THE END OF LIBERALISM

Ideology, Policy, and the Crisis of Public Authority

THEODORE J. LOWI
UNIVERSITY OF CHICAGO

W · W · Norton & Company · Inc ·
NEW YORK

CHAPTER 2

PLURALISM AND THE TRANSFORMATION OF CAPITALIST IDEOLOGY

Administration presents two basic dilemmas to capitalist theory. First, the predominance of administration proves that conscious control rather than mechanistic, automatic, self-control is the predominant fact about modern conduct. Second, it proves that even the remaining self-regulating mechanisms, still a substantial factor, have shifted in very large part from market competition to group competition—from self-regulation through economics to self-regulation through politics. These two factors became a sort of one-two punch. The first led finally to an acceptance of *statism;* i.e., the overwhelming proportion of leaders embraced positive government. With its rise began a long dialogue with laissez faire over the value of public control that led to the reclassification of laissez faire as a conservative doctrine. The second led to *pluralism,* the intellectual core of the new liberalism which would eventually replace capitalism as the public philosophy by a process of absorption. The new public philosophy, interest-group liberalism, is the amalgam of capitalism, statism, and pluralism. The amalgam is evaluated in Chapter 3 and beyond. Here it is necessary to see how the parts could possibly fit together.

The Administrative Component and the Inevitability of Government

Administration is a process of self-conscious, formal adaptation of means to ends. Administered social relations are all those self-conscious and formal efforts to achieve a social end, whether expressed as a general condition like predictable conduct, legality, productivity, public order, or as a more concrete organizational goal. Many traditional social patterns continue to fulfill vital control functions in society. Economic and political competition are also vital controls. But the modern overlay upon all this is not so automatic. It is administration.

Many influential observers maintain that technology is the key to what is modern in the revolutionary Western civilization.[1] But this seems to beg the question, which is how and with what result men come to live peacefully and productively with each other in the presence of this technical complexity and scale and yet in the absence of complete familiarity. Karl Polanyi provided an appropriate riposte:

> Social not technical invention was the intellectual mainspring of the Industrial Revolution. . . . The triumphs of natural science had been theoretical in the true sense, and could not compare in practical importance with those of the social sciences of the day. . . . The discovery of economics was an astounding revelation which hastened greatly the transformation of society . . . while the decisive machines had been the inventions of uneducated artisans some of whom could hardly read or write. It was both just and appropriate that not the natural but the social sciences should rank as the intellectual parents of the mechanical revolution which subjected the powers of nature to man.[2]

This is not to deny technology. It is only to ask for the social inventions through which a technical invention became revolu-

[1] *Cf.* Michael Harrington, *The Accidental Century* (New York: Macmillan, 1965), and John Kenneth Galbraith, *The New Industrial State* (Boston: Houghton Mifflin, 1967), for recent expressions of this view.
[2] Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957), p. 119.

tionary instead of a museum curiosity. Administration takes a machine and makes it a "man-machine" system. The increased pace of technological change in our epoch seems only to make the need for administration more intense—or else the technological change would be wasted.

In a sense, the administrative component is a fifth form of differentiation to go along with the four earlier identified. This fifth form is a differentiation of social units that perform "system maintaining" functions. Moreover, there are several dimensions. Units within groups are separated out to administer to the internal needs of the group. In the literature of administrative science these are usually referred to as staff, auxiliary, or overhead functions. Then there is a large category of groups and institutions whose entire function is to administer services to nonmembers and groups, services once performed automatically—or not at all. Thirdly, while most groups and institutions are not founded especially to do these good works, they tend just the same to spend a great deal of their time and resources administering against some possible social disequilibrium. Some may call these "latent functions."

Administration by Governments

By far the most important mechanism of administered social relations is modern government. The rise of large government with a large administrative core came relatively late in the U.S., but its coming is undoubted. Per capita dollar outlays by Federal, State, and local governments are impressive when 1878 and 1908 are compared to 1938 and 1968. Also of great significance is the rise in administrative personnel in government. But of far greater significance is the nature of the outlays of dollars and the activities of the administrative personnel. Neither budgets nor bureaucrats will measure the importance of such agencies as the Federal Reserve Board, the ICC and its sister public service commissions in all the States, the rest of the "alphabetocracy" begun in the 1930's, and the research, service, and fiscal components added largely since then. Their administrative role in the fate of persons and properties is important beyond measure.

Perhaps even more indicative of the administrative importance of modern government is the scale and purpose of expenditure at local and State levels. In 1962, local and State governments spent $500 per capita ($88 billion) as compared to $460 per capita spent by the Federal government. Over 22 per cent of all State and local government expenditures went for education. Another 5 per cent went for public welfare. These figures compare very meaningfully with such traditional State and local functions as highways (10 per cent) and police and fire protection (4 per cent). The comparison indicates that the overwhelming proportion of government responsibility is administrative operation of facilities and services that a century ago were left primarily to family, neighborhood, local church, guild, and individual initiative.[3] Public schools have expanded downward to kindergarten and then to nursery school, toward further and further incorporation of family functions. They have expanded upward to take over more and more of the preparation for life that once was done in the labor market by the "School of Hard Knocks." And they have expanded outward, toward subjects and types of training never thought of as the province of school or anything else very public—sex hygiene, family finance, psychological and occupational guidance, and so on. (One of the basic undergraduate courses at Michigan State University for many years was Effective Living.) Along with this, the expansion of public welfare administration, with the Federal social security programs, suggests the extent to which many other problems outside the realm of rudimentary socialization have ceased to be a normal part of the everyday life of traditional social units. The "problem of the aged" is a simple and poignant expression of the almost total disappearance of the extended family. We are

