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1. Introduction

The dynamism of collective action provides a crucial domain for analytical efforts in the theory of economic policy, dealing with issues such as corporatism and pluralism that inform the ongoing discussions on the institutional substance of governing economic affairs. In the light of these discussions, the present chapter explores the question of how the collective action of interest groups has been perceived in the recent intellectual history of political economy. It examines the particular lines of reasoning associated with the works of John Maynard Keynes, Friedrich Hayek and Mancur Olson respectively, all of whom address the issues of corporatism and pluralism in a paradigmatic manner. The chapter thus proceeds in three sections. The first section outlines the problem of institutional neutrality in welfare economics, and approaches Keynes’ views on economic policy by highlighting his affirmative perception of corporatism. In effect, “Keynesian corporatism” suffers from a mechanistic account of policy-making, based in an idealisation of the state. The second section discusses the counter-position of Hayekian pluralism, with its concern for an intermediary sector of voluntary associations settled between the private sector and government. Hayek’s market-oriented constitutionalism tends, however, to under-estimate the relevance of non-market components in capitalist market economies. The third section presents Olson’s anti-pluralism, which actually lends support to certain types of corporatist arrangements. Once again, this perspective needs to take on the matter of institutional variety and change in the making of economic policy. In conclusion, theorising on economic policy and collective action needs to reconsider the evolutionary logic of governance mechanisms.
2. Keynesian corporatism

The historical evolution of capitalist market economies is closely related to the emergence of the modern state as a decisive factor in shaping the institutional order of the market process, an insight that is informed by classics of political economy and economic sociology, in particular by Karl Polanyi (Block & Somers, 2014; Ebner, 2011). The domains of public and private affairs exhibit a historically variable relationship that reflects distinct patterns of inter-dependence between states and markets. These shifting "economic borders of the state" range from the provision of minimal public services to extensive market interventions. Neo-classical theorising on economic policy, however, commonly highlights firms and households as optimising actors in the market process, while it perceives the state as an exogenous factor. The rationale of economic policy is derived from market failures in the promotion of a Pareto-efficient allocation, related to externalities, natural monopoly and public goods. On the demand side, incomplete preference orderings and local inconsistency of choice parallel the problems of revealed preferences regarding the demand for public goods. On the supply side, externalities and economies of scale are taken to the fore (Helm, 1989: 16–17). While economic policy is dealt with as a residual category of the market process, the state remains an analytical "black box" without due consideration of the institutional underpinnings of its operations (Dixit, 1996: 8–9). This coincides with a neglect of the actually existing variety of institutional logics and constellations in the making of economic policy (Chang, 2002).

The preceding assessment is highly relevant for welfare economics as a domain of theorising on economic policy rooted in utilitarian ideas. Its concern for allocative efficiency and distributive justice has informed the normative implications of neo-classical marginalism. It relates arguments on market failures with the problems of accounting for social welfare. Yet despite the policy-related concerns of welfare economics, its argumentation has lacked institutional specification. Kaldor's theses on the compensation principle, for instance, address the effects of redistributive measures without reconsidering the institutional specificity of economic policy in capitalist market economies (Kaldor, 1939). Actually, all the major strands of welfare economics, be they Paretian, Kaldorian or otherwise, have lacked a theory of economic policy that would account for the steering capacity of the state in the context of collective action. Thus, an exact delineation of the private and public spheres of economic activity seems to be as unproblematic as the distinction between private and public goods. Even analytical extensions of welfare economics — such as social choice theory, with its concern for the aggregation of preferences — still need to be more specific about institutional features in preference formation, especially regarding political processes (Sen, 1986). Crucially, this institutional deficit in theorising on economic policy informs both the Keynesian legitimisation of government interventions that draw on schemes of welfare economics as well as the Hayekian criticism of welfare economics. In fact, Keynesian concerns with market stabilisation by government intervention and Hayekian counter-positions on the market process as a spontaneous order still demarcate the conceptual terrain in theorising on economic policy.

