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**Interest Heterogeneity and Organizing  
Capacity:**

Two Class Logics of Collective Action?

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## Interest Heterogeneity and Organizing Capacity: Two Class Logics of Collective Action?

### Abstract

The paper confronts Offe and Wiesenenthal's theory of "two logics of collective action" with a body of empirical data on sectoral associational systems of business and labor in nine countries. It finds that the organizational patterns of the two classes differ strongly, but in the opposite direction from what the theory predicts. The paper argues that the superior ability of labor to build encompassing organizations cannot be explained by a higher organizational capacity to manage interest heterogeneity, but is due to elimination from trade union concerns of a range of ("trade" or "production") interests which are more specific and divisive than labor market, "class" interests. Since the former type of interests are often shared with capital, trade unions in modern, "mature" industrial relations systems have been able to leave their pursuit to business associations, thereby protecting their own organizational unity. The paper suggests that with the progressive "dematurity" of industrial relations under "post-Fordist" economic and institutional conditions, trade unions should be less able than in the past to avoid organizational fragmentation by avoiding production-related interests; the result should be a more decentralized pattern of organization which is more similar to that of capital.

## Interessenheterogenität und Organisationsfähigkeit: Zwei-Klassen-Logik der kollektiven Interessenvertretung?

### Zusammenfassung

Die Untersuchung konfrontiert Offe und Wiesenenthals These von den "zwei Logiken kollektiven Handelns" mit empirischen Daten ueber sektorale Verbaendesysteme in neun Laendern. Dabei erweist sich, dass die Organisationsformen von Kapital und Arbeit sich erheblich unterscheiden, allerdings in einer der Theorie genau entgegengesetzten Weise. Das Papier argumentiert, dass die Ueberlegenheit der Gewerkschaften beim Aufbau umfassender Organisationen nicht durch eine hoehere Faehigkeit zur Verarbeitung interner Interessenvielfalt bedingt ist, sondern durch Ausschluss bestimmter produktionsbezogener Interessen, die heterogener und schwieriger zu aggregieren sind als arbeitsmarktbezogene "Klassen"-Interessen, aus dem gewerkschaftlichen Vertretungsbereich. Eine derartige Reduktion des gewerkschaftlichen Interessenspektrums ist charakteristisch fuer "moderne", "reife" Systeme industrieller Beziehungen. Da Produktionsinteressen haeufig von Kapital und Arbeit geteilt werden, koennen Gewerkschaften ihre Verfolgung unter guenstigen Bedingungen den Kapitalverbaenden ueberlassen und damit ihre eigene Organisationseinheit schuetzen. Das Papier diskutiert die Vermutung, dass mit der "Ent-Reifung" der industriellen Beziehungen unter "post-Fordistischen" wirtschaftlichen und politischen Bedingungen Gewerkschaften zunehmend weniger die Moeglichkeit haben werden, organisatorischer Fragmentierung durch Vermeidung produktionsbezogener Interessen zu entgehen; Ergebnis koennte ein staerker dezentralisiertes Organisationsmuster sein, das dem der Kapitalseite aehnlicher waere.

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## INTRODUCTION

One of the problems that have from early on figured prominently among the concerns of the "corporatist community" is the question of symmetry between capital and labor <sup>1</sup>. In Gerhard Lehbruch's work, this theme is addressed primarily in terms of the outcomes of political exchanges at the national level, in particular in the context of incomes policies. Others have looked at the organizing capacities of the two classes, in an attempt to determine whether there are differences in their ability to act as organized social categories: to formulate collective strategies, negotiate collective obligations, and implement collective policies by preventing free riding of individual class members on the efforts and sacrifices of others in the pursuit of collective interests.

There always were suspicions that the two dimensions of symmetry, political and organizational, were in some way related, and that on both of them, capitalists were better placed than their opponents. From early on, students of incomes policy have pointed to the fact that usually it was only one kind of income, wages, that became subject to regulation, and prices, profits and dividends remained free to rise either by design - where incomes policies were intended to reduce the real wage - or for lack of adequate enforcement machinery. Perhaps for this reason, incomes policies often included deals between trade unions and the state - e.g., on taxation or social policy - that were to compensate labor for wage restraint in the absence of price or profit restraint, or of binding commitments on employment and investment (Lehbruch 1979; 1984). But doubts remained as to the equity of such exchanges. More recently, the very necessity of political

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<sup>1</sup> This paper draws heavily on ideas developed and accumulated during years of close collaboration with Philippe Schmitter. Moreover, it uses material from a joint book that we have for long been trying to complete. I am therefore quite uncertain to what extent, if at all, I can claim any property right to the following arguments. Were it not for the logistical difficulties between Berlin, Florence, Madrid and San Francisco that have made our lives generally so difficult, the paper should properly have been co-authored. But the way things are, there is exclusively one author to be held responsible for whatever flaws and distortions the reader may find.

rewards for trade union conformity with restrictive policies has been questioned, most forcefully by the theoretical and practical proponents of monetarism but also, at least implicitly, in recent work by Fritz Scharpf (1987).

As indicated, economic asymmetry was thought by some to be related to the two classes' respective organizing capacities. Sometimes trade unions demanded that prices and profits, or employment and investment, were included on the agenda of national incomes policies and tripartite negotiations. But invariably they were told by their direct counterparts, the national peak associations of business, that these were not among the subjects on which business associations have a mandate from their members to negotiate. While firms were, more or less enthusiastically, willing to engage in collective regulation of the labor market, this in their view was and had to remain an exception, and under the rules of a market economy all other prices and incomes were to be determined by the individual decisions of competing firms judging independently their market environments.

This organizational delimitation of the scope and domain of incomes policies, modified only in exceptional cases like the Austrian Paritaetische Kommission, always appeared as an important source of strength for capital and contributed to the impression of political and economic asymmetry. What was remarkable about it was that, in this case, political strength seemed to be associated with and protected by organizational weakness, as reflected in the strict limitation of the mandate under which business associations were permitted by their members to take part in tripartite negotiations. More precisely, the structural power of the capitalist class, expressed in its ability to pursue important objectives through individual action in the market, translated into political power through an absence of organizational power at the level of collective action. Being located in a privileged market position, capitalists could afford weak associations, and thereby they could escape the dialectical logic of interest intermediation that may turn against its original beneficiaries by subjecting them to negotiated discipline. Organizational weakness, in that it prevented a spill-over of collective-political intervention to subjects of "managerial" or, for that matter, "proprietary privilege", thus served, paradoxical-

ly, as a source of strength.

If this was so, however, an intriguing question was bound to arise. If the equity problems of incomes policies - and generally of a negotiated trilateral management of democratic capitalism in the 1970s and 1980s - were related to limitations on the scope of corporatist political bargaining; and if such limitations derived at least in part from deficiencies of capitalist associations in intermediating the full range of interests of their members: should it not then in principle be possible to increase the symmetry, and thereby the legitimacy, and as a consequence the efficiency, of the "bargained economy" by strengthening the organization of capitalists? Was it not then, to add to the paradoxes, in the interest of trade unions and Social-Democratic governments to increase the organizational power of business associations as a way of controlling the market power of the individual capitalist? To weaken - or discipline - capital by strengthening its associations? <sup>2</sup> The answer depended on how one resolved a theoretical problem located at that crucial intersection between class theory, organization theory and political science that had been notoriously neglected by the mainstreams of the various disciplines bordering on it: the problem of whether the organization of capitalists is just lagging behind the organization of workers for some reason of historical sequence or due to lack of attention paid to it by governments and states as principal agents of political-organizational design - or, altern-

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<sup>2</sup> "Perverse" projects of this kind came to be far more than just speculation. Well in advance of the 1987 general election in Britain, a group of economists and social scientists close to the leadership of the Labour Party were working on an economic policy for the first year after a potential Labour victory. Central to their considerations was a return to the Keynesian full employment commitment of the time before the Conservative government - which if successful would certainly have curtailed the power of employers in the labor market. To prevent expansionary policy measures from resulting in another outburst of inflation, an incomes policy was seen as indispensable. Aware of the limited capacity of trade union leaders to keep their members from settling old bills with their employers to make up for their income losses since 1979, the group discussed methods of improving the organizational strength of the CBI, the British peak association of business, and in particular its control over the wage-setting behavior of the 100 or 200 largest British firms, as a way of precluding these making concessions to their workforces that would have preempted an increase in employment.

atively, whether there is a specific class logic behind capitalists' organizational weakness that makes for categorical differences in organizational forms and dynamics between capital and labor. While in the first case, the deficits of interest intermediation, incomes policy and, ultimately, neo-corporatism, might be rectifiable, in the second the prospects of doing much about both the organizational asymmetry of capital and labor and the resulting lopsidedness of the political management of capitalist economies would appear extremely inauspicious.