[3] Even as late as 1900 public education was slipshod and far from universal. There were no standards or administrative controls regarding teacher recruitment, and every school and local district was an operation in and of itself. Only around 71 per cent of the children between 5 and 17 years of age were enrolled (compared to 84 per cent in public schools alone in 1964), and an overwhelming proportion of these were attending part-time, one-room schools. These and many other significant figures are reported in Thomas R. Dye, *Politics, Economics, and the Public* (Chicago: Rand-McNally, 1966), Chapter 4.

faced here with two quite different methods of performing one of society's natural and inevitable duties. Obviously the contemporary form is administrative.

PRIVATE ADMINISTRATION

The governmental response to industrialization was very late in the United States, but when it did come it was swift, massive, and administrative. However, since the rise of modern administrative government was so late, it would be too easy to come to the erroneous conclusion that for most of our modern history public order was being maintained by the self-regulating mechanisms. On the contrary, it would be closer to the truth to propose that at no time in the past century or more was there a period when society in the United States was anywhere nearly self-regulating. Allowing for a time lag during the early consolidation of capital, the administrative component has developed in hand with the technological, the commercial, and the pluralistic components. The development was simply taking place in the private sector.

The rise of administration in the private sphere began early and has been dramatic. One measure of its importance can be seen in the employment figures below. In less than half a century, administrative employees in the United States increased from below 6 per cent to nearly 25 per cent of all production employees.[4] The rise of this aspect of the administrative component has been even more extreme in Sweden and Great Britain. The rate of change has been a good deal less extreme in Germany (from 5 to about 12 per cent) and in France (a rate which was static at the relatively high level of over 12 per cent). However, these two latter cases are significant because France and Germany have had the largest and most authoritarian public sectors among the five. Perhaps the quantum of administrative need, public and private, was close to the same in all five.

A look inside the larger corporations in the United States

[4] The source for the following statistics and the graphs is Rinehart Bendix, *Work and Authority in Industry* (New York: Harper Torchbooks, 1963), pp. 216 ff.

helps specify the elements of the private administrative component. Pricing and production decisions have long been removed from the market by an immense planning, programming, and research apparatus. Undoubtedly many an American giant had the equivalent of a Five-Year Plan earlier than did the Soviet government. Bell reports that as of 1956 white-collar workers outnumbered blue-collar workers. While not all

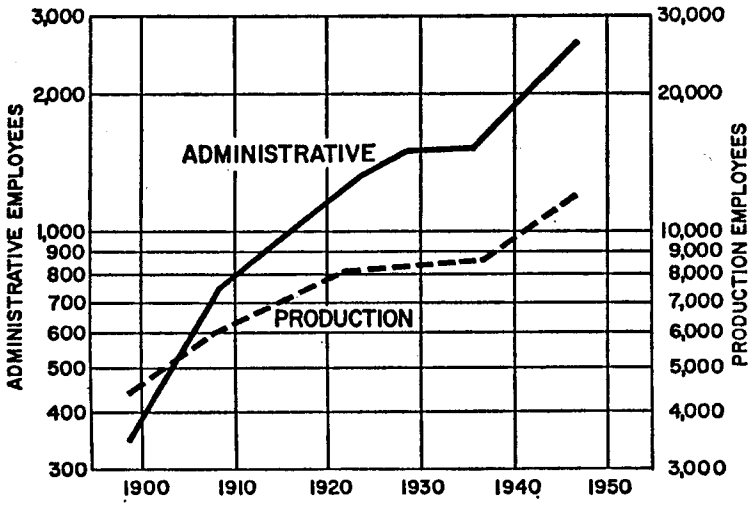

FIGURE 2.1a. Increase of the Number of Administrative and Production Employees in Industry, the United States, 1899–1947 (in thousands)

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white-collar workers are administrative, they do reflect the extent to which production works by shuffling papers, handling routines, and supervising or facilitating the conduct of others.[5]

As much as the administrative employee and internal bu-

[5] Daniel Bell, "Notes on the Post-Industrial Society," *The Public Interest* (Winter, 1967), 28. In this fascinating essay Bell also suggests that the post-industrial society will be typified by even the administration of knowledge and innovation: "In one sense, chemistry is the first of the 'modern' industries because its inventions—the chemically-created synthetics—were based on theoretical knowledge of the properties of macromolecules, which were 'manipulated' to achieve the planned production of new materials." (P. 29.)