This confrontation of the Keynesian and Hayekian positions may be translated into a concern with collective action in the making of economic policy, which may be labelled as "Keynesian corporatism" and "Hayekian pluralism". Reasoning on corporatism and pluralism is rooted in discussions on the role of interest groups as intermediate policy actors. Corporatism constitutes a centralised system of selective interest representation through large organised groups such as labour unions and industry associations, licensed by the state, which assist in the formulation and implementation of concerted policy initiatives. Corporatist arrangements may result in an asymmetrical representation and articulation of social interest groups, yet they are also assessed as potentially instrumental in promoting participatory modes of governance, depending on the actual political regime. Historically rooted in diverse policy programmes since the 1920s, ranging from Italian fascism via Catholic corporatism to economic democracy and democratic socialism, models of corporatism that rose to prominence after the Second World War have paralleled the institutional evolution of the welfare state as a terrain for social regulation, accompanied by steering efforts in macro-economic affairs and industrial restructuring (Phelps, 2010: 91–2; Thirber, 1992: 38–9). In conceptual terms, authoritarian forms of state corporatism are thus differentiated from societal corporatism as a manifestation of social planning efforts in liberal democratic regimes. The central role of the state in organising corporatist interest mediation and the inclusion of corporatist organisation in policy design and implementation constitute key differences with pluralist systems and their rationale of the competitive self-organisation (Lehmbruch, 1982a, 1982b; Schmitter, 1974, 1985).

The Keynesian perception of economic policy comes close to contemporary brands of corporatist arguments in both liberal and authoritarian formats, whereas the Hayekian approach highlights a liberal mode
of policy-making that is compatible with pluralist perspectives. These conceptual poles have persistently shaped the theoretical field of the political economy of economic policy. Keynesianism is commonly identified with policy-related aspects such as the expansion of the public sector and the welfare state combined with a corporatist orientation (Gamble, 1993: 50-1; Phelps, 2010). Indeed, Keynes’s criticism of neo-classical ideas on the feasibility of a laissez-faire approach attributes a decisive role to the state in stabilising market processes (Kaldor, 1982: 2-3). Keynes’ “General Theory”, is primarily informed by the historical context of the Great Depression, addressing uncertainty and instability as inherent features of capitalist market economies. Proposals for the regulation of the economic process then point to the fiscal stimulation of effective demand, even including the possibility of a “socialisation of investment” (Keynes, 1936: 325-6). This seems to imply the notion of a selectively interventionist state that temporarily interferes with the system of private property, while regulating investment demand and thus substituting for a lack of productive initiative from the private sector (Peacock, 1993: 21-2). From a long-term growth perspective, however, Keynes even predicts the advent of an “age of leisure and abundance” that would reach beyond the drive for monetary gain as characteristic of capitalism (Keynes, 1930: 328).

In this line of reasoning, Keynes propagates a Platonic vision of the state as a set of professional actors concerned with the common good, as they implement economic policies in a purely instrumental sense without further friction. In fact, similar ideas on the institutional neutrality of the state also characterise Walrasian approaches to socialist planning highlighted in contemporary models of market socialism (Kornai, 1992: 18-19). However, Keynes also addresses institutional constellations in the operation of economic policy beyond the confines of the state. The Keynesian approach to corporatism contains an advocacy of corporatist organisations that would lie between the poles of the individual and the state, organised as semi-autonomous bodies within the domain of government. They should express the interests of particular groups and classes to the benefit of the public good. Corporatism thus stands for a “wisely managed” capitalism (Keynes, 1926: 288-9). This formulation of “Keynesian corporatism” stands for a system of intermediate actors in the regulation of industries and markets, actors that should channel particular interests while assisting in the governmental design and implementation of policy initiatives. At this point, the key aspect is an institutionalised cooperation of labour unions and business associations in collective wage bargaining and the restructuring of industries (Crotty, 1999).

Keynesian reasoning on corporatism reflects contemporary discourses that span a comprehensive range of political positions. Contemporary strands of American institutionalism would also advocate corporatism in terms of an occupational representation of interest groups in government, combined with a reconsideration of power asymmetries in the business sector that require democratic participation in managerial decision-making (Commons, 1934: 877-8). Prominently, corporatist principles also inform Catholic social thought on the regulation of economic affairs with its emphasis on community and social cohesion (Phelps, 2010). Joseph Schumpeter, a political conservative, would express his sympathy with the papal encyclical “Quadragesimo Anno”, which confronts liberal ideas of self-regulating market capitalism as well as socialist ideas of a planned economy by suggesting that private initiative should be placed in a corporatist framework (Schumpeter [1946] 1991). The German notion of the “social market economy”, which was to become a prominent policy model from the late 1940s onwards, belongs to a similar intellectual milieu. It provides an integrative approach, which is set apart from the models of individualist capitalism and collectivist socialism (Elmer, 2006).

