Why No Corporatism in the United States? Business Disorganization and its Consequences

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For many reasons, the notion of "American exceptionalism" has lost the interest of American historians [Dawley, 1988; Zuckerman, 1995]. Indeed a generation of scholarship has questioned the very premises (the relative conservatism of American workers, the assumption of an undifferentiated and "unexceptional" Western European experience) of the "why no socialism?" riddle [Foner, 1984; Wilentz, 1984]. While I share these reservations, I do not share the enthusiasm with which many have thrown the exceptionalist baby out with the "why no socialism" bathwater. While historians have found it difficult to separate the idea of exceptionalism from its historically celebratory implications and shied away from the comparative muddle of claiming that any national experience is "exceptional," other social scientists have effectively used the American case to draw important conclusions about both the United States and the larger logic of democratic capitalism.

The problem, in this sense, lies not in the exceptionalist paradigm itself, but in its narrow and ultimately futile focus on the pathology of American socialism – a confusion of prescription and description, symptom and disease. The history of American democratic capitalism is distinguished by much more than the absence of socialism, and its logic and limits are not confined to the organization or aspirations of workers [Jacoby, 1991; Brand and Schmitter, 1979]. By any measure, the American political economy is the clown prince of "corporatism": each of the three pillars of a corporatist order – business, labor, and politics – are very weak. None can claim either consistent patterns of peak organization, or clear and meaningful political ties between those they represent and others. In the absence of programmatic political parties, interests engage in a piecemeal and largely unregulated scramble for political influence and favor. Private organization is pervasive, but also fragmented and toothless [Schmitter, 1974; Wilson, 1982; Salisbury, 1979]. In turn, the intertwined disorganization of business, labor, and politics tips the uneasy balance between economic inequality and political equality implicit to democratic capitalism by magnifying both the political advantages enjoyed by those with resources and the political disadvantages of those without.

Any serious effort to untangle all of this would need to examine both discrete patterns of labor, business, and political organization, and the points at

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which they cross – in labor relations, in labor policy, and in business-government relations. For the purposes of this discussion, I will look briefly at the relatively familiar patterns of labor and political disorganization, and devote the bulk of my attention to the riddle of business organization.

By any measure, the American working class is remarkably disorganized. This has meant historically and relatively low levels of union density, weak links between local unions and national federations, little sustained influence in politics, and few of the rewards (such as progressive employment, social, tax, and fiscal policy) that better-organized workers have counted in other democratic capitalist settings [Cameron, 1984; Rogers, 1991; Goldfield, 1987]. Historical patterns of labor organization reflect and reinforce this. Through the late nineteenth and early twentieth centuries, critics scored the American Federation of Labor (AFL) as "a business movement selling labor power as if it was selling potatoes," but clearly its synthesis of job-conscious unionism and political voluntarism rested largely on a candid (if timid) assessment of its political and economic and legal opportunities [Daugherty, 1938, p. 528; Montgomery, 1987, pp. 411-464; Hattam, 1993; McKelvey, 1952; Slichter, 1941]. Voluntarism, in other words, reflected not the unique conservatism or prosperity of American workers, but their candid assessment of what they could and could not get from employers or the state [Marks, 1989; Hattam, 1993; Forbath, 1991]. By the same token, the Congress of Industrial Organization (CIO)'s pursuit of industrial unionism after 1935 retreated quickly in the face of the political and managerial backlash of the late 1930s, the constraints of wartime bargaining, and the business mobilization of the immediate postwar era. Postwar "business unionism," in other words, reflected not worker's satisfaction with the narrow contractualism of New Deal labor law, but their understanding that – given their legal status, limited organizational reach, and peculiar relationship with the Democratic Party – they could do no better than build "silos of solidarity" around organized industries [Davis, 1986; Rogers, 1995].

The important point is this: the peculiarly American pattern of labor organization and politics reflected not the exceptional character of American workers or American unions, but the exceptional political, legal, and economic setting in which workers and their unions found themselves. In both the AFL and CIO eras, the "voluntarist" faith in private solutions evoked a profound distrust of the state, the sharp material uncertainty of labor's position, and the persistent ideology of the "family wage." In the absence of a meaningful entree into party politics or stable legal protections, organized labor necessarily concentrated on the limited fruits of local decentralized bargaining; it "made a virtue of necessity," as Sanford Jacoby has suggested, "and called it voluntarism" [Jacoby, 1991, pp. 191-193]. Taken together, these patterns of material consent, short-sighted bargaining, and sharply constrained political participation turn the logic of the "why no socialism riddle" inside out: they shift the burden of explanation from the absence of socialism to the presence of a real but fragmented radical tradition in labor politics. What is exceptional is not workers' inability to translate class concerns into class politics but their ability and willingness, given the material constraints of working class life, to pursue class interests at all [Cohen and Rogers, 1982; Przeworski, 1985; Gordon, 1994, pp. 88-92; Forbath, 1991; Hattam, 1993; Montgomery, 1987].