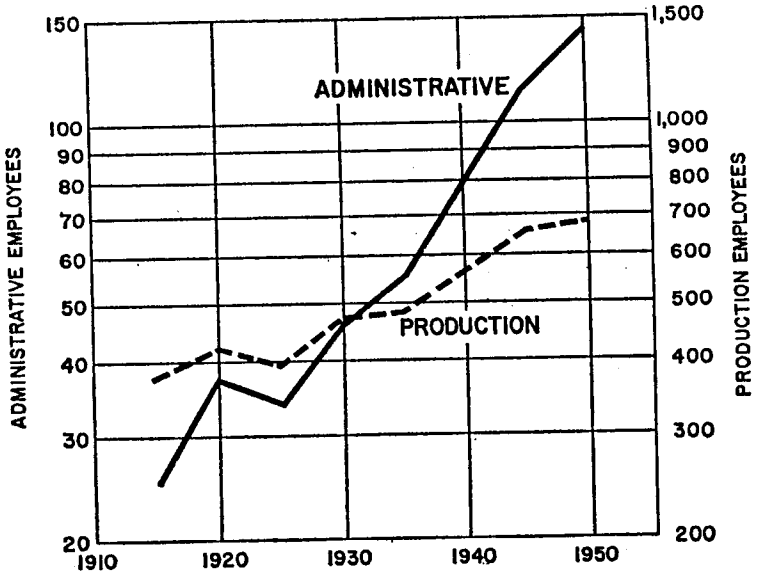

FIGURE 2.1b. Increase in the Number of Administrative and Production Employees in Industry, Sweden, 1915–1950 (in thousands)

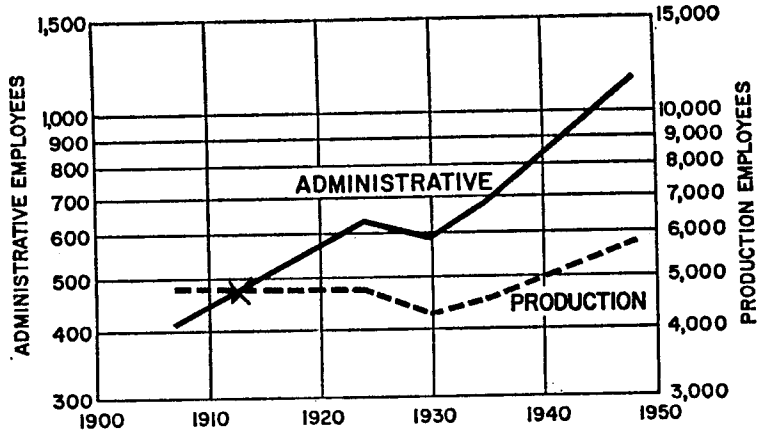

FIGURE 2.1c. Increase in the Number of Administrative and Production Employees in Industry, Great Britain, 1907–1948 (in thousands)

reaucratic apparatus help to measure the administrative component in production, so does the *trade association* indicate the degree to which the commerical dimension of the system—i.e., the market economy itself—has come also to be an administrative process. The trade association is basically an administrative structure whose most important mission is regularizing relations among participants in the same industry, trade, or sector. Where the market seeks competition, the trade association seeks to administer. Trade associations have been widely defined erroneously as pressure groups first and foremost. While they are ubiquitous in Washington and the State capitols, their basic function is administering to their members.[6] For example, Bauer and associates were struck by the amount of time and energy trade associations spend informing and consulting their own members relative to the time spent in political bargaining and coalition-building, even when they are involved in a highly political issue.[7]

The population of trade associations began to mushroom in the late nineteenth century. From a few guilds and rate bureaus, formalized economic cooperation expanded to at least 12,000 national, state, and local trade associations in 1940, when an official census was taken.[8] Taking a complete contemporary census would be extremely difficult; but it is difficult to imagine any product, process, or service in the U.S. whose operatives are not represented and served by at least one of these agencies of private administration. Single firms of more than modest size usually find it desirable to belong to several associations. Imagine the total number of associations if General Electric claims among its active affiliations a Porcelain Enamel Institute.[9]

[6] *Cf.* Melvin Anshen and Francis D. Wormuth, *Private Enterprise and Public Policy* (New York: Macmillan, 1954), p. 319. Their entire Chapter 11 is an excellent discussion of the various devices of "business self-government" administered by trade associations.

[7] Raymond Bauer *et al.*, *American Business and Public Policy* (New York: Atherton, 1963), esp. pp. 315 ff.

[8] Trade Association Survey, TNEC Monograph No. 18 (Washington: U.S. Government Printing Office, 1941).

[9] For good treatments see Robert A. Brady, *Business as a System of Power* (New York: Columbia University Press, 1943), pp. 189 ff.; and David B. Truman, *The Governmental Process* (New York: Alfred A. Knopf, 1951), pp. 55–62. Note particularly the second level of administration, the "peak association," an organization whose members are mainly other organizations.

Trade associations cannot be cast off as evils of overbureaucratized, overcentralized, and oligopolistic business that would disappear if some semblance of competition could be reintroduced. The fact is, the administrative functions of trade associations become even more necessary in decentralized markets. The number of firms is greater, the fear of competition is stronger; and the need for research and marketing services, trained personnel, and so on turns smaller firms to outside forms of administration where bigger firms can provide much of this internally. Three of the most famous trade associations —the National Association of Real Estate Boards, the National Association of Retail Druggists, and the American Medical Association—administer to highly decentralized markets.

