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Published in	Economic and Industrial Democracy
Publication Date	1989-02
Link	https://research.tilburguniversity.edu/en/publications/b27311d3-7ce8-4cb9-b60f-f7cdcbbc3954
Citation	Kenis , P N 1989 , ' Public ownership : Economizing democracy or democratizing economy? ' , Economic and Industrial Democracy , vol. 10 , no. 1 , pp. 81-97 .
Download Date	2025-02-06 15:08:26
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Public Ownership: Economizing Democracy or Democratizing Economy?

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The article addresses the question of possibilities of democratizing institutional decision-making units which are characterized by autonomy from traditional political organs, and strong inner coordination. After having illustrated that in some cases public ownership takes such an institutional form, the article tries to answer the question of its democratic character through a review of several traditional theories of democracy. The conclusion of this review is that public enterprise institutions are undemocratic; this is not due to their public character but to their institutional structure. Consequently, it is argued that the democratic quality of institutional structures should not be judged by standards developed at other levels of analysis, i.e. the organizational or societal one. Therefore, an alternative approach to develop standards for the democratic character of the institutional or meso-level is presented.

1. Introduction

In advanced industrial societies at least two subsystems can be distinguished, a political and an economic one. Each of these subsystems generates its own particular discipline: political and economic science respectively. More recent developments, however, point to a considerable degree of cross-fertilization: economists are applying their paradigms to other fields such as politics, while political scientists and sociologists are directing their theoretical paradigms to the economic subsystem. The present study belongs to the latter type.

Economists consider political subsystems as 'markets' and in so doing bring microeconomic assumptions of atomistic and rational behaviour to bear upon their analysis. Political scientists and socio-

logists (apart from the 'methodological individualists'), however, conceptualize economic subsystems as structures and institutions with their underlying rules of behaviour, rules of the game, norms, roles, habits, physical environment, legal arrangements, etc. Recently an impressive number of studies has emerged which clearly illustrates the existence of hierarchies, clans, associations, neo-corporatist structures, systems of generalized political exchange, to name only a few, as forms of institutional ordering within the economic subsystem. These different concepts are often summarized under the notion of 'organized forms of capital'. This article concentrates on yet another form of organized capital, i.e. *public ownership*.

Such organized forms or political organizations of capital are often — in the case of public ownership, very often — evaluated in terms of their economic implications, i.e. efficiency, growth, prosperity, etc. (e.g. Olson, 1982). In this article, however, the less common question of the political implications of a specific form of economic organization will be examined, not in an attempt to prove that one form of economic organization is better than the other, but rather to improve our understanding of the different systems.

Where studies in efficiency or economic growth start from the principle that efficiency or growth is desirable, this study is based on the idea that democracy in the economic subsystem is desirable.¹ *Thus our interest here is to examine the extent to which a specific form of economic organization is compatible with democratic principles.* The answer to this question, however, depends on facts, not on values, and therefore becomes amenable to a form of sociological (analytical) rather than normative argumentation. Seen in this light, it is the consequences of alternative forms of economic organizations that is at issue, and not the desirability of those consequences.

2. Public Ownership on a Micro-, Macro-, and Meso-level of the Economy

Public ownership as a conception is meaningful on at least three levels. Firstly, on an overall economic level the conception of public ownership would mean that the total economy is state-owned. The effect of such an étatist socialism on democracy has been the theme of many heated (normative) discussions. Such discussions may be relevant to comparative analyses of different political systems (capitalist vs. communist/socialist) but when our interest concerns

public ownership within Western capitalist countries, a discussion of the effects of public ownership on the total economy becomes very much an academic exercise since there is no country that provides a theoretical or ideological basis for such a transition.