Astonishingly enough, the question of a class logic of interest associability has received little explicit and systematic attention, probably because the subject is so very difficult. One important exception is the much-quoted essay of Claus Offe and Helmut Wiesenthal titled "Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form" (Offe and Wiesenthal 1980) which comes down strongly in favor of inherent, class-specific differences in organizational capacity, precluding by implication an equitable corporatist management of advanced capitalism through tripartite bargaining. The present paper will undertake to relate some of Offe and Wiesenthal's propositions to a body of empirical evidence. While it will arrive at conclusions quite different from the hypotheses put forward in the 1980 essay, this is not to detract from its importance or, indeed, its theoretical accomplishment. In fact, this paper deliberately abstains from offering a final judgement on the project of a class theory of organizational form as such; if at all, it argues that the substantive propositions of such a theory will likely differ from those suggested by Offe and Wiesenthal, but in the light of the pioneering status of their effort, this is far from surprising. (In any case, given the limited scope of the evidence available and the measurement difficulties involved, a claim to have empirically rejected a theory of this breadth and sophistication would be more than premature.)

Taking Offe and Wiesenthal (1980) as a point of departure, the present paper will, however, try to throw some light on the problem that dominated so much of the political and social science debate in the 1970s: the possibility of symmetrical corporatist management. In a nutshell, it will argue that at least under the historical circumstances of the 1980s and 1990s, there may

well be a degree of convergence in organizational form between capital and labor, albeit not in the sense of a corporatist transformation of business associability but vice versa: with labor organizations undergoing transformation on the model of capitalist associations. While it is not at all clear what the possible implications of this may be for the distribution of political power, such a development would seem to reflect more general changes which are likely to preclude a resurgence of the kind of economic policy that was at the center of the "corporatist debate" of the 1970s. As a consequence, the problem of symmetry in incomes policy in particular and in centrally bargained economies in general, rather than being resolved by organizational convergence, would fall by the wayside due to convergence occurring in an unexpected direction. While this would not necessarily eliminate corporatism as a form of interest organization and policy coordination, it certainly points to it assuming a more fragmented, decentralized and functionally specialized structure ("local", "sectoral", or "policy arena" corporatism).

#### A CLASS THEORY OF ORGANIZATIONAL FORM

The central message of Offe and Wiesenthal (1980) can be summarized as yet another paradox adding to that of organizational weakness and political strength: a supposed coincidence, in the case of business interests, of a lower need for with a greater ease of interest organization. For Offe and Wiesenthal's class theory of organizational form, the new paradox is what the old one was for the class theory of political exchange; in fact, both reflect the same underlying condition projected on different conceptual planes. Since capitalists can successfully pursue most of their interests individually through market relationships, they need collective action and organization only for a subset of their interests. In this sense, capitalist associations are organizationally weaker than trade unions. At the same time, the interests they have to represent are less complex and thus comparatively less demanding to treat inside collective organizations. Capitalist interest associations should therefore find it easier than trade unions to become strong organizations, as building and maintaining an organization of which little is

expected, is likely to be less difficult than building and maintaining an organization that has to perform important functions. As a consequence, capitalists - also because they have superior material resources - tend to be better organized than workers given the limited purposes their associations are to serve, and this holds regardless of the fact that they require collective interest representation much less urgently.

Why exactly is it that capitalists need interest associations less than workers? Rooting their analysis firmly in the Marxist theory of the capitalist class structure <sup>3</sup>, Offe and Wiesen-  
thal (1980) start from the fundamental condition of inequality underlying the formally equal contract of employment: the fact that the commodity traded in labor markets, labor power, is not detachable from its seller. Wage labor therefore inevitably gives rise to a relationship of social control and domination between a small number of owners of "dead labor" who, in organizing the labor process, combine their physical capital with the "living labor" of a large number of workers - whereby the latter, to become party to an "equal" and "voluntary" commercial exchange, have to accept a subordinate position in a relationship of authority. Small group size and control over the labor process, Offe and Wiesen-  
thal argue, each give capitalists access to a specific "form of collective action" that workers do not have at their disposal: "informal cooperation" on the one hand, and "the firm itself" on the other (Offe and Wiesen-  
thal 1980, 75). For capitalists, interest associations are therefore just one of three alternative instruments "to define and defend (their) interests" (ibid.), and compared to capitalists' everyday command over the organization of the enterprise, they are unlikely to be regarded by them as very important.

This is different for workers. Large group size, Offe and Wiesen-  
thal imply, increases dependency upon formal arrangements for collective action. Moreover, as trade unions are organizations of those that have no power over the organization of work and the enterprise, they are the only organizational means available to their members to protect their interests - given that the

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<sup>3</sup> In fact, as will become apparent, in a rather more orthodox version thereof than is normally invoked in the writings at least of the senior author.

labor "market" and the "free" employment contract are inevitably biased against the "seller". While business associations cover, process and pursue only a limited segment of the total interest range of their members, "unions are confronted with the task of organizing the entire spectrum of needs that people have when they are employed as wage workers" (Offe and Wiesenenthal 1980, 75).

The narrow range of interests that need to be fed into and represented by capitalist associations provides, according to Offe and Wiesenenthal, for a comparatively homogeneous organizational input that does not make difficult demands on the organizational process (see Figure I). On the labor side, by comparison, organizational input is highly heterogeneous, and its processing requires more complex arrangements that are always in risk of failing or breaking down. In particular, Offe and Wiesenenthal suggest three mechanisms that reduce input heterogeneity for capital associations and increase it for trade unions:

- the fact that "the powerful are fewer in number" and are therefore "less likely to be divided among themselves" (Offe and Wiesenenthal 1980, 78);

- the "multitude of needs of 'living' labor" - the complexity of life interests as opposed to capital interests, and of a life world entangled in a relationship of social control by the inseparability of labor as a commodity from the person of its seller - which, if only "for quantitative reasons", is "comparatively more difficult to organize" (Offe and Wiesenenthal 1980, 75);

- the asymmetrical dependency of workers' interests on capitalists' interests - being just another expression of the basic asymmetry of a class society - which forces workers to consider and take into account the interests of capitalists much more than capitalists in turn have to consider the interests of workers. This "increases the lack of homogeneity of those interests that working class associations have to accommodate and the concomitant difficulties of the intra-organizational decision-making process..." (Offe and Wiesenenthal 1980, 76)

Differently heterogeneous inputs, then, result in differently demanding organizational process requirements. The small group size of the capitalist class entails low transaction costs

Figure I

The Class Theory of Interest Organizational Form:  
An Ideal Typology of Differences Between Capital and Labor\*

Capital

Labor

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Class Structural Conditions

Small Group Size

Large Group Size

More Important Alternative  
Modes of Collective Action:  
Firm, Collusion

No Alternatives Modes  
of Collective Action

Organizational Input

Narrow  
Homogeneous  
Specific  
"Pure"

Broad  
Heterogeneous  
Diffuse  
"Contaminated"

Organizational Process ("Logic")