Yet pledges for a combination of private property, social cohesion and economic stabilisation that were meant to overcome the seemingly false alternatives of capitalism and socialism also mark the fascist models of corporatism. Hierarchical modes of societal interest representation as components of an authoritarian state should rise above the rivalry of interest groups and political factions in liberal democracies (Almodovar & Cardoso, 2005: 342-4). Thus, Karl Polanyi’s contemporary critique of corporatist ideas across the political spectrum highlights their potentially authoritarian and even totalitarian credentials (Elmer, 2011). In fact, Keynes’ preface to the German edition of the General Theory, published in 1936, hints at the institutional advantages of demand management in a totalitarian state (Schefold, 1980). The underlying argument that a totalitarian state would exhibit a superior capacity to implement adequate policies underlines the institutional deficits in the concept of Keynesian corporatism, which may have contributed to a frustration with the actual politics of demand management. Indeed, quite in contrast to authoritarian solutions, Keynes would favour devolution and de-centralisation in the establishment of semi-autonomous bodies and administrative organs (Skidelsky, 1989: 149-50).

In Keynes’ perception, then, the effective steering of economic affairs resonates with the pursuit of the common interests of society at large. Government and administration are thus perceived as “a nexus of
institutions working for the public good” (Skidelsky, 1989: 144). The state apparatus appears as a functional set of instruments for the implementation of policy measures. This mirrors Keynes’ emphasis on the intellectual dimensions of policy-making as distinct from the material impact of vested interests (Keynes, 1936: 383–4). Thus, it is fair to conclude that Keynes neglects decisive institutional aspects of policymaking, especially those involving the impact of special interests and their collective organisations (Hodgson, 1988: 228–9). Similar problems apply to subsequent theorising on economic policy in the Keynesian tradition. Tinbergen’s mechanistic view on economic policy provides an instructive example, as he proposes the inclusion of interest groups in the consultation procedures for policy proposals without further consideration of strategic interests that may blur the available information (Tinbergen, 1967: 216–17). In Tinbergen’s line of reasoning, information is complete and uncertainty remains largely out of the picture, while the steering capacity of government is unimpeded by institutional factors (Eggertsson, 1997). Clearly, this policy-related idealism in Keynesian thought has been repeatedly denounced from diverse theoretical positions involving those approaches that would combine Marxist inspirations with institutionalised reasoning by arguing that an overload of the state’s steering capacity is inevitable under the conditions of capitalist market dynamics (Habermas, 1973). When it comes to the underlying tensions between particular interests and the common good, however, Hayekian pluralism excels in countering Keynesian positions, thus preparing the ground for a market-oriented reframing of the theory of economic policy.

3. Hayekian pluralism

The policy-related scepticism that shapes the basic arguments of the Austrian School accounts for the self-interest of policy actors as an impediment to achieving the common good. This position is well preserved by Schumpeter’s rejection of any “ideological theory of the state that raises the latter into a superhuman agency for the public good”, thus highlighting decisive differences from the Keynesian perspective while providing a point of departure for public choice theory (Schumpeter, 1954: 37). However, when it comes to a rigorous rejection of an idealisation of the steering capacity of the state, Hayek remains the undisputed champion of anti-Keynesian sentiments. While refining Mises’ theses on the failures of collectivist planning, Hayek also rejects Schumpeter’s Walrasian approval of the economic feasibility of market socialism. Instead, Hayek addresses the subjective character of knowledge as the crucial aspect of market competition, perceived as a de-centralised mode of coordination by means of the price system. The spontaneous order of the market process contrasts with the constructivist underpinnings of a centralist organisation. Thus, attempts to regulate a market economy express a governmental “pretense of knowledge” that misunderstands the subjective dispersion of knowledge (Hayek, 1978).

Instead, market-compatible economic policy resembles an evolutionary process of searching, experimenting and learning that coincides with a gradual adaptation to changing conditions (Hayek, 1960: 231–2). In this manner, Hayek’s perspective on economic policy is informed by an analytical interest in the evolution of knowledge, which provides constructivist foundations for liberal political economy (Ebner, 2005).