In the past this has been different. During and after the First World War, for example, in Germany the idea of 'Gemeinwirtschaft' as an all-compassing economic system existed (e.g. Möllendorff's 'Deutsche Gemeinwirtschaft' (1916) and Neurath's 'Sozialistische Verwaltungswirtschaft' (1919). In a later period the 'Gemeinwirtschaft' conception was used in the context of a democratic-social, i.e. societal, but not totally state-owned and centrally planned economy (e.g. Naphtali (1928) who, by the way, used the terms 'Gemeinwirtschaft' and 'Wirtschaftsdemokratie' as synonyms). Today the 'Gemeinwirtschaft' conception is again used, but differently. 'Gemeinwirtschaft' is by and large reduced to a firm-level category, the second level at which public ownership can be conceived.

Concentrating on the enterprise level means raising the question whether the variable 'publicly/private owned' has any influence on the enterprise being more or less democratically governed, and to what extent the public enterprise's democratic quality has a spill-over effect on non-public-owned units in the economy. Most studies, however, do not show any influence of the private/public-owned variable as far as the firm's democratic quality is concerned. For example, Carnoy and Shearer conclude that

in labor relations public enterprises have tended to be more progressive than old-line private firms, particularly in France and Italy. Public firms have a good record in such areas as health and safety and worker's benefits. They have not, however, advanced programs for industrial democracy in any significant way. (Carnoy and Shearer, 1980: 78; see also Pateman, 1970).

Advocates of economic democracy therefore question equally private and public ownership as a functional regulation at the micro-level of everyday working life (Abrahamsson and Broström, 1980). Rus (1984), for example, argues that existing forms are not contested in the old ideological way, since both private and state ownership represent an enormous dysfunction with regard to the closer cooperation and greater participation of employees in integrated production systems: 'both state and private ownership are simply too rigid for contemporary working life' (Rus, 1984: 237).

Variables other than public/private ownership seem to be much more important. There is nothing intrinsic about 'private' or 'public'

at the enterprise level as far as economic democracy is concerned (cf. Long, 1982): neither of these categories is relevant as opposed to, for example, a factor such as a government in the environment of the (public or private) firm which puts constant emphasis on greater participation in public enterprises in order to make them highly democratic. (This, for example, is the case of India, according to Chaudhuri, 1984: 257-8.)

Public ownership as a category thus does not have a discriminating effect on economic democracy at either the macro-level (at least where the study is limited to Western capitalist systems) nor the micro-level. What is needed is an analysis focused on the meso-level. By public ownership on a meso-level is understood the set of organizations, institutions, bureaucracies, etc. in which public enterprises are embedded. This conception will now be outlined.

To consider public ownership as an institutional structure is not simply to employ (yet) another analytical mode (such as the micro and macro): such a treatment does reflect a tangible reality. That is to say, public ownership as a particular institutional arrangement points to two central facts. Firstly, institutional settings, and not so much the overall societal context or the motives of individual actors, are important in understanding the decision-making of the participating actors. Secondly, the institutional settings are more or less independent of other arenas of decision-making. This emphasis on the interdependence between relatively autonomous social and political actors is a central idea in 'institutionalism' (cf. March and Olsen, 1984).²

The first point, regarding the importance of the institutional setting for decision-making of the enterprises (something which is also true for private enterprises) is becoming increasingly popular in the literature. Many works see the distinction between the *political level* and the *economic and technical level* as completely unrealistic in a modern capitalist economy. Large industrial groups, whether private or public, always have close links with, or even infiltrate, the political sphere of other collective actors, and do not limit themselves to finding the best economic and technical solutions. The much-vaunted 'rational behaviour' of large industrial groups has always been profoundly conditioned by the concessions granted by their immediate political and social environment.

The second point, regarding the relative closedness of the public sector systems in which public enterprises are embedded, is a finding with far-reaching consequences for the problematique of this article.

This partial closure provides the sector with a relative autonomy in its economic and political environment, which means that most decisions concerning public enterprises are taken outside traditional circuits of policy-making. They are not primarily managed and controlled by the political subsystem, i.e. parliament and government. This does not so much mean that no public bodies or public actors take part in the decision-making (such as governmental, administrative, parliamentary, bureaucratic bodies). Rather they act according to the institutional structure's rules of the game instead of according to the logic of the system from which they originate (cf. Seidman's concept of 'agency cultures', 1980; Lowi, 1964; Adams, 1982).