By any democratic standards or expectations, American politics are remarkably disorganized. The federal system fragments power among states, regions, and institutions. National political institutions have shown little inclination or ability or willingness to articulate or pursue long-term goals; to represent, aggregate, or mediate the diverse demands of constituents. The record of political participation (voting) in the modern era is dismal in both historical and international terms. Political disorganization is rooted in constitutional design. The American state has always been premised on practical and intellectual doubts about the scope and reach of national politics. A few core concerns made national government necessary; a multitude of regional interests ensured that, especially in domestic economic affairs, such government would have little power. This is a social contract with escape clauses, a confused fragment of enlightenment political theory which remains as leery of public goods as it was originally of monarchy [Skowronek, 1982]. Yet, while historical and constitutional roots can explain why the United States was slower than its industrialized peers in adopting many regulatory or social policies, it cannot explain why political disorganization and disarray persisted *despite* the establishment and growth of national political institutions; why the national political response to depression and war (the institutional "big bang" of 1933-1945) displaced the state of courts and parties but did little to overcome the fundamental disorganization of American political life.

The point here is this: as both an opportunity for collective action and arena in which interests confront each other, the American state offers very little. State weakness, in turn, contributes to the disorganization of economic and political interests because there is no entity able to consistently facilitate or enforce any sort of peak bargaining or representation. In a number of ways, the American political system encourages "interest group liberalism" without making any meaningful effort to order or broker competing political claims [Lowi, 1979; Wilson, 1982; Salisbury 1979]. The basic assumption of the American social contract, the persistent confusion of property rights with citizenship rights, has undermined any sense of national political purpose or universal political participation [Fraser and Gordon, 1992; Forbath, 1991; Gordon, 1997; Westbrook, 1993]. The party system has dampened meaningful political competition and discouraged substantial programmatic debate [Oestreicher, 1988; Burnham, 1982; Shefter, 1984; Cohen and Rogers, 1982; Argersinger, 1992]. American political institutions and political parties manage little autonomy from underlying patterns of economic influence or power. And the growth of national political institutions has done little to challenge a fragmented and federated pattern of political authority which not only constrains national politics, but encourages competition among state governments, perpetuates sharp regional distinctions, and exaggerates the political clout of economic interests [Wildavsky, 1983; Robertson, 1989; Graebner, 1977; Temin, 1991; Cobb, 1993; Gordon, 1998].

Does the Ruling Class Rule? The Disorganization of Business

Patterns of labor disorganization and political organization in the United States are, in many respects, oft-told tales. The parallel disorganization of business is less commonly noted, indeed a common assumption of successful business organization runs through variations on the "organizational synthesis." Radical scholars have commonly understood the disorganization of labor and politics as the accomplishment of a relatively well-organized business community – springing in large measure from the articulation of a "corporate ideal," the "triumph of conservatism," or the "corporate reconstruction" of the Progressive Era [Weinstein, 1966; Kolko, 1963; Kolko, 1980, p. 134; Sklar, 1990]. Liberal scholars have focused on the ability and willingness of the state (especially under the New Deal) to countervail business power, sharing the neo-Marxist assumption that business is well-organized while rejecting the assumption that the state is necessarily a creature of business demands [Plotke, 1996; Dubofsky, 1994]. These approaches touch upon, but never quite capture, the complex character and behavior of a business community which is both politically powerful and chronically disorganized. Our understanding of business' place in the American political economy, in other words, rests upon an appreciation of both the unique political advantages enjoyed by economic interests and their pervasive organizational problems. And our understanding of the larger contours of "corporatism" in the United States rests upon an appreciation that business, like labor and politics, is woefully disorganized, while at the same time able to ensure that *its* disorganization is the primary concern and driving force of national politics.