The rise of private administration is not manifested only in economic phenomena. In the first place, many of the functions of all trade associations are noneconomic. Moreover, many thousands of groups that are not trade associations perform administrative services vital to the stability of the society. For example, regular social service becomes attached as a "latent function" to most groups. Robert Merton observes best how the old-time urban machine was rooted not merely in control of office but more solidly still in its displacement of impersonal controls with informal and personalized, yet systematic, controls.[10] Then there is the proliferation of groups—"do-gooder" groups—manifestly dedicated to ministering to one problem or another of socialization or social control. Between church school and public school and all related activities, almost nothing is left to the family, clan, neighborhood, or guild—or to chance. Even sand-lot baseball has given way to Little Leagues, symptomatic of an incredible array of parental groups and neighborhood businesses organized to see that the child's every waking moment is organized, unprivate, wholesome, and, primarily, oriented toward an ideal of adjustment to the adult life of rationality that comes all too soon.

All of the larger voluntary associations, as well as most of

[10] Robert Merton, *Social Theory and Social Structure* (New York: Free Press, 1957), Chapter 1.

the smaller ones have given up their sponteneity for a solid administrative core. The study of groups limited to capitols and city halls tends to exaggerate the political over the socio-administrative. Life in the cities would be hard to imagine without the congeries of service and charitable agencies that, systematically, help keep our streets clean of human flotsam and jetsam. Of growing importance are the family service agencies, agencies for the elderly, for adoption, and for maternal and child care, all of which in turn draw financial support from still other (e.g., Community Chest, United Fund) agencies that are still more tightly administrative. To repeat, all such groups naturally possess potential political power, but only occasionally are they politicized. The rest of the time they administer.

Another all-too-little appreciated example of private administration is the nonprofit sector of our economy and its phenomenal expansion in the past generation. In other countries many of these units are governmental, but that only emphasizes the administrative importance of their function in the United States. This sector includes mutual insurance companies, savings and loan associations, professional societies, foundations, cooperatives, health insurance programs, research organizations, private universities, and so on. Each deals administratively with some vital element of social relations. Each receives special privileges in tax law and in other ways precisely because as a category they are all considered to be dedicated more to community than to competitive goals. Together they employed 3.3 million people, or 4.9 per cent of the labor force, in 1960. The growth of these organizations between 1950 and 1960 accounted for nearly one out of every two net new jobs, one in three of *all* new jobs.[11] These jobs are administrative, as are the organizations.

Perhaps the most unappreciated service in that sector, although by no means all of it is classified as nonprofit, is insurance. Most studies have catalogued the impressive rise of insurance as a mere part of the general phenomenon "concen-

[11] Eli Ginzberg *et al.*, *The Pluralistic Economy* (New York: McGraw-Hill, 1965), pp. 22, 61, 139.

tration of economic power."[12] Or they give it no treatment at all.[13] But the insurance companies are far more socially significant in that we rely upon them to administer our conflicts, with each other or with nature, rather than leave these to spontaneous confrontation or traditional litigation. Companies set up to run death benefits and pensions have helped further to replace the family. Fire, automobile, theft, weather, travel, title, and other insurance is provided by companies that administer our liabilities.[14] The liability lawyer may not be so highly regarded as he goes after the big settlement and makes our premiums rise; but he is, for all that, no less important a functionary in the modern social apparatus. Ponder just for a moment the social implications of "liability insurance." Recall, for example, your last traffic jam. It will then be impossible to imagine that an interdependent society could exist without the *socialization of risk*. Keeping these social accounts requires an incredibly large and intricate administrative apparatus. The insurance industry is precisely that.

Finally, there is that category called interest groups, in the most orthodox pluralistic sense. Interest groups do compete and coalesce, as political scientists say. Yet they also possess an important administrative dimension. They would have no "staying power" at all if they did not have an efficient bureaucracy. This is particularly true of the large groups most frequently noted for their national political importance. Unions, like trade associations, administer and reduce competition within their own ranks. Job classification alone, despite such occasional absurdities as the electrician's helper who is forbidden to move a rug or a broom, is vital to industrial peace; and it is no less an administrative process because unions rather than government civil service commissions participate in the

[12] This approach was inspired by the TNEC research of the late 1930's. For example, David Lynch, *The Concentration of Economic Power* (New York: Columbia University Press, 1946), pp. 122–23.

[13] For example, W. W. Rostow, *The Stages of Economic Growth* (London: Cambridge University Press, 1960); and J. K. Galbraith, *American Capitalism* (Boston: Houghton Mifflin, 1962).

[14] *Cf.* Edgar S. and Jean C. Cahn, "What Price Justice: The Civilian Perspective Revisited," *Notre Dame Lawyer* (1966), pp. 936–38.

classification. Even when trade unions square off against employer groups the relationship is, at least since the 1930's, one in which the labor market is replaced by an administrative process. General demand affects collective bargaining, and together these two competitive mechanisms comprise part of the relationships. However, general demand and collective bargaining are most often marginal; in "labor-management relations," collective bargaining has become a brief, albeit critical, moment in a long process of administering the terms of the labor-management contract. In the strictly political realm fewer intergroup relations may be so strongly institutionalized; but the many notable examples suggest that the pattern is significant and increasing. From the NAM and the U.S. Chamber of Commerce and all the state chambers, to the Farm Bureau Federation, to the Federation of Jewish Philanthropies and the Council of Churches, to the AFL-CIO, we have layer upon layer of "peak associations," which exist to institutionalize relations among constituent groups. Each peak association and every major interest group started out as a coalition that eventually perpetuated itself by the development of a central administrative core.[15]