The detailed description of these public enterprise institutions as systems of decision-making in the different countries and/or different sectors is still unclear (examples could be the 'IRI formula' or 'sottogoverni's' (Italy) (Are, 1975: 87), the 'indicative planning system' (France), 'National Enterprise Boards' (United Kingdom), 'extensive networks of locally owned public financial institutions and housing authorities' (West Germany), etc.).³ It would therefore be premature to make statements about the democratic quality of these different forms of institutional structures of public ownership. Here a much more basic question will be examined, i.e. to what extent is the very existence of such institutional structures of public ownership compatible with democratic theory, since they do not overlap with one of the traditional organs, but according to their function compete with the known structural element of the political-societal order?

3. Liberal-democratic Theory: Economization of Democracy

What can be stated at the outset is that this poses a problem for democratic theory: given the existence of such institutional structures having decisive impact on the national economies in liberal-democratic political systems, how can the activity of these institutions be legitimized as democratic?

Liberal-democratic *political* theory takes the point of view that, to be democratically legitimate, all policy decisions should be taken by the formal political institutions like parliament and political parties, indirect representation and periodic elections. Yet we have argued that such a practice is only exceptionally the case, and that most decisions concerning public ownership are made within an

institutional shell which should be seen as a part of the economic subsystem.

This phenomenon of decisions taken within the economic sphere, which have far-reaching objectives and effects (e.g. the control of monopolies, the promotion of regional development) and thus, according to liberal-democratic standards should belong to the political subsystem, can be interpreted as the economization of democracy. Decisions, originally taken within the democratic subsystem, are taken in a system which has a rationality that is different from that of the democratic subsystem (cf. Marin's conception of 'economizing politics', 1985a: 115–16). Rather than being a means of the (democratic) political subsystem, we find that public enterprise institutions bypass the democratic channels in making decisions of far-reaching importance. A radical liberal-democratic response in such cases would be to create stringent measures to restore democracy.

When applying such a conception of democracy to the case under study, different counterarguments become apparent, which does not of course imply the correctness of the inverse argument, i.e. that public enterprise institutions are democratic.

These counterarguments can be outlined here. Firstly, it is very often argued that the whole array of democratic institutions — elections, political parties, legislators, forms of participation — are either symbolic (providing a form of democracy without its content) or controlling (blunting mechanisms of participation that might otherwise lead to changes which elites wish to avoid). Edelman, for example, argues that in formally democratic states political quiescence must be induced in the masses of voters, and a main mechanism is the symbolic reassurance that 'something is being done'. Formally democratic institutions preserve stability and order instead of responding to public opinion or class action. Elections, in other words, have very little to do with policy formation: 'the factors that explain voting behaviour can be quite different from the factors that explain resource allocation through government' (Edelman, 1964: 43).

Secondly, the democratic conception which lies at the basis of liberal-democratic theories is a very much reduced conception of democracy, something which is based on pragmatic and not on theoretical grounds (Naschold, 1968: 504). It presumes that the original normative standards are set too high and should be scaled down to 'more realistic' ones (Lipset, 1962: 35). Moreover, the

existing (democratic) political system is seen as given, and its normative determinants are reduced to the 'control' of policy-making and the 'informing' about alternative policies.

These counterarguments serve to illustrate that even in cases where the decisions might be made in accordance with liberal-democratic standards, democracy would still not necessarily be assured. One could go further and ask whether, should these decisions not be taken within the institutional structure of public enterprises, would they be taken at all, a thesis which is of course very difficult to prove empirically. The institutional approach, however, provides good theoretical arguments for such a doubt. Its arguments are historically grounded: these forms of organization or economy emerged exactly because of the deficiency of other forms. It is no accident that most of them emerged during and immediately after the two world wars.

I do not wish to argue here that public enterprise institutions are democratic, but rather that the standards laid down by liberal-democratic theory to argue that they are undemocratic are unsatisfactory for such an evaluation.

