



# Neo-Corporatism

# Outline

- Old Corporatism
- Neo-Corporatism
- Corporatism in Sweden
- Cooptation?
- The decline of Corporatism

# Old Corporatism

- Catholic Church
- Cooperation as an alternative to raw capitalism and socialism
- A consensual society based on moral order rather than class conflict
- Society must be hierarchically ordered because we are not equal
- State should establish corporations composed of producers as regulators
- Should bring together representatives of labor and capital, class loyalties would be displaced by loyalty to the profession

# Functioning of the Corporations

- The producers should lead the corporations, because they are the most competent
- The state should license them to carry out particular functions and can revoke their license if dissatisfied.
- Corporations act as an intermediary between the state economic and social decision makers.
- They would regulate prices, wages and oversee production.

# Political Representation

- Corporatists were critical of democracy
- We cannot live by the majoritarian principle but only on the basis of value and truth
- Representation should only have an advisory function
- There could be chambers with the various corporations participating
- A higher leadership needed, because only certain people were capable of leading and they should be able to arbitrate to prevent conflicts

# Fascist Italy and Portugal

- Monopolistic syndicates replaced unions.
- The leaders of the labor organizations were appointed by the state and their administration filled with party-state bureaucrats. Were under state control.
- The state allowed powerful industrial, commercial and agricultural interests to dominate employers' organizations.
- In practice the syndicates did not act as state-licensed intermediaries because they were controlled by the state bureaucracy.

# Neo-Corporatism

- Strong in Nordic social democratic countries
- Relatively strong in conservative Germanic countries, such as Germany, Austria, Switzerland

# Neo-Corporatism in Practice

- Civic organizations receive a monopoly
- They carry out state functions
- This gives them some power and influence
- But prevents them from organizing against the state



# Swedish Labor Market Policy

- 1938: Unions and Employee associations agreed to conduct centralized bargaining
- Local unions and enterprises must agree to follow the agreements
- Strikes not allowed until state mediator try to find a solution
- Representatives of unions on the national labor board, which runs employment agencies, etc.

# Swedish Unemployment Insurance

- In the 1930s the social democratic-peasant alliance introduced unemployment insurance
- To gain Peasant Party support the social democrats agreed to a lower level of support
- The Peasant Party agreed to allow unions to run the funds
- As a result many more people joined the unions, which made them much stronger

# Swedish TV includes representatives of:

- Trade unions
- Employer's association
- Swedish Church
- Political parties
- Journalist union
- Differs from France or Italy, t ex, where the new government always replaces the heads of television stations to hire people who sympathize with them

# Cooptation?

- Marxists argued that the state used corporatism to buy out the unions
- The union leaders received special privileges but they had to give up their opposition to capitalism
- They claimed that the corporative bodies normally supported capital and that the unions had no real influence
- Liberals claimed corporatism gave unions too much influence

# Neo-Corporatist Administration

- Frame laws versus rational bureaucratic laws
- Plato versus Aristotles
- Rational-bureaucratic as democratic
- Rational-bureaucratic as totalitarian
- Kadar administration as democratic and flexible
- Can find better solutions if the bureaucrats can be flexible but share the same goals as the lawmakers

# The Decline of Swedish Corporatism

- Marxists claimed that labor and capital was in equilibrium, which is why the corporatist solution came about
- In the 1970s Sweden seemed to have solved all the major economic problems
- Workers began demanding more influence over their work and better working conditions
- This led to debates over workplace democracy, codetermination laws and funds to give workers ownership over production

# The Counter Offensive

- The employer's association felt threatened
- Unions were no longer complacent
- At the same time, the Reagan-Thatcher revolution took place
- Thus they felt stronger ideologically
- They began a campaign against worker funds
- They began to withdraw from corporatist boards
- They started demanding market liberal reforms

# Neo-Corporatism Today

- Today formal corporatist structures are much weaker
- But capital and labor have begun to cooperate more again in Sweden
- Now that socialism does not seem politically feasible many leftists are nostalgic over the former corporatist structures