Stress on the administrative component is not an attempt to deny the existence of the self-regulating mechanisms of markets and pluralism. It is rather to stress what is still more modern about social control, including those very mechanisms. Groups, federations, insurance companies, corporations, and government agencies share at least one common trait; they impose an administrative process on as much of their internal structures and on as much of their environments as they possibly can. Whether one looks first at the Little League, the bureaucratization of philanthropy, or community psychiatry; or whether one comes first to appreciate the cheap insurance

[15] *Cf. Truman, op. cit.*, Chapters 2–4. See also Robert Michels, *Political Parties* (New York: Collier Books; first published 1915). His general theory of parties and pressure groups is based largely on this sort of development among European unions and democratic socialist parties. See also Wallace Sayre and Herbert Kaufman, *Governing New York City* (New York: Russell Sage Foundation, 1960), pp. 497 ff., for the composition of typical large groups in cities.

which is the real secret of farm bureaus and many other societies; or whether one starts with awareness of the indenturing of the middle classes in career and salary plans and retirement plans; or whether one looks at the staff of a powerful pressure group or the headquarters of a national trade association: one way or the other the true image of modern society emerges. In hardly more than two peaceful generations the great American prototype has passed from Andrew Carnegie to Dale Carnegie.

Pluralism, Its Influence, Its Fallacies

Central to capitalist theory is the belief that power and control are properties of the state and, therefore, should be feared and resisted. This proposition, while hard to deny, is patently one-sided; in fact it covers only one of at least three sides. It says nothing about who controls the state; and it says nothing about institutions other than the state that possess the same properties of power and control.

The Marxist critique of capitalism is overwhelming on the question of control of the state, especially when applied to the very period of industrial growth when fear of the state was so pervasive in the U.S. Up to a point capitalist values were so directly expressed in the activities of Federal and State governments that it would have been impossible to say where the one ended and the other began. The very idea of capitalist public philosophy can be accurately termed a euphemism for capitalist political power during most of the nineteenth century. It was not a question of influence *on* the policy-maker; capitalism was so pervasive because it operated as an influence *in* the policy-maker.

Important as the Marxist analysis has been, American history suggests that it, like capitalist theory, presents one-sided truths. The side left untouched by capitalism and falsely treated by Marxism is that of the nature and significance of the institutions other than the state in an industrial civilization. Here the pluralist model is overwhelmingly superior, at least for American society.

Pluralist theory begins with recognition that there are many sources of power and control other than the state. In our differentiated society, there will be many basic interests represented by organizations able and willing to use power. This is why the pluralist can accept government expansion with equanimity. But the significance of the pluralistic organization of the society goes beyond that. Since there are so many well-organized interests, there is, in pluralist theory, no possibility that a unitary society, stratified in two or three simple, homogenized classes, could persist. The result, however, is not the Marxist revolution where the big class devours the small, but an evolution in which the unitary society becomes a pluralistic one—i.e., where the addition and multiplication of classes tends to wipe out the very notion of class stratification.[16] Stratification in two simple classes, bourgeoisie and proletariat, seems to have been a passing phase of early industralization. Perhaps that is the reason why it figured so large in the sociology of Marx.

PLURALISM AS THEORY: UBIQUITY OF CONTROL, AUTONOMY OF POLITICS

Alexis de Tocqueville, over a decade before Marx, identified many of the fundamental features of the industrial society. He expressed strikingly similar concern about the sort of society which was emerging. In his essay "How an Aristocracy May Be Created by Manufactures," Tocqueville went to the core of the matter. He began by recognizing the importance of the division of labor and proceeded immediately to a consideration of what it does to human beings and social classes:

> While the workman concentrates his faculties more and more upon the study of a single detail, the master surveys an extensive whole, and the mind of the latter is enlarged in proportion as that of the former is narrowed. . . . [I]n proportion as the mass of the nation turns to democracy, that particular class which is engaged in

[16] For a well-balanced discussion of the weakening of social class stratification in the United States and other industrializing societies, see Sir Ernest Barker, *Reflections on Government* (New York: Oxford University Press, 1942), pp. 108 ff.

> manufactures becomes more aristocratic. Men grow more alike in the one, more different in the other; and inequality increases in the less numerous class in the same ratio in which it decreases in the community.[17]

However, unlike Marx, Tocqueville provided more than a theory of alienation within simple social classes. He also paid attention to the composition of this industrial aristocracy. Tocqueville saw this new aristocracy as quite peculiar in comparison to its predecessors. While there are and will be extremes of wealth and poverty, the members of the new aristocracy do not constitute a unitary social class, for there develop no feelings of class, no consciousness of shared status:

> To tell the truth, though there are rich men, the class of rich men does not exist; for these rich individuals have no feelings or purposes, no traditions or hopes, in common; there are individuals, therefore, but no definite class. . . . [T]he rich [are] not compactly united among themselves. . . .[18]

This was the very basis of James Madison's argument half a century before—and nothing had happened between Madison and Tocqueville to alter the fact—that industrialization produces social diversity along with extremes of wealth and poverty: "A landed interest, a manufacturing interest, a mercantile interest, a moneyed interest, with many lesser interests."[19] Developments in the generations since Federalist 10 would only require that we lengthen Madison's list. Pluralists do not have to deny the Marxian proposition that there is a conflict between those who own and those who work for those who own. They need only answer by adding to Marx's the other equally intense conflicts. Exporters cannot love importers, except perhaps on the Fourth of July—and, in fact, many people may still have misgivings about the patriotism of importers. Renters cannot love owners. Borrowers cannot love lenders, nor creditors debtors, and this is particularly interesting in our day, when the biggest debtors are not the poor but the rich.