Simple  
Bureaucratized  
Empirical  
"Monological"

Complex  
Political  
Discursive  
"Dialogical"

Substantive Interest Definitions

Given  
Negative  
Quantitative  
Additive  
Individualistic  
Utilitarian

Chosen  
Positive  
Qualitative  
Non-Additive  
Collectivistic  
Normative

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\* Abstracted from Offe and Wiesenenthal (1980).

and less divergent interests needing internal reconciliation; high functional specificity of interest associations and the absence of contamination by the opponent's interests further relieve the internal process. It is here that Offe and Wiesenenthal ground their idea of two different class logics of collective action. To the extent that interests become the subject of organized representation, those in a dominant structural position are argued to have far simpler interests that can be handled in what Offe and Wiesenenthal call a "monological" mode of interest politics. Domination generally implies "a clearer view of what (one wants) to defend" (Offe and Wiesenenthal 1980, 78) as interests can be largely negatively defined in terms of a preservation of the status quo. A dominant capitalist class, in particular, has an especially simple and easy-to-apply criterion by which to define its interests since "all the relevant questions can therefore be reduced to the unequivocal standards of expected costs and returns, i.e. to the measuring rod of money" (Offe and Wiesenenthal 1980, 75). Capitalist interest politics, strictly speaking, can be conducted without a preceding or accompanying political discourse. In the limiting case, determining and aggregating the interests of capitalists can be delegated to a staff of experts, and indeed according to Offe and Wiesenenthal, capitalist collective interests, narrow as they are, lend themselves particularly well to "rational" and "efficient" processing inside highly bureaucratized associations that are, and can be,

confined to the function of aggregating and specifying (...) interests of members which, from the point of view of the organization, have to be defined as given and fixed, the formation of which lies beyond the legitimate range of functions of the organization (Offe and Wiesenenthal 1980, 79).

Offe and Wiesenenthal admit that the capitalist class, "under the competitive pressure that its individual members put upon each other, has to seek constantly to find the means, or the most rational purposive behavior, by which its interest is to be met..." However,

the interest itself (the end) can safely remain remote from any conscious reflection or effort to learn on the part of

class members (since) in order for his interest to be his 'true' interest, the individual capitalist does not have to consult with other capitalists in order to reach a common understanding and agreement with them as to what their interests are. In this sense, the interest is "monological". (Offe and Wiesenenthal 1980, 91)

Non-political, bureaucratic, "individualistic and purely instrumental", or "utilitarian" associability (Offe and Wiesenenthal 1980, 78) is not a liability for capital but its natural and optimal form of collective action. Labor, on the other hand, is described as depending on a "dialogical" mode of interest politics as the only way of dealing to its political advantage with the wide and heterogeneous range of "life interests" arising from workers' disadvantaged position in the labor market and the class structure. Labor, therefore, is the really political class in that the "real" interests of workers cannot be determined empirically but, unlike those of capital, "can only be met to the extent they are partly redefined" in a political discourse (Offe and Wiesenenthal 1980, 79; authors' italics). Not only do trade unions face a much greater heterogeneity of interest "inputs" than business associations; what is more, since the interests of workers are functionally diffuse and need to be positively clarified in terms of some normatively acceptable alternative to the status quo, there is no simple "common denominator to which all these heterogeneous and often conflicting needs can be reduced..." (Offe and Wiesenenthal 1980, 75). Moreover, because of their structural position of dependency workers are much more likely to perceive their interests in a "distorted" way, and unless such distortions are "rationalized" in a political dialogue, collective action through trade unions is more likely to prolong than to overcome labor's disadvantaged position in the class structure.

Interest heterogeneity, then, makes "the problem of creating and maintaining unity among members and of mobilizing members' resources (...) considerably more serious" for labor than for capital associations (Offe and Wiesenenthal 1980, 83). In addition, the substantive content of working class interests and its normative contestability require a dialogical internal process which, especially if the number of participants is large, is intrinsically more difficult to operate and more likely to fail. Associa-

tive action of labor is thus handicapped not just by higher underlying interest heterogeneity but also and at the same time by lower organizing capacity. This interpretation is confirmed by Offe and Wiesenthal's use of the concept of "opportunism" (1980, 103 ff.). Trade unions, the authors observe, tend to fall victim to a temptation to adopt the same "monological" and "bureaucratic" organizational process that serves capitalist interests so well, in an attempt to avoid the effort required by, and the crises inherent in, the dialogical mode, and thereby to expand their organizing capacity in relation to their heterogeneous interest base. But this, Offe and Wiesenthal argue, comes at a high political price. While an "opportunistic" shift to a monological process may indeed enable labor to overcome some of its comparative organizational disadvantages, it inevitably eliminates the categoric difference between capital and labor interests, reducing the political quality of the latter to that of the former. The result is a formal-organizational, i.e., superficial symmetry between capital and labor which places the latter at a political disadvantage, thereby reproducing the underlying structural asymmetry. This is why "opportunistic" trade unionism is bound to be unstable: it is subject to cyclical crises and transformations as suppressed needs for normative interest definition revolt against the monological suspension of politics in a more than technocratic sense (Offe and Wiesenthal 1980, 103 ff.)

#### IMPLICATIONS FOR ENCOMPASSING ORGANIZATION: MOBILIZING EMPIRICAL EVIDENCE

There are a number of ways in which one could discuss a theory as wide-ranging and ambitious as that on the "two logics of collective action". One possible, and quite plausible, approach would be to scrutinize Offe and Wiesenthal's various assertions on the structure and internal life of trade unions. This is not what the present paper will do <sup>4</sup>. Having reconstruc-

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<sup>4</sup> Nor will it deal with the question whether economic "profit" objectives are in fact as clear cut and easy to define, at both the individual firm and the collective class level, as Offe and Wiesenthal believe - which would be another promising line of attack.

ted in some detail the Offe and Wiesenthal theory, the argument will instead focus on one specific implication of that theory that appears to be empirically testable. This relates to differences in the capacities of capital and labor to set up what in Mancur Olson's widely used terminology are called "encompassing organizations" - organizations which both include a large proportion, and ideally all members, of their social category and are capable of developing and implementing a centrally determined, common policy for their entire constituency (Olson 1982).

While Offe and Wiesenthal (1980) do not explicitly address the subject of encompassing organization, it should be clear from our account that on their premises, the capitalist class is likely to find it much easier than the working class to build and maintain encompassing organizations. This follows directly from the theory's two main propositions, the lower interest heterogeneity among capitalists - at least insofar as interests enter the arena of collective action - and their higher organizing capacity, as expressed in the greater ease and confidence with which capital can allegedly make use of the "monological" social technology of functionally specific, bureaucratic organization. Centrifugal tendencies that give rise to pluralistic organizational fragmentation and internal decentralization should therefore be weaker among capitalists than among workers; internal conflict and dissensus resulting in secession and separate organization should occur comparatively rarely; there should in any population of capitalist interest organizations be fewer lines of inter-organizational differentiation reflecting structural interest cleavages; and thus the number of capitalist associations in any given "interest space" should be clearly lower than the number of trade unions.

Extracting empirically testable propositions from a complex theory is always hazardous. However, in the present case it is the authors themselves which, if only by implication, offer strong confirmation. This is where they attribute, by logical deduction rather than on empirical evidence, a different "optimal size" to trade unions and business associations. The latter, Offe and Wiesenthal argue, can grow almost indefinitely since, due to the high simplicity and commensurability of capitalist interests, increasing size does not add much to their internal heterogeneity-

ty. (Put in a more technical language, business associations have more favorable economies of scale than trade unions.) Another reason why business associations can grow without limits is that they do not depend on their members' marginal propensity to act - as opposed to pay - to mobilize sanctioning power against their opponents. "What there is in terms of sanctioning potential of the (business) organization", Offe and Wiesenthal (1980, 80) maintain, "can be put into effect by the leadership of the organization alone..." By contrast, the sanctioning potential of trade unions "becomes effective only through the organized members and their explicitly coordinated action" (i.e., the strike; W.S.). From this results a curvilinear relationship between organizational size and organizational effectiveness:

As union size increases, heterogeneity of members' positions, occupations, and immediate interests tends to increase, too, which makes it more difficult to formulate generally agreed upon demands and to mobilize a common willingness to act that flows from a notion of shared, collective identities and mutual obligations of solidarity (Offe and Wiesenthal 1988, 81).