The liberal *economic* argument is highly compatible with the previous liberal political model in that it states that the economy and the political system should be divided. It concentrates, however, on the decision-making within the economic subsystem, and argues that within the economic system economic freedom should exist, because such an autonomy of economic actors within the framework of the free market enables a highly differentiated coordination of their actions according to the market-price mechanism and as such leads to an optimalization of the factor allocation and a possible demand orientation. Some authors (Röpke, 1958; von Hayek, 1967) within this tradition have moreover argued that the economic freedom has to be seen as something positive in its meta-economic, social and political effects as well.

Public ownership — at least in the way it has been conceptualized here — is of course hostile to such a conception in which the 'state of nature' (Hobbes) is seen as equal to economic democracy. Here again, the argumentation is built on a very idealized conception of reality. Since the private economy is also highly structured, the question arises again whether this model's strength does not primarily lie with its normative prescriptions instead of its analytical capacity. Again, this does not point to the inverse conclusion but rather to the weakness of the standards outlined by this theory of democracy.

4. Democracy and Economy: Democratizing Economy

An alternative conception of democracy which finds its basis in the 'participatory revolution' of the 1960s represents a reaction to the liberal models outlined above, particularly in its insistence on the extension of the political to untraditional spheres of society. This approach in the literature can best be termed the *organizational conception of democracy*. Different forms of such organizational democracy, which one can find in the literature, are labelled 'collective bargaining', 'industrial democracy', 'workers' representation on the boards', 'codetermination', 'joint consultation and information-works councils', 'humanization of work', 'self-management', etc. Without going into details on these different schemes and the discussions which exist between the advocates for the different modes it is important to note here that the principle of 'affected interest' is employed as the main criterion of democratic legitimacy. According to this point of view, organizations offer better possibilities of fulfilling this criterion than do, for instance, political parties. Participatory democrats, from Rousseau to Pateman, have emphasized the importance of internal democratization of groups while simultaneously arguing that the existence of societal groups of various kinds protects the individual against an over-powerful state.

The organizational unit of analysis in these industrial-democracy approaches is always the firm or the workplace. Important, however, for such industrial-democracy schemes is not only that an increased decision-making power on the part of labour is achieved with a corresponding decrease in managerial prerogatives and capital-ownership, but also that the institutional environment in which these firms exist fulfils specific conditions. The basic thesis of Yugoslav authors, for example, is that the market is a precondition for such self-management. This is because a market economy necessarily presupposes the autonomy of participants in the economy, while self-management is necessarily linked to the autonomy of the manager. Self-management is thus necessarily linked to the market. If there is no such autonomy, these authors argue, what are the self-managers then making decisions about? (cf. Sekulic, 1986; Vanek, 1970; Nutzinger, 1978).

A most interesting observation is the fact that, in most Western approaches to economic democracy on the organizational level, this idea is not as explicitly formulated as with the said Yugoslav authors. It is nevertheless an implicit assumption. Take, for example, a study

of democracy in the International Typographical Union (Lipset et al., 1956). The preface says that the 'large objective of this book . . . is to illuminate the processes that help to maintain democracy in the great society by studying the processes of democracy in the small society of the ITU' (p. xi). And 'the extension of democracy in an industrial society requires the extension of control by men over those institutions they depend upon' (p. 462). The conditions necessary for democracy are thus the same at any level of analysis. Such conceptions thus assume the existence of a 'market' (cf. pluralism), i.e. an aggregate of different (democratic) organizations. This approach, however, fails to consider the fact that these higher levels can be (and are) structured as well.

This conception of democracy asks for (in the case of the Yugoslav authors) or presupposes (in the case of Western authors) an economic system in which no institutional structures exist but only atomized firms or organizations. It is naive to presuppose the existence of such an economic system without clans, hierarchies, interlocking directorates, associations, etc. How much effective control does a member of an organization possess, when it is located far down in the 'market hierarchy' (Marin, 1985b)?