The Sources of Business Power

Business interests, as a consequence of labor disorganization and political disorganization and *despite* their own disorganization, enjoy a "privileged" political status in American politics. This is hardly a novel assumption, but it is important to understand this without recourse to the easy but intangible notions that politics can be reduced to a structural or instrumental reflection of economic power. Neither of these theoretical vessels, of course, can hold much historical water. The "instrumentalist" argument has some appeal, in part because there are demonstrable ties between economic and political elites [Burch, 1979], and in part because there is a demonstrable relationship between firm size and the attainment of political goals [Salamon and Siegfried, 1977; Jacobs, 1985]. But instrumentalists can show neither a clear causal relationship between public policy and the political roles played by economic elites [Kolko, 1969], nor fully account for the fact that the state often fails to accomplish business's goals or serves as the instrument of some interests at the expense of others. The structuralist argument is an even harder sell. The assumption that the state will "kick in" (like a trusty air conditioner) in order to ensure systemic stability or legitimacy defies historical analysis and denies historical agency: any political outcome short of revolution becomes evidence that the state has saved capitalism from itself. And the assumption that the state is consistently (across time and national experience) able to solve capitalism's problems flies in the face of all we know about the historic and institutional weakness of national politics in the United States [Jacobs, 1985]. The solution, for many scholars, has been to qualify or question the political power of economic interests, to stress instead the autonomy of politics and of political interests [Plotke, 1996; Skocpol, 1982].

There is, I would suggest, another way of sorting this out. Business' political privilege rests, in part, on the generic logic of democratic capitalism. Any system of democratic capitalism sets "capitalist" boundaries around "democratic" rule. Politics, in Charles Lindblom's felicitous metaphor, are imprisoned by the market. "Business," by virtue of its control over employment, investment, resource allocation, consumption, and commercialized public discourse, wields substantial political power. Politicians and voters depend upon economic growth, business investment, and business confidence. Governments can subsidize or sanction business behavior but, seeking stability and growth as a bottom line, they cannot challenge the premises of the economy itself. The state's responsibilities are confined to that which the market cannot or will not provide, and to market consequences which private interests are able to avoid [Lindblom, 1982; Lindblom, 1977, pp. 154-157, 170-200; Block, 1980]. In turn, economic power shapes political participation, which demands time and resources, in numerous ways. Political power is a reflection of one's opportunity, advantage, and stake in politics. This can be understood as a "resource" constraint: those with money can invest in politics and control political information. And it can be understood as a "demand" constraint: those with money have a greater stake in political outcomes, a greater incentive to be politically active [Cohen and Rogers, 1982; Downs, 1957].

The logic and character of democratic capitalism is exaggerated in an American setting which has always confused political rights and property rights, and which has always understood the "social contract" as little more than the sanctity of private contracts. The constituency-service, two-party political system invites economic influence, and indeed organizes political competition around material "investments" in parties and candidates – an influence exemplified by, but certainly not confined to, direct campaign contributions. The material demands of partisan competition further narrow the boundaries of acceptable politics, not only by implicitly reminding legislators that such patronage is important but by distracting political attention from the task of governance to the task of fund-raising [Ferguson, 1995; Goldfield, 1989]. The absence of a social democratic tradition and the weakness of state institutions both reflect a history of disproportionate business influence, and exaggerate and contribute to that influence. This has compounded (among other things) the peculiar anti-union belligerence of American managers, the short-sightedness of organized labor, the glacial growth of the American welfare state, the ability of economic interests (widely noted by conservative and radical analysts alike) to dominate and distort political regulation of their activities, and the ease with which established interests have been able to erect legal and cultural obstacles to the presence or legitimacy of real dissent.

The Sources of Business Disorganization

Despite (and in part as a result of) their political advantages, American business interests are also remarkably disorganized. In order to understand the character and consequences of business's political power, we must understand how fragmented and short-sighted the exercise of that power has been. Class advantages and the articulation or pursuit of class interests are two very different things. While state theorists are right to point out both the direct ties between political and economic power and the structural constraints which capitalism imposes upon its democratic forms, they are wrong to argue (as in the structural account) or imply (as in the instrumental account) that this influence is necessarily functional or farsighted. Indeed the American experience is a testament to the possibility that business may enjoy immense political privilege with little lasting political success; that the state reflects not the prescience of capitalists, but their chronic disorganization and short-sightedness. The ruling class rules, but not very well.