The maximum size of a trade union is therefore not its optimal size. Limits exist for the growth of union organizations that do not exist for business associations. There is, according to Offe and Wiesenthal (1980, 81), an "optimum size beyond which union power decreases", and there is a dilemma "between size and collective identity" (Offe and Wiesenthal 1980, 82) that is quite unknown to business <sup>5</sup>. From this it follows, as Offe and Wiesenthal themselves indicate (1980, 111), that membership density should generally be lower for trade unions than for business associations, as organization size can come much closer to group size among capitalists than among workers. But given the significant economies of scale that exist for bureaucratic formal organizations, the optimal size argument also implies that, every-

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<sup>5</sup> And that, as we have seen, can at most be temporarily removed by "opportunistically" suspending the dialogical organizational process, at the price of assimilating the political quality of worker interests to that of capitalist interests, thereby eliminating the very specificity of the interests of a subordinate as opposed to a dominant class, with the result of submission to capitalist hegemony.

thing else being equal, the higher aggregate organizational density among capitalists is likely to be achieved by a smaller number of more encompassing organizations. A trade union, by comparison, can achieve, and in fact afford, high density only if it defines its organizational domain narrowly and specifically, thereby excluding from it potentially large segments of the working class which then can, and have to, be organized by other, competing unions. For the working class as whole, this means that it can reach a high level of aggregate density - which will likely still always be lower than aggregate density among capitalists - only if it organizes itself in a large number of small organizations rather than, like capital, in a small number of large organizations. It also implies that however labor may at some point escape from its position of structural disadvantage, it will not be able to do so through the use of encompassing organization. It is at this point that Offe and Wiesenenthal's theory deviates most strongly from the mainstream of the neo-corporatist debate.

How can one mobilize empirical evidence, keeping "everything else equal", on the relative degree of organizational encompassingness of social groups as different as capital and labor? For example, it seems self-evident that capitalists are always "fewer" in number than workers, so even if their "logic of collective action" or the political quality of their interests were not different from labor, they should have both "fewer" interest organizations and, due to lower transaction costs, "higher" organizational density. (This point is, in fact, made by Offe and Wiesenenthal themselves although group size, as we have seen, is not their most important explanatory variable.) But to make sense for empirical analysis, comparative terms like "fewer" or "higher" must refer to some common universe. Which collectivity of capitalists is to be compared to which collectivity of workers? If the comparison is to be valid, the respective populations of capitalists and workers must be so defined that they in some way correspond to each other. For one thing, this raises the question what a capitalist is - rather a tricky one indeed. Secondly, it requires identification of social spaces - defined as sets of economic processes and political activities - in which coterminous sets of capital and worker interests can be

assumed to emerge that can meaningfully be compared in terms of their scope, complexity, heterogeneity etc.; these will in the following be referred to as interest spaces. And, thirdly, to count the number of interest associations on either side of the class divide, a common criterion is needed as to what an association is and, in particular, where it ends: at which point, in other words, a set of interrelated organizational units begins to constitute one encompassing organization rather than a system of several, independent organizations.

The empirical evidence introduced in this paper is based on the following operational decisions (Schmitter and Streeck 1981):

1. "Capitalists" are ideal-typically not individuals but firms, and the paper will be looking exclusively at such capitalist associations under whose rules members are defined as, or stand for, independent production units competing in markets for goods and services. While this, as any, decision may appear debatable, it is clearly in line with Offe and Wiesenenthal's description of capitalist interests as functionally specific, impersonal, and dissociated from the life-world of individuals. In any case, defining capitalists in this way places, as it should, the theory being tested at an advantage since it eliminates from the universe of capitalist associations those based on the Weltanschauung, religious beliefs, gender, leisure activities etc. of individual members of the capitalist class - inclusion of which would increase the observed degree of organizational fragmentation.

2. A possible "interest space" for comparing organizational patterns of capital and labor could be a country as demarcated by the boundaries of a nation state. However, given Offe and Wiesenenthal's close recourse to Marxist class theory, even more appropriate appear to be economic sectors, defined as any population of firms producing a similar range of products for the same product market using similar inputs of raw materials, technology and labor. Assuming, as class theory undoubtedly does, that an actor's position in the division of labor and the system of economic exchange significantly affects his interests, the set of capitalist interests originating in a given sector can plausibly be regarded as "corresponding" to the set of workers' interests originating in the same sector.

3. Finally, in distinguishing between the borderline cases of a specialized associational subunit on the one hand, and an independent association affiliated to an association of associations (or "higher order" association) on the other, the criterion will be the presence or absence of a, statutory or customary, right of the lower-level unit to secede from the higher-level unit. A highly decentralized interest organization whose subunits do not have a right to secede is thereby counted as a unitary, and potentially encompassing, organization. A highly centralized "association of associations", on the other hand, whose affiliates can however decide to disaffiliate, is treated as a set of different, autonomous organizations. The assumption is that the reservation by organized subgroups of a right to secede is a meaningful tool to protect their interest-political autonomy, and that it therefore is likely to reflect a higher degree of interest heterogeneity than even the most advanced decentralization inside a unitary organization.

To test one aspect of the Offe and Wiesenthal theory, then, this paper will compare the number of trade unions and business associations representing the interests of capitalists and workers located and producing in identical economic sectors. To control for the impact of special market conditions and technologies, the paper will look at seven different sectors, chemicals, pharmaceuticals, construction, dairy, meat processing, fruit and vegetable packing, and machine tools. To control further for the influence of national specificities and peculiarities, the paper will use evidence from sectoral associational systems of nine countries, Austria, Canada, Italy, West Germany, the Netherlands, Spain, Sweden, Switzerland and the United Kingdom <sup>6</sup>. Class theory of organizational form predicts that sectoral interest spaces will be populated by clearly more trade unions than business associations, with business associations being more encompassing with respect to their sectoral interest base than trade unions. It also predicts that the capitalist class will achieve a higher

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<sup>6</sup> Due to missing values, the number of cases available is not  $9 \times 7 = 63$ , but only 56. The data were collected in the course of the "Organization of Business Interests" research project directed by Philippe Schmitter and this author (Schmitter and Streeck 1981).

organizational density ratio. Since this prediction is derived from a general theory of the class structure under capitalism, by and large the same results should be expected in all countries and sectors.

SIZE, FRAGMENTATION AND DENSITY:  
THE ROLE OF DOMAIN CHOICE

At first glance at least, it is hard to see how empirical data could more forcefully contradict a theory than in the present case. In the 56 sectors on which data are available, there are on average no fewer than 16.4 business associations to one trade union. Even if the two extreme cases are deleted - two West German sectors with a high number of local artisanal associations - the relationship reduces only to 8.1 to 1. More unions than business associations can be found only in three cases: the machine tools industries of Austria, Canada and Switzerland. These, however, are clearly exceptional in that they are extremely small and narrowly defined subsectors of the metal-working industry <sup>7</sup>. The basic numerical relationship between business associations and trade unions remains unchanged even if "associations of associations" - or "higher-order associations" - are excluded. In this case, the ratio of business associations over trade unions declines to 6.7 to 1 <sup>8</sup>.

Assuming that sectoral interest spaces for business and labor are comparable, the observation that on the labor side a given interest space is populated by far fewer associations than on the business side would seem to justify the conclusion that trade unions are more, rather than less, encompassing than business associations. Taking into account that the number of firms in a given sector is always much smaller than the corresponding number of workers, it appears that either the range of interests

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<sup>7</sup> In fact, the machine tools sector as defined for the purposes of data collection comprises only two types of machines, metal and wood working machinery (Schmitter and Streeck 1981).

