to be an effective channel of opposition.

In recent years the phenomenon of wage drift as a supplement to centralized bargaining has received a good deal of attention. It works as a compensation mechanism to the benefit of groups with greater market power, and thereby nullifies much of the constraint imposed by corporate incomes policy. It can be said that the central union leadership buys consent by compromising the wage regulation that is the very rationale of that policy (Schwerin 1981, 67). During these last ten years of recession, competition in international markets has become a restraining factor, but not one that seems to function very effectively. Scandinavian industry hardly succeeds in retaining its share of the world market.

A close examination of so-called centralized bargaining underlines the contingent character of Scandinavian corporatism and the serious limits to much of corporate policy making. But there also seem to be serious limits to the corrective power of market forces. The result is inflationary pressure; wage drift seems hard to stop once it gets under way. In Norway, according to official reports, it has made up about half of total wage increase, in other words quite as much as has been agreed upon in centralized negotiations (Utredninger 1977).

#### NOTE

1. Cf. a more recent formulation of the same idea: '... the chance that representatives become co-opted by environmental actors and that goal displacement takes place' (Olsen 1981, 499).

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