Worse still, Lipset et al. had to admit that the union was weaker externally because of its internal democracy. It could not negotiate as effectively with employers because union leaders had to calculate the potential electoral effects of their bargaining behaviour. Internal competition thus weakens an organization's power to compete within a large (democratic) political system. Paradoxically, a larger democratic system may require undemocratic organizations. This paradox is not recognized in approaches where the relations between levels of analysis are unproblematic. Statements such as 'the contention seems justified that the *market mechanism . . . is not just the only practicable form of societal coordination compatible with workers' self-management in the workplace, it is also the only desirable form*' (Nutzinger, 1978: emphasis in original), thus immediately make clear that according to the criteria laid down in this strain of democratic theories public ownership institutions are necessarily undemocratic.

5. The Importance of Decisions Taken Through Institutions

So far we have seen that public ownership sectors are incompatible with the different conceptions of democracy which have been briefly

reviewed. If we understand these approaches correctly, their criticism of public ownership institutions cannot be directed so much against their public character as against the fact that they are directed through 'institutions'.

According to liberal theories of political democracy, institutions are considered undemocratic when they are not controlled by parliament. And according to the proponents of participatory democratic theory, institutions are undemocratic when only some of those directly involved can participate in its decision-making.

There is, however, a growing literature on the theme that 'turbulent fields' (Emery and Trist, 1965, 1973) of modern societies can less and less be controlled by individuals, single organizations or hierarchies, but increasingly require institutional structures, mostly called inter-organizational networks. Both the formulation and implementation of public policy involve increasingly different governmental levels and agencies, as well as interactions between public authorities and private organizations. A reader by Hanf and Scharpf (1978) takes as a starting-point precisely the fact that a major task confronting political systems in any advanced industrial country is that of securing coordinated policy actions through more or less stable networks (or what here is called institutional structures) of separate but interdependent organizations. Public enterprise institutions are only one example of this phenomenon of social systems becoming more and more complex, leading to functional specialization and differentiation.

Offe, for example, recognizes such institutional structures (particularly neo-corporatist structures of policy-making) but critically examines their democratic quality:

The functionalist line of reasoning which states that corporative structures are, for a variety of reasons, . . . superior to a decentralized form of macro-governance as regards the solution to the defeat of *both* market *and* state, because they are able to rationalize conflicts of distribution and to take care of collective problems, completely obscures the *normative* content of these structures. (1984: 35, emphasis in original).

I totally agree with Offe that arguments for democracy cannot be neutralized by arguments of efficiency and functionality. Nevertheless, the democratic quality of institutional structures should not be judged by standards developed at other levels of analysis, i.e. the organizational or societal ones.

The alternative proposed here is the elaboration of specific

standards of democracy for the institutional level: something which would allow us to differentiate between the democratic quality of different institutional structures instead of drawing the conclusion that institutional structures (independently of shape or content) are undemocratic *by their very nature*. One could go even further and state that the acquisition of standards for building institutional structures in a democratic way could lead to a more democratic society as a whole. Democracy on the institutional level could on the one hand eliminate the inefficiency of, and alienation from, big democratic institutions, and on the other hand broaden the scope of decisions taken within democratic organizations.

Very few analyses of this hitherto unexplored area of research have appeared. They will be reviewed in the last part of this paper and the possibilities they contain for formulating a (empirical) theory of democracy for the institutional level will be shown. Further research will be needed to evaluate the extent to which different institutional structures are compatible with *such* a conception. Standards should be formulated according to which, for example, public enterprise institutions can be organized more democratically while at the same time the complexity of modern industrial societies is accounted for.

6. Democracy and Complexity: Democratizing Institutions

There are different ways to evaluate the extent to which decision-making within institutional structures is democratic. Three of these have been criticized earlier: institutional structures cannot (or can only with difficulty) be controlled by the traditional political channels, which has much to do with the fact of their being, indeed, institutional structures. Institutional fields are too complex for decision-making as is advocated in participatory and 'Öffentlichkeit'-conceptions (which are limited to spatially and, qua number of members, surveyable organizations). Finally, institutional structures possess, independent of their constituent parts or organizations, emergent structures. Thus an institutional structure consisting of exclusively democratic organizations is not necessarily, by this fact alone, democratic in its totality.