<sup>8</sup> Since associations of associations are more likely to exist where there are many independent associations, their inclusion increases the difference between large and small sectoral associational systems.

represented by business associations is much more heterogeneous in spite of it being associated with a smaller number of individuals - so that a capitalist association that was of the same size as a trade union would incorporate much greater interest variety - or the organizing capacity of business associations is much lower than that of trade unions, resulting in disproportionately greater aversion to heterogeneity, or both. This follows if one assumes, as Offe and Wiesenenthal do, that organizational boundaries are determined by limits to the internal heterogeneity that an organization can process. Put otherwise, the addition of one more member to a capitalist association seems to increase its internal heterogeneity to a much greater extent than the addition of one more member to a trade union. In fact, since there are many more business associations than trade unions for fewer capitalists than workers, the extent to which one marginal member of a business association detracts from its internal cohesion exceeds, going by our empirical data, by a factor of at least 7 the centripetal effect in a trade union caused by a group of marginal members equal in size to the average number of workers per firm.

There are no good data available on the comparative organizational density of capitalists and workers by sector. However, assuming for the sake of argument that Offe and Wiesenenthal are right and that capitalists are universally more densely organized than workers, the strongly different patterns of organization that we have found suggest quite a different explanation from the one offered by class theory. If capitalists do achieve higher density, this seems to be because their interest organizations are much more fragmented than trade unions, enabling them to make disproportionate use of their general advantage of small numbers. Rather than being due to "the dual advantage of greater commensurability and calculability of what the 'right' demands and tactics are, and (of) a comparatively smaller probability of internal conflict" (Offe and Wiesenenthal 1980, 84 f.), high organizational density among capitalists appears to be explained by small numbers generally, plus a class-specific response to interest heterogeneity through high organizational specialization and fragmentation. Thus, it is precisely not some "advantage of greater commensurability and calculability" (Offe and Wiesenenthal 1980,

83) that makes for high organizational density among capitalists, but rather a pattern of organization that decomposes the sectoral class interest into a number of less than encompassing, separate subinterests - the very pattern that Offe and Wiesenthal would have expected for trade unions. And neither is it "a comparatively smaller probability of internal conflict" (Offe and Wiesenthal 1980, 84) but the elimination of conflicts through organizational fragmentation from the domain of any one association that seem to account for a larger proportion of capitalists than workers joining interest associations <sup>9</sup>. Far from being "easy to organize", capitalists seem to be willing to join associations only if these are narrow enough to cater to their immediate special interests, and if they are small enough to make for low transaction costs and a strong incentive against free-riding.

These conclusions still hold up if one takes into account that membership in the various business associations representing sectoral capitalist interests is not necessarily mutually exclusive, and that capitalist firms are often members in more than one association. While the majority of business associations specialize by product at the subsectoral level, some of them, and sometimes in addition, specialize by function, e.g., as employers, trade or technical associations. Multiple membership of firms is common in the latter case but also occurs in product-differentiated associations, for firms that operate in more than one product market. The difference to trade unions is that union members have to subscribe to a collective action, or interest, "package" which they cannot easily modify, whereas the high orga-

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<sup>9</sup> It is by the way precisely the fragmented pattern of capitalist interest organization that makes it so difficult to determine aggregate density ratios for capitalists. Nevertheless, in countries like Britain where there is - unlike in Germany to which Offe and Wiesenthal refer as their only example - no compulsory organization of small (artisanal) firms, one may have doubts as to whether aggregate density among capitalists is indeed (much) higher than among workers. To the extent that the two density ratios differ less than in West Germany - which they should in many countries - the comparatively fragmented pattern of capitalist organization becomes difficult to account for as an organizational technique to raise density. Instead, fragmentation would even more clearly be recognizable as a reflection of high interest heterogeneity, clearly in contradiction to a principal assumption of Offe and Wiesenthal's class theory of organizational form.

nizational differentiation of capitalist associations gives individual firms the choice to select and create their own custom-made combinations of memberships and - specific - collective involvements. The result is a highly varied and idiosyncratic pattern of associational activity, quite unlike what one would expect if capitalist interests were indeed as narrow, homogeneous, commensurable and easy to determine as Offe and Wiesenthal claim. Actually, judging from observed patterns of associability, capitalist interests rather appear so broad, heterogeneous and complex that, to become narrow, homogeneous and simple enough for organization, they must be subdivided in a large number of specialized (sub-) domains. This need not mean that the interests contained in these domains are necessarily in conflict or incompatible with each other although they very well may; what seems clear, however, is that they are not as easy to trade off and aggregate as Offe and Wiesenthal suggest and as, in contradiction of their theory, seems to be the case for labor <sup>10</sup>.

Looking at the process of organizing as distinguished from the pattern of organization, the empirical data suggest that business associations tend to "find" a larger number of heterogeneous categories of potential members in any specific interest space than trade unions. This is reflected in the fact that organizational and interest-political leaders in the capitalist class tend to cut the domains of their organizations more narrowly than their counterparts among labor. Domain decisions, however, precede optimal size decisions, and the way Offe and Wiesenthal's optimal size problem poses itself to an established interest association depends crucially on how it has originally demarcated its domain. The reason, that is, why business associations do not appear to have an optimal size problem, and why they can appear to be straightforward size maximizers, is that they have in the first place defined their domains so narrowly that even complete

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<sup>10</sup> This applies already at the level of the individual firm. Anecdotal evidence on the internal politics especially of multi-product firms suggests that individual capitalists have a much harder time developing a consistent and comprehensive image of their interests than workers, largely because they have to make more, and more uncertain, strategic choices. This uncertainty may be reflected in conflicting or at least inconsistent commitments in the different product-specific business associations to which such a firm is likely to belong.

organization of their (comparatively very small) potential membership would not overburden their internal process with excessive heterogeneity. In reality, business associations have "optimized" long before they have begun to "maximize": namely at the point when they decided to limit their organizing activities to a narrowly defined subcategory of interests. Trade unions, on the other hand, in defining their domains more encompassingly, indicate a comparatively high degree of confidence that they will be able to internalize whatever interest diversity may exist in their respective constituency. (Not to mention the fact that trade unions refusing to organize workers within their domain, so as to not exceed their "optimal size", are extremely rarely observed these days - to put it mildly.) Seen this way, and considering domain choice as well as actual organizing behavior, business associations, in contradiction of the class theory of associability, appear to be facing a much stronger dilemma "between size and collective density" (Offe and Wiesenthal 1980, 82) than trade unions.

Groups organized in a fragmented pattern of associability frequently, although by no means always, rely on institutionalized inter-organizational links as an alternative way of coordinating encompassing collective action. Particularly important in this respect are higher-order associations - especially sectoral or national peak associations - which may strengthen inter-organizational relations by adding a hierarchical dimension to them. In some countries and sectors, a typical difference between capital and labor is that while trade unions are by and large organized in a unitary, encompassing way, on the business side one finds a multitude of small, regional or product-specific associations which, while independent and autonomous, are joined together in often complex pyramids of higher-order associations <sup>11</sup>. Although inter-organizational coordination through this kind of mechanism can be quite effective, it appears reasonable to regard a "federative" pattern of collective action and organization as less encompassing and more fragmented than one based on unitary organization. A group that, rather than coordinating its activi-

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<sup>11</sup> From which they reserve a formal right to secede (cf. our operational definition of organizational independence, above).

ties by internalizing their external effects in a unitary organization, relies for this purpose on inter-organizational diplomacy - breaking up, as it were, a potentially encompassing organization into a set of smaller, more homogeneous subunits that may or may not cooperate with each other - thereby documents the existence of tensions between subinterests that are too strong for an encompassing organization to manage internally. Unless one assumes that the social "meaning" of the distinction between internal and external ways of coordinating collective action differs for capital and labor, it seems legitimate, and indeed compelling, to read the apparent preference of the capitalist class for external coordination as an indication of higher interest heterogeneity or, alternatively, lower organizing capacity.