In a market system with a liberal constitution, the specific character of economic policy results from the rule of law as a criterion for the correspondence of policy measures and legal environment. The state is bound by a rule of law that impedes discretionary interventionism (Hayek, 1960: 223–4). Indeed, the role of the state – from the Hayekian perspective – is defined by the protection and enhancement of individual freedom, just like the role of the market process is viewed from the standpoint of the evolution of individual liberty that refutes static analyses of social welfare (Gray, 1989: 127–8). However, in contrast to liberal advocates of a “minimal state”, Hayek accepts government activity in the domain of collective goods and externalities as a feature of complex societies, whereas interventionist distortions of resource allocation are rejected in principle. Normatively, the state may operate at two levels of economic policy. First, it enforces general rules of the market process. Second, it provides collective goods in a market-compatible manner, which may involve mandating private actors with their provision (Hayek, 1979: 41–6). Thus, the “coercive functions” of the state point to its role as the provider of the institutional conditions of spontaneous order, whereas the “service functions” highlight its position as one organisation among others in the spontaneous order of the market system (Hayek, 1973: 48). In other words, the coercive aspects point to the state as a monopolistic “referee-enforcer” of the “rules of the game”, while the service aspects address its functions as an ordinary player without monopolistic privileges (Vanberg, 1994: 116).

In view of this distinction between organisation and spontaneous order Hayek defines the modern state as the organisation of the people of a specific territory under a single government, while modern society resembles an order that consists of the spontaneously growing relationships among
individuals and the diverse organisations and organised groups that they constitute. This complexity informs Hayek's proposition that abstract rules of an evolving "great society" are to be preferred over constructivist concerns with social engineering (Hayek, 1979: 139–40). In Buchanan's interpretation, this perspective allows for the distinction between a "moral order" based upon abstract rules, in which no group loyalty exists apart from the general acceptance of all individuals, as compared with a "moral community" in which a variety of group-oriented loyalties exists at the level of the nation, region, class, ethnicity and family. The principle of community requires abstract coordination by the state, whereas the principle of order promotes spontaneous cohesion without a central body of regulation (Buchanan, 1986: 111–13).

The making of economic policy thus transcends the domain of government because public affairs are associated with the organisations of civil society, which are an indispensable component of a liberal understanding of public policy given that they do not command coercive powers (Hayek, 1976: 150–1). Functionally, they participate in the supply of collective goods for particular groups. In competing with the public sector, they provide alternatives to the inefficiency of monopolies (Hayek, 1979: 49–50). Therefore, Hayek states that it is most important for a healthy society that we preserve between the commercial and the governmental a third, independent sector which often can and ought to provide more effectively much that we now believe must be provided by government. (Hayek, 1979: 50)

The notion of Hayekian pluralism fits the voluntary and symmetrical character of the associations that populate this "independent sector". Still, Hayek's reconsideration of organisational pluralism is related to an appreciation of the rule of law, which differs markedly from discretionary government interventions to the benefit of the most influential interest groups. In this fashion, Hayekian pluralism confronts the corporatist inclusion of monopolistic interest groups into the institutional fabric of the polity. Corporatism is viewed as a state of affairs, which follows neither liberal nor socialist ideas. It suppresses competition in selected industries as it leaves planning sovereignty in the hands of monopolies, a situation that leads to ever more comprehensive and ineffective government interventions (Hayek, 1944: 46–7). The most powerful vested interests, namely organised capital and labour, allegedly drive this expansionary tendency of corporatism as an unintended predecessor of totalitarianism (Hayek, 1944: 213–14).

Hayek's subsequent elaborations on this subject most explicitly account for Olson's theory of collective action with its critical analyses of corporatism and pluralism - as discussed in the next section of this chapter. Hayek suggests that the institutional influence of interest groups may obstruct the competitive market process. Small interest groups that are less costly to organise would be more powerful in exploiting the majority of a populace. This argument on organisational asymmetries counters the pluralist proposal of balancing diverse interests through equally well-organised interest groups, yet it also addresses the corporatist pattern of large organisations, which are only established with the selective assistance of government (Hayek, 1979: 96–7). Differing from Olson, however, Hayek emphasises that large, comprehensive interest groups are not at all closer to the general interests of society than smaller special interest groups. A general tendency towards organisational closure prevails in a corporatist setting, which amplifies the selfish motivations of more encompassing groups (Hayek, 1979: 90). In addition, while collective goods are viewed as being subject to partial interests, their public provision by the state is rarely in the general interest of society, although interest groups usually claim otherwise (Hayek, 1976: 6–7). Coalitions of interest groups may even establish a "para-government" that influences government and the political parties in diverting resources to their benefit (Hayek, 1979: 13). In a basic criticism of interest-group involvement in policy-making, as advocated by Tinbergen and other representatives of a mechanistic approach to economic policy, Hayek points out that interest groups will manipulatively distort the knowledge base of government for their own benefit (Gray, 1989: 134–5). Any further expansion of government activities thus actually diminishes its steering capacity, which may culminate in an institutional crisis of the political-economic system. However, the strengthening of local government could provide a solution to these problems, as competition in services and taxation would promote efficiency and transparency in local administration, while also supporting the kinds of community values that fuel societal cohesion (Hayek, 1979: 146–7).