[17] Alexis de Tocqueville, *Democracy in America*. Reprinted in Lowi, *op. cit.*, p. 15.
[18] *Ibid.*, p. 15.
[19] *Ibid.*, p. 19.

Retailers cannot love wholesalers. The black middle class loves neither the black lower class nor the white sellers of middle-class housing.

In this context the existence of the administrative component merely confirms the reality of the pluralist model of society. Groups amount to far more than a façade for a class. Administration gives each basic interest an institutional core, renders each interest less capable of being absorbed or neutralized, gives each interest the capacity to articulate goals, integrate members, provide for leadership and succession, in short, to perpetuate itself. The organization of interests is the first step, but after rudimentary organization comes staff, procedures, membership service, internal propaganda, addition of more permanent personnel, salaried help, files—corporate existence, staying power.

As alluded to above, the pluralist model cuts equally against capitalist theory. It renders absurd the capitalist notion that government is the only source of power and control. It rightly rejects any and all notions of a natural distinction between the functions of government and the functions of nongovernmental institutions. Power and control are widely distributed. They are in fact ubiquitous.

Sayre and Kaufman introduce a useful game for pursuing the problem of government and nongovernment.[20] Try to identify a governmental activity for which there is not an important counterpart in some private institution. The judiciary? Mediation and arbitration play a widespread and increasing role. Police? Pinkertons are famous in our history; today every large company and school has its own security force, and private eyes continue to be hired for peephole duty; many highly innovating industries have their own secret service working in the world of industrial espionage. Welfare? Any listing of private, highly bureaucratized and authoritative welfare systems would be as long as it is unnecessary. Armies? It is difficult to overestimate the significance of private armies in the past, or such present private armies as those possessed by the Mafia and other syndicates, not to mention the neighborhood gangs and Minutemen. Society highly prizes the function they per-

[20] *Cf.* Sayre and Kaufman, *op. cit.*, pp. 57–58.

form in administering the acceptable vices and keeping the violence associated with these vices subterranean. Obviously the game need not be carried into every realm.

Some activities may be found universally among modern governments; but they will not be found *only* in governments. Moreover, the complete pattern of functions associated with any given government is the result of time, chance, culture and politics. Government is only one institution of social control, as it was and always will be. Government is distinguishable from other institutions, as we shall soon see. But the distinction is not the one upon which the American Constitution and the nineteenth-century liberals erected their defenses.

This in turn reflects critically still further upon the Marxist model. Central to the pluralist model of power is the anti-Marxist hypothesis that with the flowering of the system of autonomous groups the monopoly hold of capitalism, or of any other class, passes. Control of the state does not pass from the capitalists to another class but rather is dispersed. This breaks the deterministic link between economics and politics: *In the pluralist system, modern developments have brought about a discontinuity between that which is socioeconomic and that which is political.* Politics in the pluralist model ceases to be an epiphenomenon of socioeconomic life. Politics becomes autonomous as the number of autonomous and competing social units multiplies.

In these simple propositions, reaching back to James Madison, lies the pluralist critique of capitalism and of Marxism. To summarize: (1) Groups, of which corporations are merely one type, possess power directly over a segment of society and also a share of control of the state. (2) Groups, rather than entrepreneurs and firms, are the dominant reality in modern life. (3) As long as even a small proportion of all interests remains strong and active, no unitary political class, or "power elite," will emerge. That is, in the pluralist system it is highly improbable that a consensus across a whole class can last long enough to institutionalize itself.[21]

[21] The best treatments of the theory, even though limited to cities, will be found in Robert A. Dahl, *Who Governs?* and Nelson W. Polsby, *Community Power and Political Theory* (New Haven: Yale University

PLURALISM AS IDEOLOGY: ITS STRENGTH

A good social theory is always but a step away from ideology. The better it is as theory, the more likely it is to become ideology. The bigger the scope of the theory the greater the likelihood of becoming the public philosophy. Pluralism became a potent American ideology. It did not become the public philosophy, but it is the principal intellectual member in a neocapitalistic public philosophy, interest-group liberalism.

Short and few are the steps in the reasoning procedure by which pluralist theory becomes pluralist ideology: (1) Since groups are the rule in markets and elsewhere, imperfect competition is the rule of social relations. (2) The method of imperfect competition is not really competition at all but a variant of it called bargaining—where the number of participants is small, where the relationship is face-to-face, and/or where the bargainers have "market power," which means that they have some control over the terms of their agreements and can administer rather than merely respond to their environment. (3) Without class solidarity, bargaining becomes the single alternative to violence and coercion in industrial society. (4) By definition, if the system is stable and peaceful it proves the self-regulative character of pluralism. It is, therefore, the way the system works and the way it ought to work.