There are four points to be made here: first, business influence has been undermined by the regional and sectoral disparity of the industrial economy and by the contradictory demands of competing interests. Given the absence of sustained threats from labor or the state, American capitalists have rarely thought of themselves as capitalists; they see themselves less as class-conscious advocates of a given economic system than as distinct interests with distinct competitive positions *within* that system [Vogel, 1996]. In this sense, interests compete with labor over the conditions of work, with firms in the same industry for market share, and with other industries and firms for raw materials, labor markets, foreign markets, and political favor. Common goals are rare; the conditions under which common goals may be perceived or pursued are rarer still. While these divisions can be drawn and redrawn endlessly (look at the history of the Commerce Department's Standard Industrial Classifications), the dominant tensions are between and among industrial blocs, between and among certain types of industries (defined by capital-intensity or international interests, for example), and between and among competing firms in the same industry. Clearly the concerns or anxieties of a given industry or firm are often quite distinct from the generic concerns of "business" or "capital." The demands of large scale production, for example, created unique competitive and political concerns for large integrated firms and industries. The labor problem, and its political or private resolution, entailed very different direct and managerial costs for different industries [Mintz, 1995; Gordon, 1994, pp. 35-127; Ferguson, 1989]. And the distinct competitive profiles of different industries gave each a distinct stake in (or fear of) regulatory intervention – a point underscored in the merger mania of 1897-1904, in the associational fetish of the 1920s, in the regulatory scramble of the New Deal, in adjustments to the politics of growth after 1945, and in the disparate response to the politics of decline after the mid-1960s.

In turn, competition among firms erodes their ability to perceive or pursue collective interests. Each firm belongs to an industry with a distinct organizational and competitive logic. Each firm is also one of any number of heterogeneous competitors whose interests are distinct from those of other firms in its industry (which it would often like to eliminate) and from the collective interest of the industry itself. Again, these competitive pressures and anxieties, while hardly unique to the American setting, are exaggerated there. Low barriers to competitive entry, the sheer number of firms, high fixed costs, excess capacity, regional disparities, uneven patterns of integration or regional growth, an ambivalent antitrust tradition, and the riddle of mass consumption have all contributed to a uniquely American pattern of destructive or "cutthroat" competition [Shepherd, 1982; Bowman, 1985; Bain, 1956, pp. 121-134]. Under such circumstances, of course, economic interests exercise their political advantages quite selfishly, pressing political solutions which might shuffle the costs of competitive disorder onto their buyers or sellers, raise the costs of their immediate competitors, or sustain regional strategies of competitive advantage. Industrial or competitive interests, in any case, trump class interests.

These sorts of divisions splinter the "business community" in any setting, but they are especially pronounced in the United States, a setting in which the sheer scale and diversity of industrial development created pervasive and overlapping political divisions. Nowhere is this more evident than in the competitive confrontation between North and South. The South eschewed industrial development until the 1920s and 1930s, and then proceeded in explicit low wage competition with the North. This set Northern and Southern industry (the latter dominated by agricultural processing and low-wage industry) in persistent and stark competition. Indeed many of the labor "reforms" of the first half of the century, running from the 1916 debate over child labor, through the National Recovery Act of 1933 and the Fair Labor Standards Act of 1938, were largely attempts by Northern producers to erase regional disparities in the social wage. After the failure of "Operation Dixie" in 1946 and the passage of Taft-Hartley in 1947, these regional tensions shifted somewhat as Northern industry increasingly met Southern competition by paring back its own labor costs [Cobb, 1996; Temin, 1991; Wright, 1986]. This regionalism consistently fragmented business politics. Industries and their trade associations organized along regional lines, replicating rather than challenging not only the confrontation between North and South, but numerous other regional industrial alignments as well.

Second, this competitive fragmentation also calls into question Alfred Chandler's essentially Darwinian account of the emergence of managerial capitalism in the United States [Chandler, 1977]. The emergence of the modern American corporation was marked less by a unique and prescient concern for economies of scale or the elimination of transaction costs than by a persistent and short-sighted anxiety over competitive stability and profits [Fligstein, 1990;

Herman and Du Boff, 1980; Lazonick, 1990]. The point here is not that the managerial innovations identified by Chandler and others did not occur, but that they did not and could not displace the competitive and political anxieties inherent in a large and diverse political economy. Management did not displace markets, and managerial control did not overcome the short-sightedness of market competition. Part of the problem, of course, is that Chandler simply overstates his case: it is always unclear whether he is offering a general managerial response to American conditions, or identifying the exceptional trajectories of a few leading Northern firms. More broadly, Chandler misses the ways in which the very conditions (material wealth, limited government, a vast domestic market) which made large firms and managerial innovation possible also confounded the efforts of those firms to establish lasting political or economic order beyond their own gates.