Hayek's emphasis on the contract-based exchange relationships of market actors has been criticised for its alleged failure in accounting for the constitutive diversity of institutional forms in capitalist market economies, involving non-contractual preconditions of contractual exchange relations that shape the market system in its interdependence with other societal domains (Hodgson, 1993: 185–6). For instance, Hayek's assumption of the fundamentally voluntary
character of the "independent sector" tends to abstract from its institutional complexity, which may involve reciprocal norms and obligations under the surface of non-market coordinated voluntary activities. However, these criticisms do not necessarily affect the conceptual core of Hayekian pluralism, which underlines the role of constitutional rules, and, by doing so, confronts the instrumental naivety of Keynesian corporatism with regard to the self-interest of both government and interest groups in the making of economic policy. In this vein, Hayekian positions also differ from Dahl's paradigmatic reasoning in pluralist political theory, which presents polyarchy as a system of interest mediation based upon competition over political majorities, which allows for the articulation of the preferences of self-organised interest groups mediated by a seemingly neutral government (Dahl, 1956). Clearly, Hayek's take on the pitfalls of interest-group activity has been influenced by Mancur Olson's theory of collective action, which was originally designed as a critical response to Dahl's pluralism. However, it is noteworthy that Olson combines this anti-pluralist position with a more affirmative reconsideration of corporatism, albeit without falling back on Keynesian idealism.

4. Olsonian anti-pluralism

The economic strand of the new institutionalism in the social sciences addresses all the domains of individual decision-making in economic systems, ranging from firms and households to the domains of bureaucracy, government and the political system in general, even those framed by cultural components. Patterns of monitoring and enforcing exchange relations among the involved actors are perceived as governance structures that confront the problem of transaction costs (Williamson, 1996: 322–8; 2000, 2005). The state is assessed in terms of its functions in defining and enforcing property rights by exercising its monopoly on the legitimate use of force, subject to territorial demarcations that are marked by the capability for taxation (North, 1981: 21; 1994). Democratic government is viewed as a set of relational contracts between a sovereign population and its elected representatives, modelled as a principal-agent relation. Problems of monitoring and enforcement that arise from the transfer of political property rights are to be solved through constitutional incentives and control mechanisms. Self-interested political actors compete for resources as vote-maximising politicians or budget-maximising bureaucrats whose rational behaviour is subject to the incentives of the institutional environment (Egbertsson, 1997: 1190–1; Frey, 1982). While welfare economics and Keynesian thought on policy-making are predominantly concerned with market failure and its solution by a seemingly omniscient and benevolent state, now government failure becomes a key issue. Paradoxically, the liberal credentials of this perspective resonate with the Marxian definition of the state as an institutional expression of material interests. However, in contrast to Marx, the latter are not about social classes, but about individual concerns (Olson, 1965: 102–3).

In this view, organised interest groups fill the political space between the sovereign electorate and its elected representatives by forming network patterns of relational contracts (Furubotn & Richter, 1997: 420–1). They cause government failure by means of rent-seeking, thereby promoting policy measures that serve the particular benefit of their members while imposing external costs on the majority of the population. Accordingly, the autonomy of the state from interest groups emerges as a key issue both for maintaining its productive function regarding the provision of public goods and its protective function in the third-party enforcement of contracts (Buchanan, 1975: 95–6; Buchanan & Tullock, 1962: 286–7). This conceptual setting provides the context for Olson's criticism of pluralist reasoning. According to Olson, the logic of collective action does not follow the pluralist model of a symmetrical, harmonious and voluntary self-organisation of interest groups. Olson argues that pluralist theory misrepresents the actual potential for a spontaneous establishment of interest groups, which it inadequately contrasts with the coercive nature of government. Instead, group size is the determining factor in the provision of collective goods, related with the incentive-based formation of group-oriented behaviour that reflects a rational pursuit of individual interest (Olson, 1965: 128–9). Small interest groups exhibit organisational advantages due to a less costly monitoring of individual "free riding" on the collective good that is provided by the group. These advantages contribute to the organisational dominance of particular over general interests, countering the pluralist account of a competitive balancing of diverse interests (Olson, 1965: 34–5, 130–1).