ORGANIZATIONAL FORM AND SUBSTANTIVE INTERESTS:  
UNITY BY OPPORTUNISM?

Trade unions, class theory has been shown to imply, should be organizationally more fragmented than business associations, because of a coincidence of greater heterogeneity of underlying interests with lower organizing capacity. Empirically, however, trade unions turned out to be much less fragmented than their capitalist counterparts - raising the double question where the theory may have gone so disastrously wrong and, more importantly, how the observed organizational pattern can be accounted for. Two possibilities appear particularly interesting:

- Trade unions are more encompassing not because their interests are less heterogeneous but because their organizational process is superior in managing internal diversity. If this was so, Offe and Wiesenthal could still be right with respect to class differences in organizational input, and their mistake would have been to underestimate the integrative capacity of the "dialogical mode".

- Trade unions are more encompassing because their interest base is simpler than that of business associations. Even if there were differences in organizational processes between classes, and even if the "dialogical" mode was less conducive to encompassing organization than the monological one - as the authors clearly believe - this would be overridden by the greater simplicity of

labor's organizational input. Offe and Wiesenenthal would be right on the organizational process; where they would have erred would be in their assessment of the impact of class position on interest variety.

Could it be that the greater encompassingness of trade union organization is due to a superior organizing capacity associated with the "dialogical mode"? While this might "rescue" the theory's assumptions on the differential heterogeneity of class interests, it is clearly not what Marxist class theorists should believe to be possible. And indeed Offe and Wiesenenthal are far from being idealistic here. As their optimal size hypothesis makes clear, for them dialogue presupposes that the range of admissible arguments and interest perceptions has been narrowed beforehand through collective identity-formation and organizational boundary maintenance. Unity, for Offe and Wiesenenthal, is built on elimination. This is confirmed by a quite remarkable passage on the means by which liberal democracies allegedly try to keep trade unions from arriving at unified and undistorted conceptions of their members' interests - namely, by forcibly increasing unions' internal organizational diversity through

the imposition of regulations that make it more difficult for unions to deny access and/or to expel dissident members and thus to narrow the spectrum of positions within the membership. Such regulations, commonly advocated in the name of "intra-organizational democracy" or "pluralism", appear, in the light of the argument we have developed about class-specific distortions of interest perception, as measures to paralyze those associational practices which could help to overcome interest distortions or "fetishism". (Offe and Wiesenenthal 1980, 103; italics added, W.S.)

Placing legal restrictions on the expulsion of members with deviating interest perceptions, the authors continue in an interestingly euphemistic conceptualization of Leninist organizational Realpolitik, is a technique of trade union enemies designed to make it

more difficult for unions to partially suspend the individualistic orientations of members in a dialogical process of collective interest articulation. (Offe and Wiesenenthal 1980, 103; italics added, W.S.)

There are also empirical indications that, quite in line with Offe and Wiesenthal's skepticism on the unifying power of dialogue inside encompassing organizations, the second explanation for the mismatch between theory and reality is more appropriate, and that lower interest heterogeneity accounts for a much larger proportion of the greater organizational encompassingness of trade unions than higher organizing capacity. This conclusion emerges if the business associations that are included in the comparison are limited to those which, either solely or in addition to other activities, act as direct counterparts of trade unions in industrial relations (the so-called "employers associations"). Of the 55 sectors on which we have data, 23 have more employers associations than trade unions; in 6 sectors the numbers are equal; and in 26, trade unions outnumber employers associations. Differences in national industrial relations systems play an important part and have to be taken into account. For example, in 6 of the 26 sectors where trade unions prevail numerically (all of them in Canada), there are no employers associations at all as collective bargaining takes place solely at the enterprise level; here, business associability is not more encompassing than trade union organization but non-existing. Of the remaining 20 sectors with fewer employers associations than trade unions - those sectors, that is, which exhibit a pattern relatively close to that predicted by class theory - three are in Austria with its uniquely compact system of compulsory business associability monopolized by the Bundeskammer der gewerblichen Wirtschaft; five each are in the United Kingdom, the Netherlands and Switzerland with their relatively fragmented trade union structures; and two are in Sweden. In the 23 sectors where, in contradiction of class theory, employers associations prevail numerically over trade unions, on average there are about two employers associations to one trade union, which is still low compared to the overall ratio of business associations over trade unions.

In other words, while the evidence on employers associations by no means conforms with the Offe and Wiesenthal theory, it is considerably more favorable to it. Where the substantive concern of business interest associability is limited to the interaction with labor in the labor market and in industrial relations, the

degree of organizational fragmentation varies much less between the two classes, and the organizing capacity of capital - the ability to make firms join comparatively encompassing organizations - is not necessarily much weaker than that of labor. One may note in passing that Offe and Wiesenenthal in their paper frequently leave the impression that they treat all business associations as though they were employers associations - which may be understandable coming from a class theory of associability although it can, as we have seen, lead to serious misperceptions <sup>12</sup>.

What does the relative degree of symmetry between employers associations and trade unions, compared to the asymmetry between all business associations and trade unions, imply for the problem of heterogeneity versus capacity? Employers associations are business associations that interact with one out of several "task environments" facing capitalist firms and the capitalist class. Either exclusively or together with other functions, employers associations represent business interests vis-a-vis the labor market and the industrial relations system regulating it, including those national institutions of economic and social policy-making that affect the content of employment contracts. Important as the labor market may be for capitalist firms, however, capitalists also have interests relating to product markets and their regulation through, for example, tariffs, taxes, standards etc. Although some business associations represent their members both as employers and producers, or traders, a frequent pattern is for producer interests to be represented by separate, specialized "trade associations". A sectoral or national system of employers associations, being no more than a subset of a typically much larger sectoral or national system of business associations, thus covers only a subset of the full range of organized interests of capitalist firms. By definition, a subset is less internally heterogeneous than the universe, and therefore it is easier to

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<sup>12</sup> On the other hand, precisely because they are so preoccupied with employers associations, it is remarkable that Offe and Wiesenenthal should have overlooked the fact that there are business associations, in some countries at least, which do greatly depend on their members' "willingness to act" - namely, when they impose a lock-out. A successful lock-out presupposes as much internal cohesion in an employers association as does a successful strike in a trade union.

organize comprehensively with a given organizing capacity. The evidence thus suggests that the comparatively low overall capacity of business to organize comprehensively is a function of comparatively high interest heterogeneity, indicated by the fact that if such heterogeneity is reduced, business associations do seem to have roughly the same capacity as labor to make their members form encompassing organizations.

If the high overall fragmentation of business associability is to be accounted for by comparatively high interest heterogeneity, then the similarity in the level of encompassingness of employers associations and trade unions would indicate a similar degree of interest heterogeneity for these two categories of associations. From this it should follow that the universe of interests that business associations have to cover in any given sector is broader and more complex than the respective interest range on the labor side. Capitalist associations, in other words, would represent not only different but, above all, more interests than workers, and going by the differences and similarities in organizational fragmentation, such interests as they do represent in addition are those represented by trade associations. (In fact, these interests are being organized and represented even in sectors where there is no need at all to confront trade unions above the individual firm level <sup>13</sup>). Trade unions, on the other hand, would appear to have an interest base that is much simpler and narrower than that of capital, and this would account for their higher encompassingness. As Offe and Wiesenenthal have predicted, low interest heterogeneity results in encompassing organization; but contrary to their theory, interest heterogeneity turns out to be lower, and organizational unity therefore higher, among labor than among capital.