A fourth argument states the incompatibility of planning or decision-making and democracy within complex systems (e.g. Schelsky, 1966; Luhmann's work, e.g. 1966, has often been interpreted as implicitly supporting such a thesis; see below).

A fifth thesis, which is the one I want to develop here, sees the possibility of democratization without, however, the necessity to abandon the achievements of complex institutions. *Complex* institutions are characterized by an increased number of components, their relative variety and differentiation, and the degree of interdependence among them (see La Porta, 1975).

Such an approach was formulated in 1969 by Naschold, in a book entitled *Organisation und Demokratie*, and an article with the encouraging title 'Demokratie und Komplexität' (1968), in which he is explicitly concerned with the problem of democracy in complex social systems. Naschold begins his critique of theories of democracy on the following different grounds:

1. Some conceptions of democracy (party-competition and representative democracy) reserve very limited space for direct participation of members.
2. The concepts often presuppose an analytical system model, be it the 'goal model' (which leads to a utopian democratism since it is concerned with the fulfilment of only one goal to the total neglect of other system goals) or the 'system survival model' (which is merely concerned with the question of the survival of the present system). Naschold states that only a 'system goal model', which accounts at the same time for a democratic and survival- and efficiency goal-function, would be appropriate.
3. The theoretical potential of most concepts cannot cope with the complexity of organizations in the real world.

Taking this criticism as a starting point, Naschold pleads in favour of an approach which connects the normative position of the radical liberal notion of participatory democracy, the system goal model and highly complex theoretical concepts. Conceptions for the restitution of the control function of the 'Öffentlichkeit' (Habermas, 1962) thus should, from the outset, deal with the reality of complex social organizations. They must contain a 'requisite variety', i.e. a complexity consistent with the complexity of the field of enquiry (Naschold, 1969: 252). This demand is realized in the work of Naschold, but the application of his approach to the special problem of the democratization of public enterprise institutions would be problematic. Firstly, a concretization of Naschold's arguments for societal sectors, for which they were not originally developed, is rendered difficult by their formal character and high level of

abstraction. Secondly, Naschold focuses more on large social organizations such as parties, unions and associations rather than on an analytically higher level, i.e. institutions.

Another approach to the problem is the one stated by Luhmann (1969) in his answer to the article by Naschold, where Naschold interpreted Luhmann as using a 'foreshortened concept of democracy, . . . which recedes behind the requirements of planning and decision-making and [thus] . . . leaves the human values to wither underneath practices of technological reduction' (Naschold, quoted in the reply by Luhmann, 1969: 314). Yet Naschold supports Luhmann in doing justice to reality in his formulation of complex theoretical approaches (Naschold, 1968: 517).

For us it is interesting to note that both Luhmann and Naschold are seriously concerned with finding ways to combine complexity and democracy. Each, however, sets about to solve the problem in rather different ways. Whereas Naschold wants at all costs to stick to the normative propositions of the classical democracy conception, Luhmann states the need for 'a radical reinterpretation of the classical concept of democracy as a norm of authority, . . . if the democracy of complex political systems is to be understood as both a norm and a reality' (1969: 315). Against Naschold's argument for the use of a shortened conception of democracy, Luhmann places a counterargument according to which Naschold's critique is itself based on a shortened conception.

The concept of democracy is taken to symbolize remaining normative postulates of the political arena — and there are reasons for doubting whether democracy is still adequately understood when it is being defined as people's authority, or, pushing the reduction even further (!), as the people's participatory decision-making. Methinks more is at stake, not less. (1969: 317).

For Luhmann, democracy means 'maintenance of complexity in the face of ongoing decision-making' (1969: 315), maintaining a widest possible range for continuous new and alternative decisions.⁴

For Luhmann there exists no tension between democracy and complexity, rather the other way around: '[the] very attainment of a higher degree of complexity in the political system has elevated democracy to the rank of universal normative postulate' (1969: 318). Complexity is desirable for the existence and development of democracy.