Olson then identifies the activities of small interest groups as the decisive source of an economy-wide inefficiency which is associated with the slowdown of economic growth in various industrialised economies, accompanied by inflation and unemployment. The corresponding reconsideration of corporatism and pluralism involves a concern with a loss of democratic steering capacity in the making of economic policy (Olson, 1982: 8–9, 36–41). Political stability is a requirement for the accumulation of organisational capacities in collective action that drives the
expansion of interest groups and promotes "distributional coalitions" which favour a rationale of redistribution over economic growth (Olson, 1982: 44-7). The corresponding expansion of government interventions implies an increasing complexity of regulation, which de-composes the coherence of policy-making and intensifies divisiveness in political bargaining. In effect, the evolutionary process of market competition and structural change is massively obstructed as economic stagnation and institutional sclerosis prevail (Olson, 1982: 62-5, 72-3).

However, in approaching the benefits of corporatism, Olson assumes that encompassing organisations of interest groups may be tolerable, for they may represent the vast majority of individuals in a productive constituency. They may follow a weaker incentive for income redistribution with an excess burden for the public, as compared with smaller organisations that represent more narrow types of special interests (Olson, 1982: 52-3). Olson's argument that the economy-wide loss from rent-seeking will rise with the organisational degree of special interests does not deny that those interest-group organisations which encompass a substantial fraction of the population or its resources may play a positive role for economic growth, as they may find such an orientation to be in their own interest. Governments are the most encompassing organisations in comparison with less encompassing special interest groups. Policy reform therefore requires either the strengthening of government or the weakening of narrow special interest groups. Following this argumentation, Olson argues that encompassing organisations - such as industrial and enterprise unions - may pursue socially efficient policies, whereas craft unions and other exclusive special-interest groups are expected to promote socially inefficient policy outcomes (Olson, 1983: 22-5). Accordingly, Olson's analysis of organisational asymmetries allows for a combination of encompassing interests and suitably focused public policies (Reisman, 1990: 223-4).

In fact, a corporatist setting may suit these concerns. Olson actually refers to the Swedish model of corporatism with its centralised and encompassing labour unions, which differ from the spontaneous formation of narrowly organised interest groups (Olson, 1983: 32). This Olsonian view of centralised trade unions as encompassing interest organisations which may promote economic growth when supply-side measures such as education and training are favoured over redistribution also informs debates on institutional varieties of capitalism (Hall & Soskice, 2001: 3). In this vein, authoritarian types of corporatism are taken to the fore, too. Olson approaches the East Asian newly industrialised economies as "hard" states, which have not yielded to special interest groups while pursuing long-term developmental goals (Olson, 2000: 100). Thus, differences in institutional setting and policy orientation qualify as sources of diverging growth patterns among nations (Olson, 1996a, 1996b). Broadly conceived, they are key factors of economic growth and development in both the industrialised and the industrialising economies (Bardhan, 2005; Keefer, 2004).

However, in addition to problems with the historical and empirical corroboration of these arguments, criticisms of Olson's theory take issue with its microfoundations, primarily with the claim that rational actors would refuse to contribute to the production of a public good. Instead, the capability for learning social norms of reciprocity and trust may promote collective action, a thesis supported by empirical evidence on common-pool resources (Ostrom, 1990: 211-12; 2000). Competing interest groups may promote knowledge- and trust-based cooperation, as illustrated by industrial associations that contribute to the provision of collective goods such as education and training, regardless of group size (Coleman, 1997; Hollingsworth & Boyer, 1997: 15-16; Unger & van Waarden, 1999: 439-46). In formal terms, the framework of an iterated Prisoner's Dilemma game without a predictable cut-off point might lead to cooperation, although this holds primarily for dyadic games which may not grasp differentiated interactions in political processes (Cerny, 1990: 61-3; Scharpf, 1991). In fact, complex mixtures of resource characteristics, property rights, institutional mechanisms and social interactions determine the actual mode of governance in appropriating resources (Ostrom, 2003). Accordingly, collective goods are multi-actor products involving the state, private business and civil society. In effect, they are positioned within a continuum of goods, ranging from purely public to purely private types (Kaul, 2001: 255-6).