Pursuing further the distinction between trade associations and employers associations, the problem for business associability which prevents it from taking advantage of encompassing organization - and which Offe and Wiesenenthal's class theory seems to have overlooked - appears to be that the members and clients of business associations are not just buyers of labor but also sel-

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<sup>13</sup> While six of the 56 sectors studied have no employers associations, there is no single sector without a trade association.

lers of products, and that they have collective interests not just in relation to their workers but also to their customers—and, one might add, their suppliers of raw materials, finance and other production inputs. These additional interests, as reflected in their pattern of organization, are more specific, diverse and divisive than labor-market interests. And indeed, there are clearly fewer categories of labor than there are products, and in any given (local) labor market firms producing different products compete for the same category of workers (or at least for workers whose wages are highly interdependent). It is true that different conditions in product markets may reflect also on the interests firms have in industrial relations. Where employers associations are still more fragmented than trade unions, this could probably often be accounted for by the fact that many business associations are simultaneously trade and employers associations, with the more centrifugal product-related interests tearing apart organizations that could be more comprehensive if they were organized only around labor market interests.

The distinction between employers' and trade associations invokes an important generic difference between two kinds of collective interests of business, class interests and producer interests. Both originate in markets. But whereas the axis of interest differentiation in competitive product markets divides sellers from sellers, labor markets give rise to a categoric cleavage between two groups of actors, capitalists and workers. Employers in labor markets, just as workers, face a "common enemy" whose interests differ so much from theirs that they find it comparatively easy to develop a common identity and policy. Usually, the categoric difference between the two groups is strong enough to supersede internal diversity by (sub-)sector or product on the capital side and by skill or occupation on the labor side. As a consequence, class interests are typically easier to aggregate than product or occupational interests. Where trade unions have relatively simple organizational structures, this would be explained by their being essentially organized around class interests whereas business associations have in addition to incorporate the more heterogeneous "producer" interests that originate in product markets. Trade union organization can be more compact because the ("class") interests it exclusi-

vely incorporates are less diverse and, consequently, the obstacles to collective interest formation lower. Nothing quite so compact and simple seems to suffice for capitalists.

Why, then, should it suffice for trade unions? Is it, in other words, really the case that workers' interests relate exclusively to class and not to production issues (Figure II)? Without going into too much detail, it would appear that labor has not always been without organizational equivalents to trade associations - and in fact there still exist a variety of organizations that, in one way or other, could be seen as such: professional associations, like those of technicians or accountants; some craft unions; firm-specific staff associations; "yellow" or "house unions"; works councils; enterprise unions. What they have in common is that they do not primarily define the interests of their constituents as labor-market based class interests but rather in terms of their members' specific contribution to successful production and its match with specific product markets. The reason why especially "industrial" or "general" trade unions view such organizations with such suspicion and hostility is that they represent a range of interests which modern unions, striving to organize workers exclusively on the basis of their status as sellers of labor and regardless of their occupation, skill, or place of employment, had to submerge or suppress in their long struggle for organizational unity <sup>14</sup> - that is, against a pattern of organization and organizational fragmentation similar to what Figure II shows for capital.

The purge of labor's organized interests of production-related concerns is a fairly recent phenomenon which involves the historical defeat not just of "craft" and "yellow" unionism but also of gild-socialist and radical socialist traditions ("wor-

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<sup>14</sup> A unity which, by the way, is based on extremely simple decision rules which, in their simplicity, remind one strongly of the image that Offe and Wiesensthal have of the internal process of - in their expectation, encompassing - capitalist associations. For example, industrial unions tend to secure their internal cohesion by freezing existing wage structures, thereby avoiding the divisive "moral" problem of a "just" reward for work and skill. Or they settle on a policy of incremental wage equalization through identical or degressive wage increases for higher and lower paid members - although this already, if applied over more than a very short term, normally overtakes their political cohesion.

Figure II

Organizational Types by Interests and Classes

	Capital	Labor
Class Interests Labor Market	Employers Associations	Trade Unions
Producer Interests Product Market	Trade Associations	

kers' control"). In the course of accepting the rules of the game of "mature", "pluralist" industrial relations systems under a Taylorist work organization and a Keynesian economic policy regime, modern trade unions have focused their interest definitions, ideologies and activities on distribution as distinguished from production matters; they have found it more comfortable politically and organizationally to deal with the demand side rather than the supply side of the economy; and their primary policy orientation has turned towards the macro- as opposed to the micro-level of the economy (Przeworski and Wallerstein 1982; Vidich 1982). One expression is the de facto recognition by most trade unions of managerial prerogative on production issues, especially product strategy, which lies behind the refusal of trade unions in many countries to become involved in managerial matters through "co-determination". Where unions, especially large and encompassing ones, cannot avoid being drawn into production politics, for example in industrial policy, they usually perform poorly, not the least reason being that they find it difficult to deal with the internal divisions of interest among their members that immediately emerge on such occasions.

Distribution, of course, is not independent from production; demand and supply are interrelated; and macro-policies are conditional upon micro-level performance. However, trade unions have more often than not been careful not to recognize such interrelations in their ideology. They have preferred to influence production, supply, and the micro-level, if at all, through distributive, demand and macro-policies - even though knowing that such instruments were far from ideal for the purpose. In fact, there can be no doubt that trade unions and workers - as indicated by the resilience of certain non-class organizations of workers, as well as by the constant vigilance of industrial unions against "plant egoism" or "craft syndicalism" - do have quite significant product- and production-related interests. In many cases, however, these are similar to the respective business interests in the same firm or sector, whereas they differ from the interests of workers employed in other firms or sectors, or from the interests of workers as consumers or citizens. Examples of this are industrial subsidies, problems of legal regulation of economic activities, taxation, foreign trade protection, or regional

development policies. Trade unions find such issues difficult to take up since they would likely undermine the "class unity" of their members as sellers of labor power. They therefore tend to leave their representation to business, both in relation to the state and to other producer groups. Seen from this perspective, trade associations function, in important areas of their activities, as though they were vertical associations organizing both labor and capital. Since the diversity of production-related interests is largely absorbed within their (fragmented) organizational structures, their presence relieves unions of the problem of having to formulate and act on such interests. This, in turn, enables them to confine themselves to class interests and, thereby, to build up more encompassing and comprehensive organizational systems <sup>15</sup>.

It is at this point that we may briefly return to Offe and Wiesenenthal's concept of "opportunism". For class theory, opportunism involves implicit acceptance of structural subordination through elimination, for organizational convenience, of a range of "systemically unsafe" interests from collective action. The present analysis has shown that something like that may indeed exist. But the differences are crucial. While Offe and Wiesenenthal believe that trade unions reduce their range of organized interests in order to become like business associations, in fact it appears that opportunistic trade unionism eliminates interests to become organizationally different from, especially more encompassing than, business associations. Opportunism, in other words, appears as an attempt precisely not to assume the organizational properties of business associability. And while Offe and Wiesen-

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<sup>15</sup> The pattern of organization in Figure II can thus be recognized as the macro-level equivalent of the acceptance of managerial prerogative at the micro-level. Just as rejection of responsibility for a firm's competitive performance turns management de facto into the fiduciary of a fundamental interest of the workforce, the absence of labor organization in the lower right cell of the diagram implies tacit agreement with the organizations in the lower left cell covering labor's collective production interests. While trade union indifference to production issues can at the ideological level be presented as an expression of radical rejection of capitalism, it is easy to see that in reality it involves acceptance of subordination since it leaves the responsibility for the productive preconditions of labor's redistributive successes to its opponent.

that believe that opportunism reinforces dependency and subordination by leaving a range of (anti-capitalist) interests unrepresented, it seems that in reality dependency and subordination are cemented by leaving specific (production-related and therefore more heterogeneous) interests to capitalists to represent on their terms.