Business, of course, is not just an exercise in administrative coordination; it is a system of power which is embedded in complex relationships with workers, consumers, and the state. Indeed, the rise of the modern American corporation was less a rational pursuit of order or efficiency than it was a short-sighted scramble for competitive survival in the shadow of political regulation. As Neil Fligstein has argued, corporate growth and organization pursued direct market control within the shifting boundaries of antitrust law and interpretation, a pattern evident in the predatory competition of the late nineteenth century, in the merger movement of 1897-1904, in the parallel prominence of trade associations and a second merger wave in the 1920s, and in the diversification of the postwar era. To suggest that corporate form reflected simply a market-driven pursuit of efficiency is to ignore the complex social and political setting in which the modern corporation emerged, and to ignore (as Fligstein stresses) "the central fact that managers and entrepreneurs were constantly trying to escape or control competition, not engage in it" [Fligstein, 1990, p. 302]. Similarly, management's confrontation with labor is more than a simple reflection of its interest in order and efficiency. Managerial innovation entailed dramatic changes in both external and internal labor markets: Within the firm, the dilution of skill decreased conventional labor costs but increased the costs of supervision and control. Beyond the firm, the potential economic and political organization of workers inevitably shaped management's organizational response. The necessity of dealing with labor (organized or not), in turn, shaped managerial strategy (consider efforts to avoid labor problems through mechanization or relocation) structure (consider the importance of personnel and labor relations departments) and policy [Stone, 1974; Jacoby, 1991; Dunlop, 1949].

In turn, the managerial strategies celebrated by Chandler and others were not unambiguous successes. In the long run, large integrated enterprises proved a mixed blessing. It was immediately apparent, in the late nineteenth century, that eliminating transaction costs also meant shouldering more fixed costs; that the competitive advantage of size could also be a serious competitive liability [Kolko, 1963; Lamoreaux, 1985]. And it was increasingly apparent, in the late twentieth century, that the American corporate model was administratively bloated and competitively inflexible [Piore and Sabel, 1984; Maier, 1993; Williamson, 1980]. More importantly, while American conditions favored early and rapid industrialization and the emergence of relatively large firms, they also discouraged meaningful association or organization among firms and complicated their (largely later) relationship with organized workers and the state. What made the uniquely American organization of the firm possible, in other words, also made business organization beyond the firm exceedingly difficult.

Third, the "search for order" beyond the boundaries of the firm was largely futile. The prevalence of trade and business organizations, typically understood as a reflection of an emerging managerial or professional ethos, was little more than an index of organizational anxiety and failure. The sheer industrial and regional and competitive diversity of the industrial economy, alongside the persistent weakness of national political and regulatory institutions, made private forms of economic organization a uniquely American fetish. Much has been written about the political role of the modern corporation, about the associational efforts of the 1920s, and about the peculiarly American effort to juggle the rhetoric of antitrust law with the reality and necessity of private governance of the market. This scholarship, however, has paid too little attention to the persistent failure of private organization. Neither industrial trade associations nor multi-industry "peak" business organizations accomplished any lasting alternative to either the competitive anarchy of the market or the managerial intrusion of the state. Indeed, the very conditions which encouraged the uniquely American fascination with business organization also frustrated those efforts. In all, the "search for order" (like the Progressive Era from which it sprang) was less a solution to chronic disorganization than it was a catalogue of anxieties and a chronicle of political failure. Historically, strategic and competitive divisions within and between industries have only been exacerbated by efforts to solve them. Efforts to mute competition (the great merger movement of 1897-1904, the sporadic associationalism of the 1910s and 1920s, the industrial policy of the New Deal, the growth coalition after 1945) have routinely recognized the problem of "unfair" competition but invariably succeeded, at best, in stemming the competitive scramble temporarily and, at worst, in shifting the focus of that competition or raising its stakes.