A closer look will show how potent these principles are in a country so traditionally concerned about power. Most obviously they show pluralism to be very much in line with the realities of modern life. Groups and imperfect competition are impossible to deny. Second, the reasoning suggests that pluralism can be strongly positive toward government without relinquishing the traditional fear of government. Since the days of Madison the pluralist view has been that there is nothing to fear from government so long as many factions compete for its favor. Modern pluralism turned the Madisonian position from negative to positive; that is, government is good because many

Press, 1961 and 1963). For a review of the issues and bibliography at the national level, see my "American Business, Public Policy, Case Studies and Political Theory," *World Politics*, July, 1964.

factions do compete for its favor. A third and obvious feature of pluralist reasoning is that with pluralism society remains automatic. Pluralism is just as mechanistic as orthodox Smithian economics, and since the mechanism is political it reinforces acceptance of government. Pluralists believe that pluralist competition tends toward an equilibrium, and therefore that its involvement with government can mean only good. Use of government is simply one of many ways groups achieve equilibrium. Pluralist equilibrium is really the public interest.

Pluralism's embrace of positive government first put it at an ideological pole opposite capitalism. This is the foundation of the liberal-conservative dialogue that bridged the gap between the old public philosophy and the new. On the basis of these opposing positions, debate over great issues took place in the United States, even without socialism, for many years following 1890. But this situation was only temporary. The two apparent antitheses ultimately disappeared. The rhetoric continued, so that even today one may occasionally feel that the two poles represent substantial differences. But in reality they have come to represent a distinction without a difference. Capitalism and pluralism were not actually synthesized, however; in a sense, they absorbed each other.

The transformation, rather than the replacement, of capitalist public philosophy was made possible by two special features of pluralist ideology. First, pluralism shared the capitalist ideal of the automatic society. Second, the pluralist embrace of government turned out to be, in its own way, as antigovernmental as capitalism. Ultimately this shared mystique, despite differences along other lines, made some kind of fusion possible. The hidden hand of capitalist ideology could clasp the hidden hand of pluralism, and the two could shake affirmatively on the new public philosophy, interest-group liberalism. Here lies the foundation of the Consensus of 1937–67.

PLURALISM AS IDEOLOGY: ITS FALLACIES

Here lies also the source of the weakness and eventual failure of interest-group liberalism, which has led us into a crisis of public authority in the United States more serious than any

other in the twentieth century. Pluralism had helped bring American public values into the twentieth century by making the state an acceptable source of power in a capitalist society. Pluralism had also made a major contribution by helping to break down the Marxian notion of solidary classes and class-dominated government. But the zeal of pluralism for the group and its belief in a natural harmony of group competition tended to break down the very ethic of government by reducing the essential conception of government to nothing more than another set of mere interest groups.

The strength of pluralism rested in very great part upon the proposition, identified earlier, that a pluralist society frees politics by creating a discontinuity between the political world and the socioeconomic world. However, there is a related proposition that present pluralist theories either reject or miss altogether: *In a pluralist society there is also a discontinuity between politics and government.* The very same factors of competition and multiple power resources that frees politics from society also frees government from both society and politics. This is precisely why pluralism appealed to such constitutionalists as Madison. Group competition could neutralize many of the most potent power centers sufficiently to keep all of them within the formal structure of government. This was the Madisonian method of regulating groups and protecting the governmental authorities from control by any "majority," which could mean a class elite, a capitalist group, or a mass social movement. In contemporary pluralism this aspect of the pluralist argument has gone by the boards. Groups become virtuous; they must be accommodated, not regulated. Formalism in government becomes mere formality. Far from Madison, they could say, as the disappointed office-seeker is supposed to have said to President Cleveland, "What's a Constitution among friends?"

It should thus be evident that pluralist theory today militates against the idea of separate government. Separate government violates the basic principle of the automatic political society. This was reinforced by the scientific pluralist's scientific dread of such poetic terms as "public interest," "the state," and "sovereignty" that admittedly cannot be precisely defined and are closely associated aesthetically with the notion of separate government. But by such means pluralism gained a little and lost a lot. Only three of its losses are pursued here: (1) Pluralist theory achieved almost no additional scientific precision by insisting that government was nothing but an extension of the "political process." (2) It could maintain this fiction, and the fiction of the automatic political society, only by elimination of *legitimacy*. (3) It could maintain those fictions only by elimination of *administration*.

(1) In 1908, Arthur F. Bentley fathered the scientific definition of the state as an interest that could be thought of "as an interest group itself."[22] Despite preference for the immaculateness of the formulation, modern pluralists have ever since felt the tug of limitation more than the leverage of precision. Along the way concessions have been made, so that "we must reckon with the inclusive set of relationships that we call the state."[23] The fact that this institution did not seem to operate quite like a pressure group led Truman to the concept of a "potential interest group" whose interest is the "rules of the game."[24] These formulations did not introduce precision. They simply constituted an invitation to disregard those aspects of the political system not susceptible to group interpretation and the hypothesis of natural equilibrium. Even to the most sophisticated, government became "the political process." We shall see the results in Chapter 3.

(2) Competition and its variant, bargaining, are types of conflict distinguishable by the existence of rules. Rules convert conflict into competition. But rules and their application imply the existence of a framework of controls and institutions separate from the competition itself. Whether we call this a *public* or not, *there is a political context that is not itself competition* within which political competition takes place.