Luhmann's definition of democracy leads to as yet still unconventional views, such as his illustration of the fact that one-party

systems are not per se democratic. Ideologically integrated one-party systems are legitimated through the existence of competition between different parties. To be democratic, however, for both systems, the standard of complexity has to be fulfilled: for a one-party system to be democratic the ideology must be constituted in a complex way. For a multi-party system to be democratic, election results must lead to varied, politically sensible, opportunistic, innovative political conceptions. Both standards are probably equally rarely achieved in their respective systems.

7. By Way of Conclusion

Let us by way of conclusion consider where such an approach leads when we apply it to the specific case we started with, i.e. public enterprise institutions. The question which should be answered is: how far are public enterprise institutions constituted in a complex way, i.e. how far do they represent a structure which guarantees a broad range for ever-new selections?

In the *private* market economy corporate executives function often as 'public officials'. The decisions they make have wide-ranging public consequences beyond the borders of their enterprises. More important than the fact that those decisions are made with little government or other control (as is more or less equally the case for public enterprises) is the fact that the corporate decision-makers' only consideration is related to capital accumulation. This is different for public enterprises which form part of the institutions which structurally create possible alternative modes of action. Similarly, the 'economization of politics' (above) can be interpreted as a trend which leads to a reduction of the possible 'noes' within political systems. Public enterprise institutions can equally be 'economized', 'bureaucratized', etc., but I feel them to be less susceptible to such a trend.

The short evaluation for public enterprise institutions which has been given here is based purely on *negative* argumentation, i.e. it has been illustrated that other forms of economic organization have fewer built-in possibilities for policy choices. A *positive* argumentation could, however, be more fruitful, i.e. stating when, why and to what extent different public enterprise institutions are democratic according to Luhmann's criteria. Therefore an abstract, functional problem- and structure-knowledge must be developed and reality has

to be understood as the connection of problem-solving structures, problems resulting from such structures, solutions to such resulting problems, etc. This means problematizing them in consideration with other, functionally equivalent possible solutions. Luhmann himself did not get further than formulating the need for such an approach:

Our institutions and procedures do ensure . . . [degrees of] selectivity and variability of structures, but we do not possess a frame of reference suited to this opportunity, in which we may opt for certain structures and acquire experience, which, in short, allows us to learn. We are being challenged towards criticism, but we are not able to negate in a differentiated enough way. (1969: 324–5).

A programme, which fifteen years after its formulation is still, and probably more than ever, actual. I hope this article could be at least a means of stimulating the revival of such a problematization.

Notes

I would like to thank the participants of the workshop on 'Organized Capital and Economic Democracy' at the XI World Congress of Sociology (New Delhi, 18–22 August 1986), in particular Cornelius Lammers, Bernd Marin, Volker Schneider, and an anonymous reviewer for helpful comments on an earlier draft.

1. This assumption, on which the rest of the discussion is based, has been derived from the following axioms: (a) all people are equal, (b) in decision processes with societal relevance people should participate in decision-making, and (c) economic decisions often have an impact on such things as the allocation of resources and distribution of incomes being as such important decisions with broad societal effects. Taking axioms (a), (b) and (c) together leads to the quest for economic democracy.

2. The American literature on Iron Triangles and Sub-Governments, the British literature on Policy Communities, and the Scandinavian literature on the Segmented State all express equal phenomena. These concepts describe institutionalizations of autonomous sector systems with strong inner coordination where political, economic and administrative steering functions are integrated (see Midttun, 1987).

3. At the moment — as far as I know for the first time — this is being researched (at least partly, i.e. specifically the *structural intermediation of interests* of public enterprises) in an international comparative research project ('The Politics of Private Business and Public Enterprises' at the European University Institute under the direction of Bernd Marin).

4. And he adds:

That is where the rationale and human character, in short, the intellect of democracy lies. This, indeed, is the very thing which distinguishes the meaning-mediated human world reference, because it (although it is based on existence which implies that time and again choices have to be made decisively and actively) does not eradicate, nor render definitively inaccessible, that which has

not been chosen; within the realm of remaining possibilities it neutralizes, renders out of date, yet preserves [the unchosen].

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