As a collective action problem, business organization entails a peculiar logic. The dilemma of any organization, in Mancur Olson's classic formulation, is that efforts to disperse the costs of collective action widely will also make it easier for members to avoid those costs altogether: the larger the organization, the easier it is for some members to "free-ride" on the efforts of others. Unlike other organizations, however, business (and especially trade) associations require universal membership: one recalcitrant firm can easily undermine collective goals. In their attempt to mimic market monopolies, business associations are also ultimately less interested in distributing organizational costs than in *reducing* the number of members. The collective good (higher prices, orderly competition, industrial standards) comes at the expense of some firms and requires the unlikely cooperation of those who will be driven from the market [Olson, 1965, pp. 37-42; Bowman, 1982; Aglietta, 1979]. The competitive pressures which made organization necessary, in short, also made organization nearly impossible. This is not to say that the pursuit of common interests – like tax rates or managerial autonomy – is not possible and likely [Kaufman et al., 1990]. But, for industries or trade associations, such concerns are routinely trumped by competitive jealousies. It is not clear that peak associations play any role in articulating or coordinating concerns which do not simply reflect the larger assumptions of democratic capitalism. And business's success against "common foes" like labor and the state, as I argue below, were a source of both strength and weakness.

Consider the history of peak, employer, and trade associations in the United States. Because different firms and industries had vastly different motives, expectations, and stakes in organization, peak associations (such as the National Association of Manufacturers or the Chamber of Commerce) consistently juggled the diverse political demands of their members in such a way as to either pursue the concerns of some members at the expense of others or pursue the interests of all at such a level of political abstraction that their efforts were nearly meaningless [Gordon, 1994, pp. 140-159]. Without the incentive to maintain or pursue peak organizations, business and employers' associations splintered by region, state, and municipality: groups like the New England Council, the Southern States Industrial Council, and the various State and Municipal Chambers of Commerce, remained the most direct and meaningful form of organization and representation [Wilson, 1979; Salisbury, 1982].

Employer's associations, too, have always foundered in the United States, in large part because they have always lacked the organizational scope or clout (vis à vis labor or the state) to negotiate or enter into agreements. Indeed, with the collapse of the famous bilateral monopolies in the late nineteenth century glass, pottery, and metal trades, most employers' associations were "belligerent" associations designed not to engage in collective bargaining but to avoid it at all costs [Bonnett, 1922; Windmuller and Gladstone, 1984; Carpenter, 1950; Harris and Williamson, 1945]. In many cases, it was never clear what the appropriate scope of an employers' association should be: industries were notoriously hard to define and easy to split, and mimicking union organization proved next to impossible given the jurisdictional disarray and "strange bedfellows" (Teamster nurses, USW dry cleaners, UE graduate students) typical of the American labor movement [Carpenter, 1950, pp. 42-44; Newell, 1961, p. 135]. Even when the relative insulation of metropolitan markets (in industries such as building, building services, clothing, and printing) made stable employers' associations possible, it invariably fell to the unions they bargained with to enforce not only the terms of agreements but the fealty of individual employers [Gordon, 1994, pp. 87-121; Newell, 1961, pp. 28-30, 210-214; Harris and Williamson, 1945].

For their part, trade associations set industry against industry and resulted in a profusion of organizations which, rather than rationalizing competition, politicized regional or competitive divisions: the New York women's apparel industry, as one observer noted in 1950, boasted two competing shoulder pad associations and an "Adjustable Shoulder Strap Association" [Carpenter, 1950, p. 38]. This was underscored by the explosion (over 600 by late 1934) of NRA codes; indeed the NRA both demonstrated the futility of trade associations and, by premising labor policy on industry-specific bargaining and standards, condemned employers to that path of organization [Gordon, 1994, pp. 166-203]. In turn, trade associations never overcame the riddle of compliance. Organizations which did not require some sacrifice on the part of members were either superfluous or ignored. Yet associations were unable to discipline non-members and disciplined members only at the risk of turning them into non-members. Trade associations, in this sense, recognized the core problem of industrial competition: the short-sighted inability of individual competitors to act in the longer-term interest of the industry as a whole. But they also struggled with the larger logic of that problem: competitors would not cooperate unless compelled to do so and, failing such compulsion, fealty to the trade association would become simply another avenue of competition [Brand and Schmitter, 1979; Gordon, 1994]. As one executive lamented in 1931:

> Trade associations in industry establish codes of ethics which everyone subscribes to, but to which few conscientiously adhere. All recognize the advantages of cooperative effort but few are willing to sacrifice much to bring it about. No one in the industry is in possession of all the facts because there is a lack of confidence and the feeling that giving such information would result in losing a competitive advantage. Imagination as to what a competitor is doing runs riot and results in harmful retaliatory measures that affect an entire industry [National Industrial Conference Board, 1931].