RISING INTEREST COMPLEXITY AND THE PROSPECTS  
OF CLASS ORGANIZATION OF WORKERS

If it is true that the comparative organizational unity of modern trade unionism is made possible by tacit delegation of production-related interests to the "trade" interest politics of employers, one might feel tempted to speculate whether this is likely to remain viable in the future. This it would not be if the concentration of labor organizations on class interests was premised on contingent historical circumstances that will, or are already about to, change. For example, the greater simplicity and comprehensiveness of trade unions seems to reflect an experience that structural economic change can either be satisfactorily handled through redistributive "class" politics in a growing economy, or can be prevented by collective worker action without loss of wages and employment. Elimination of production interests from trade union organizational domains also seems to assume that there is no need for trade union intervention in the qualitative direction of economic change since this is predetermined by market and technological forces. In social terms, the simple organizational structure of modern trade unions appears to presuppose a functioning external labor market with workers seeing themselves not as members of a specific production unit or sector about whose economic performance they must be concerned, but as independent, mobile sellers of by and large homogeneous labor power.

Today it appears that these and related assumptions are becoming unrealistic (Sorge and Streeck 1988; Streeck 1987). The center of gravity in economic policy is shifting from distribution to production, from demand to supply management, and from the macro to the micro level. Structural adjustment of firms, industries and economies has taken precedence over issues like

the control of inflation or the creation of domestic demand. The high pliability of the new technology has opened new options and alternatives for structural change, making space for alternative concepts of productivity and economic revitalization which are subject to choice and, perhaps, collective-political action. Moreover, internal labor markets are emerging with new structures of skills and qualifications and more workplace-specific human capital, resulting in increased company or sector "patriotism" of workforces and in heightened sensitivity of workers to their firm's or sector's competitive performance. As a consequence of the emerging "situs interests" of a growing part of the modern workforce, trade unions in many countries today are faced with new, more divergent, more specialized and more "qualitative" demands by their members and clients. The result are growing pressures to participate in production- and supply-related policy areas which are difficult to conceptualize in terms of traditional, labor market- and distribution-centered trade union ideology. In many ways, the narrower, more heterogeneous and more specialized concerns of trade union members under the new conditions of growing entanglement in production issues would seem to be much more adequately organized in smaller interest domains-like those that are typical of the organization of business interests - than in the comparatively comprehensive structures still typical of trade union organization.

The same development can be described in more abstract terms. Modern trade unionism is premised on the existence of a separate, semi-autonomous socio-economic subsystem of industrial relations that generates rules and entitlements relatively independent from product markets, entrepreneurial production strategies and technology (Dunlop 1958). The pluralist-functionalist "system of industrial relations", established and "matured" in the era of mass production and steady growth, maintained an institutional boundary between worker interests to be regulated through industrial relations, and production interests that were the domain of management and trade associations. "Modern" industrial relations thus entailed a recognition not only of a right to collective bargaining, but also of managerial prerogative. This "historical compromise" has today become unstable, as a result not of labor radicalism but of management demands and

production needs for "flexibility". In pursuit of the latter, labor relations are being (re-) integrated into comprehensive production strategies at the company level, pulling more closely together previously separate functions such as marketing, research and development, engineering, work organization, and manpower management (Strauss 1984). The consequence is progressive "dematurity" of industrial relations - to apply a concept introduced to describe changes in industrial organization towards higher innovativeness and flexibility (Abernathy 1978) - related to the emergence of a "post-Fordist" production system (Boyer 1987; Sabel 1982) and characterized by declining differentiation and increasing integration and interdependence between remuneration, working conditions, work motivation and worker attitudes on the one hand, and the operation and performance of the economic and production system on the other.

A case could be made that in today's economy and polity, the traditional indifference of trade unions to production issues has ceased to be functional for an adequate representation of the interests of workers. If this were so, trade unions would have to learn to involve themselves more directly and intentionally than in the past in production, or "trade", politics. In the course of this they would become immersed in, and infested with, problems and cleavages among their constituents that would be far more diverse and divisive than their traditional preoccupation with class and distribution. As production-related interests having to do with commercial performance in competitive product markets become both more important for their members and more a matter of strategic choice, unions might no longer be able to afford delegating them, as it were by default, to capital and its associations.

While distributive conflicts between capital and labor and the associated problems of demand management are likely to decline in relative significance, the importance of production and work organization has for some time been increasing together with that of supply-side management. With the axis of conflict shifting from class to production interests, trade unions to remain industrially and politically influential may have to become more similar organizationally to business associations. As the interests with which they are confronted by their members and clients

change to become more diverse - so as to resemble the heterogeneous interest-political "raw material" that business associations have long been used to - unions might have to adjust their structures. One possibility would be to rely more than in the past on inter- instead of intra-organizational mechanisms and arrangements of managing interest diversity, with encompassing "industrial" unions turning de facto, and later perhaps even de jure, into loose federations of workplace and enterprise organizational units. Another, less orderly response would be multi-unionism as is, for example, presently emerging with astonishing speed in Sweden (Lash 1985). In any case, there may be developing in the future something like a convergence between business associations and trade unions, with the latter learning from their opponents how a high level of collective action can be achieved in spite of a highly diverse interest structure and highly instrumental, functionally specific, nonideological and idiosyncratic attachments of members to their organizations.

#### CONCLUSIONS

"Labor and capital", according to Offe and Wiesenthal, "show substantial differences with respect to the functioning and performance of their associations. These differences (...) are consequences and manifestations of antagonistic class relations" (1980, 72). But the effect of differential location in the class structure on organizational form differs greatly from, and in fact is the reverse of, what class theory expects. Being a privileged social class does not go together with easy generation of consensus on common interests or with lower interest in common interests. To the contrary, the evidence suggests that a dominant structural position entails the dubious privilege to make decisions that are difficult to make and therefore may be divisive. A subordinate position, by comparison, may under favorable conditions permit its occupants to concentrate their collective action on a selected range of simple, easily identified objectives and leave aside more complex interests that would divide them. In fact, they may be able to delegate the representation of such interests to the dominant class and thus achieve greater organi-

zational unity at its expense <sup>16</sup>.

An important part of the argument revolves around the concept of opportunism. While for Offe and Wiesenenthal, this denotes a change in the organizational process of trade unions that makes them similar to business associations, this paper argues that opportunism should be conceived as the elimination of production-related interests from trade unions' interest base, in order to make unions organizationally different from, and in particular more encompassing than, business associations. There is agreement that opportunism entails a limitation of collective action to interests compatible with "the system"; but whereas for Offe and Wiesenenthal this system is capitalism, the evidence suggests that it is, more precisely, the established industrial relations system of democratic capitalism. There is also agreement that opportunism may be a source of institutional instability; but unlike Offe and Wiesenenthal, this paper maintains that such instability is likely to be initiated not by militant trade union members but by management punctuating, under changed economic conditions, the institutional fence around "industrial relations" and thereby forcing opportunistic unions to choose between two opposite alternatives: being relegated to insignificance under management-controlled "flexibility", or preparing themselves organizationally to invade the domain of managerial prerogative in a market economy.

As opportunities for opportunism recede, workers and their associations will find it increasingly hard to resist entanglement in supply-side interests. The consequences of this for the distribution of power are far from clear and may in fact be of two diametrically opposed kinds. While in some cases assumption of responsibility by trade unions for production matters may entail political subordination to capitalist interests, in others labor may become the driving and guiding force of strategic economic adjustment. But regardless of whether management takes over labor or labor takes over management, functional interpenetration of interest representation and economic decision-making will be accompanied by disintegration of monolithic class structures of

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<sup>16</sup> This is what one could call the white man's burden theory of interest representation.

collective action. The latter will make national-level regulation of aggregate incomes more difficult while at the same time the former will make it less necessary. Problems of symmetry and equity will reemerge in and between the new, narrower, functionally and sectorally more specific arenas of collective action where their resolution will be closely linked to productive performance. With class organization weakening or withering away and other, more complex lines of interest differentiation taking precedence, the important contribution of class politics to social order and social integration may with hindsight be generally recognized, and new, functionally equivalent solutions to the problem of governability are likely to be urgently required.

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