This concern with institutional variety in collective action points to another problem with Olson's theory, shared by Hayekian thought, namely the belief that governments may regain their steering capacity as soon as they are freed from the influence of small interest groups. It ignores the advent of new modes of governance in the context of an ongoing transformation of the state (Messner, 1997: 90-1; Stiglitz, 2003). This implies a reconsideration of governance as a set of rule-based, de-centralised coordination mechanisms that involve both public and private sectors in a polycentric and increasingly transnational setting (Cerny, 1999, 2000; McGinnis, 1999). Accordingly, the institutional evolution of governance mechanisms becomes ever more complex and differentiated; an effect of combined political-economic changes that also affect debates on corporatism and pluralism (Ebner, 2008). However, the formation of international governance regimes with an extended participation of non-governmental actors testifies to the relevance of approaches which
explore the role of interest groups in the making of economic policy even beyond the confines of the nation state. In this vein, the discussion on corporatism and pluralism is transposed to new levels of analysis.

5. Conclusion

Keynesian corporatism and Hayekian pluralism outline a distinct conceptual terrain in the theory of economic policy. Keynes maintains that regulated capitalism contains corporatist organisations as semi-autonomous bodies of government, channelling particular interests while assisting in concerted policy initiatives to the benefit of the common good. The factual idealisation of the state in this framework neglects institutional frictions that may arise from the influence of vested interests. Hayek, in contrast, suggests that the institutional carriers of economic policy need to involve a specific associational sector that voluntarily supplies collective goods. The notion of Hayekian pluralism underlines the competitive interaction among these associations, which differs from a centralised corporatist setting. However, Hayek's emphasis on market coordination requires further specification with regard to the matter of institutional variety in economic policy. Similar problems are associated with Olson's anti-pluralist theory of collective action. According to Olson, the logic of collective action does not resemble a symmetrical self-organisation of interest groups as modelled in pluralist theory. Instead, group size and selective incentives, commonly provided by governmental regulations, come to determine the organisation of interest groups. The political influence of small interest groups drains the sources of economic growth in favour of redistribution, whereas encompassing interest groups such as corporatist organisations may actually promote a growth-friendly agenda. Among other aspects, this view is criticised for its simplifying behavioural assumption that ignore the capability for learning cooperative behaviour that facilitates collective action. In view of these concerns, then, the role of intermediaries in the making of economic policy is subject to institutional changes that transcend the nation state. The internationalisation of economic and political affairs requires governance structures that channel the influence of diverse types of interest groups in a most beneficial manner, while simultaneously opening manoeuvring spaces for the self-organisation of these groups at different levels of an ever more differentiated political-economic system. Thus, even in the context of international regimes and global governance, the debates on both the prospects and the limits of corporatism and pluralism remain relevant.

5

EU Competition Regulation: A Case of Authoritarian Neo-liberalism?

Angela Wigger and Hubert Buch-Hansen

1. Introduction

A range of critical political-economy contributions has suggested that the way in which the European Union (EU) and its Member States responded to the economic crisis that erupted after the financial crash of 2007/8 exhibits strong authoritarian traits. Drawing on Poulantzas' ([1978] 2000, 1979) notion of authoritarian statism (Oberndorfer, 2014; Sandbeck & Schneider, 2014), in some cases combined with Hall's (1979, 1985) notion of authoritarian populism (Bruff, 2014), these contributions provide evidence of a profound political crisis in which democratic processes and rights are being considerably downgraded. The EU institutions and its Member States are both being reconfigured into less democratic entities through an increased reliance on de jure and de facto coercion, while attempts to appease political dissent and resistance through policy and/or material concessions as a way of manufacturing consent are increasingly absent. What Oberndorfer (2014) refers to as "authoritarian constitutionalism" in his analysis of the authoritarian traits in the institutional ensemble of the EU primarily involves violations of formal democracy, as well as constitutional and legal changes that strengthen executive, judicial, and bureaucratic discretionary powers at the expense of legislative powers in combination with an increased suspension of the rule of law, and hence a reduced possibility for democratic interference and judicial contestation. Bruff (2014), referring to "authoritarian neo-liberalism", also mentions, in this respect, the increasingly punitive nature of penal and criminal policy.

None of the above-mentioned contributions argues that the method of crisis management constitutes a wholesale break with the pre-2007