In all, the profusion of trade and peak organizations testified to the competitive chaos of the market and the fragmentation of politics. And, in practice, they tended to replicate and magnify these problems.

Fourth, just as the weakness of other political actors – the labor movement and national political institutions – underscored and exaggerated business' political status and power, it also eroded the coherence and unity of business politics. Without the institutions or assurances of peak bargaining, economic interests had few touchstones of common interest, few incentives or opportunities to raise their sights above the piecemeal and short-sighted and often contradictory pursuit of competitive advantage and political favor. In the absence of sustained and significant threats from either national politics or a nationally-organized labor movement, business organization lacked the urgency, the points of political unity, the elements of class solidarity, found in other national settings. In any "corporatist" setting, peak bargaining depends upon both the independent and the relative organizational power of the major players. In the American setting, disorganization is both ubiquitous and contagious. The parallel disorganization of labor, politics, and business has made their respective tasks of organization more difficult and (in some respects) less urgent.

The historical weakness of the national labor movement has clearly contributed to the weakness of business organization. Assured that labor posed no substantial political threat, employers have always been willing and able to avoid both direct confrontation with socialist or social democratic alternatives and the sorts of political compromises or organization which such a confrontation might entail. Assured that the labor movement would remain fragmented by region, state, and industry, employers have always been willing and able to frame labor relations around the immediate and diverse demands of firm-level collective bargaining. Labor's political weakness, in this sense, has also encouraged a bewildering variety of labor relations strategies, ranging from the classic "open shop," to various patterns of accommodation, to the uniquely American solutions of "regulatory unionism" or "joint industrial control" developed in industries such as coal and the needle trades [Vittoz, 1987; Bowman, 1989; Gordon, 1994].

Similarly, the historical weakness of the national state has contributed to the weakness of business organization. Assured that the federal government was restrained by both the commerce clause and its deference to private interests, business interests have always been willing and able to embrace the state when it served their particular interests and attack it when it did not. This short-sighted opportunism has been exaggerated by federalism (which encourages or forces some to cut political deals at different levels), by two-party politics (which persistently represents competing business constituencies), and by the larger pattern of industrial policy (which has always been premised upon the success and stability of individual industries). While the weakness and dispersion of the state clearly worked to business' advantage in some circumstances (such as the regulation of labor disputes) it was just as clearly a disadvantage in others. Most strikingly, the national state has routinely proved incapable of legislating or enforcing regulatory solutions or trade agreements (consider the NRA) with any consistency or durability. A state that was not much of a threat, in the long run, was not much of a help either [Wilson, 1979; Salisbury, 1982; Gordon, 1998; Jacoby, 1991].

And the Consequences...

This chronic disorganization lends a chaotic and myopic quality to patterns of private and public bargaining. As a consequence, I would argue, we are substantially worse off. The absence of any meaningful institutions of peak bargaining and representation has lowered political horizons, and encouraged a chronic political short-sightedness in which various constituencies react to opportunities or threats but rarely entertain any broader programmatic or prescriptive political vision. The result is a political system which is obsessed with petty partisan differences but virtually devoid of substantial political debate, which strips the social contract of any sense of reciprocal civic obligation, and which is rarely able or willing to broker a cacophony of competing demands [Lowi, 1979; Skowronek, 1982; Cohen and Rogers, 1988].

Consider the historical relationship between labor and business in the United States. Nowhere in the industrialized world does organized labor pose less of a threat to private capital, and yet nowhere is management's anti-unionism as fierce and consistent. This anxiety is, in part, simply irrational – and obscures patterns of close accommodation between unions and employers in some settings. It is also, of course, a response one might expect from the seedbed of mass-production: the supervisory and organizational demands of large-scale American industry invariably heighten anxieties about the "the right to manage" regardless of labor's organizational strength. Perhaps most importantly, this anti-union tradition reflects labor's political and economic weakness. Business interests can afford (or can get away with) their persistent defense of managerial rights precisely because they do not have to confront labor as a political force. In turn, political weakness and decentralization exaggerate the stakes of private bargaining: American unions, at least for the middle years of this century, were strong enough to organize much of the core mass-production economy but weak enough to fail at taking wages out of competition. In this sense, management confronted not only the competitive uncertainty of uneven unionization but also the fact that, in the absence of strong national federation let alone a "labor party," *all* of labor's demands – for wages, for benefits, for security – were made in local bargaining. The circumstances which make labor less of a political threat in the United States, in short, also make it more of a managerial threat [Rogers, 1994; Jacoby, 1991; Ulman, 1987; Harris, 1982].

Consider the historical relationship between business and politics. Again, nowhere is the political threat to private capital weaker, and nowhere is the antistatist rhetoric more ferocious. This antistatism is in part a routine and meaningless celebration of private initiative which obscures both business' systematic political privilege and the fact that business has routinely turned to politics for solutions to its problems. Business antipathy to the state reflects less a fierce and rigid rejection of state intervention on principle, than it does the form and function (and often failure) of that intervention. American industrial policy is notoriously fragmented along industry lines; it is not a corporatist "industrial policy" at all but a pattern of bargaining with specific industries over sanctions and subsidies. In this sense, business interests can demand or "capture" political regulation of their corner of the economy without ever accepting the principle of state regulation itself. Indeed, the supply-side, industry-specific character of regulation in the United States invites and encourages business interests to understand state intervention as a confirmation of the private market ("leveling the playing field" erasing "unfair competition"), to blame the heavy hand of the state for regulatory failures, and to take private credit for regulatory successes. As Robert LaFollette observed of business in the 1930s, the response to state intervention is often that of a drunk being helped out of the gutter; willing to accept the assistance, but also eager to deny that such assistance was called for. In turn, the disorganization of both the state and business discourage any wider appreciation of economic or industrial policy. Business interests invariably object to political efforts which do not directly benefit them, and to the real and managerial costs of any political intervention. And economic policy, driven largely by business concerns, routinely reflects the attempt by some interests to impose costs or sanctions on others. In all, business rhetoric can drift along indifferent to business practice because the state is too weak and fragmented to regulate pervasive competitive, industrial, and regional differences, and because business itself is too disorganized and short-sighted to accept either the logic or the costs of any broader regulatory presence [Panitch, 1980; Vogel, 1996; Gordon, 1994].

And consider the historical relationship between labor and politics. Nowhere has such a "barren marriage" been the object of such inflated expectations and anxieties. Historically, labor's relationship with "the state" has been marked by meager and painful pursuit of the right to bargain, especially within the legislative watershed of 1932-1935, which did more to constrain than meet labor's aspirations. The Wagner Act ultimately yielded little more than a "counterfeit liberty" marked by a rhetoric of individual rights, by a reliance on federal sanctions and oversight, and by the glaring implication (most apparent in wartime labor relations and in the politics of growth after 1945) that the New Deal labor relations system rested less on the legitimacy of collective bargaining than it did on the assumption and expectation that labor would earn its new legal status by contributing to productivity, profits, and prosperity [Tomlins, 1985]. Similarly, labor's relationship with the Democratic Party has been less a barren marriage than a brief fling (1937-1947) followed by an abusive relationship [Rogers, 1990; Rogers, 1995; Davis, 1986]. Despite its historical and practical limits, labor's political role and aspirations have attracted unrelenting hostility – reflected in the harsh legal repression of the early century, in the retreat from Wagner to Taft-Hartley, in the investigations of union corruption leading up the Landrum-Griffith Act of 1959, and in the long decline of organized labor from a momentarily and potentially important political voice in the 1940s to just another selfish and parochial interest group in the 1990s. Again, anxiety about labor's political role reflects not labor's political strength, but its weakness [Lichtenstein, 1989; Lichtenstein, 1993; Milkman, 1990].

This is, in so many respects, a truly exceptional historical experience. Nowhere else do we see such peculiar and pervasive obstacles to political and economic organization, and nowhere else do we see such a persistent failure to understand or address the sources of political and economic disarray. The New Deal system – a faint American echo of the political response to depression and war elsewhere – was neither able to overcome the organizational dilemmas faced by business, labor, and politics nor willing to press business to accommodate labor or politics on terms which challenged its privileged political position. Instead, the peculiarly American combination of fragmented politics, a weak and decentralized labor movement, and a politically disorganized but powerful business community has persisted. The consequences, as I've suggested above, have been largely unhappy ones. Americans of all political stripes routinely express dissatisfaction with a political system which seems unable or unwilling to represent their individual or collective aspirations. And yet, perversely but not surprisingly, the political thrust of recent years has been to embrace problems (federalism, a weak labor movement, the chaos of the market, a ragged sense of social citizenship) as solutions; to understand our drift and disarray as a consequence of too much "politics" rather than not enough.

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