A good way to approach the problem of the distinction is to return momentarily to the game of counterparts. It must have

[22] Quoted in Truman, *op. cit.*, p. 51.
[23] *Ibid.*, p. 52.
[24] *Ibid.*, pp. 51–52.

occurred to many already that something was missing. Once while participating in the exercise a student found the missing dimension by identifying prisons and imprisonment as a public activity without private counterpart. Leaving aside a quibble over the question of whether the Mafia has a prison system, it is easy to spot the essential point implied to the student in his choice of governmental activity. The practice of imprisonment suggests simply that the intrinsic governmental feature is *legitimate use of coercion.*

Legitimacy is not easy to operationalize, but its problems are actually easier to solve than those the pluralist solution offers, because our interest is not in measuring the behavioral attribute in question but only in using the fact of its existence as a criterion. It justifies our treating the state as a real thing apart and not merely a group or a poetic figment. Thus, while governments can rarely if ever perform any function that a nongovernmental institution cannot also perform, governmentalization of a function—that is, passing a public policy—is sought because the legitimacy of its sanctions makes its social controls more surely effective. This is what activates and motivates politics in the pluralist system, but it is far from being part and parcel of pluralism.

(3) Finally, rules and their enforcement do not merely exist. They must be applied with regularity and some degree of consistency if pluralist competition is to exist at all. This is administration. Administration is necessary to construct and to change the system within which pluralism is to operate, yet pluralism presupposes the existence of that favorable structure, just as laissez faire presupposed a social system favorable to itself. To pluralists, social change in a pluralist system works in small increments. "Incrementalism" is what moves the successful polity, and by definition that is how the successful polity ought to be moved. This means that social oscillation in the pluralist ideal is and ought to occur at a very narrow range around some point of equilibrium. But note how susceptible all of this is to the criticisms earlier heaped upon capitalist theory. First, it takes a certain predefined equilibrium as good and presupposes it in order to work the theory. Second, recall the

problem of market perfection: Even if you get your economic equilibrium it may not be at anywhere near full employment. The political variant of this would be equilibrium at something far less than an acceptable level of participation, or satisfaction, or even "public interest." Let us take a simple dimension to illustrate both points: expansion of membership in the system. This usually comes from critical, as distinct from incremental, changes, and is usually imposed administratively. One need only ponder the case of the Negro, who was kept out of the pluralist system for ages, and who is being only now introduced into it not only by fiat but by a fiat with force, accompanied by intricate and authoritative processes of administration.[25]

One of the most influential pluralist scholars, Robert A. Dahl, has made the following proposition about the political system: "When two individuals conflict with one another . . . they confront three great alternatives: deadlock, coercion, or peaceful adjustment."[26] Deadlock is "no deal"; there is no change of demands or behavior on either side. Coercion to Dahl means forcible change of behavior by physical imposition. This he feels is an extremely exceptional alternative, rarely involved even in governmental acts, all the more rarely involved in the affairs of popular governments. Everything else, including all other methods of government, comes under the rubric "peaceful adjustment," by which he means consultation, negotiation, and the search for mutually beneficial solutions.[27] Obviously this cannot possibly exhaust the alternatives. It relies on an extremely narrow definition of coercion, giving one to believe that coercion is not involved if physical force is absent. And it depends on an incredibly broad and idealized notion of what is peaceful about peaceful adjustment. A slight readjustment of Dahl's categories will reveal what is missing. It will also reveal the ideological element just

[25] This will be further developed in Chapter 3, below; and Chapter 7 is a case of the unanticipated consequences of pluralistic influences on administration in racially significant areas of policy.

[26] Robert A. Dahl, *Modern Political Analysis* (Englewood Cliffs: Prentice-Hall, 1963), p. 73.

[27] *Ibid.*, p. 71.

underneath the skin of pluralist theory. What Dahl is really dealing with here are the logical relations between two continua —the extent to which coercion is involved and the extent to which adjustment is involved in any response to conflicting interests. This slight formalizing of his scheme yields the following results:

TABLE 2.1

THE PROPERTIES OF POLITICAL RELATIONSHIPS

		Likelihood of Peaceful Adjustment LOW	HIGH
Likelihood of Coercion:	Remote	Deadlock	Negotiation
	Immediate	"Coercion"	Adm?

What goes in the fourth cell of the four-cell table of properties of political relationships? It is a vast category. It must include virtually all of the public and private "governmental processes" in which people have internalized the sanctions that might be applied. The element of coercion may seem absent when in actuality the participants are conducting themselves in a certain way largely because they do not feel they have any choice.[28] Since it is well enough accepted to go unnoticed, this coercion can be called legitimate. Since it is regular and systematic, is can be called administration because an administrative component must be there if the conduct in question involves a large number of people making these peaceful adjustments. This immense fourth "great alternative" is missing from Dahl's scheme because it is beyond the confines of the theory of the perfect, self-regulating pluralist society. That fourth cell is actually the stable regime of legitimacy and effec-

[28] Grant McConnell, in a brilliant analysis of the myth of democracy in trade unions, aptly refers to the group phenomenon as "private government." *Private Power and American Democracy* (New York: Alfred A. Knopf, 1966), Chapter 5. This phenomenon is neither all "peaceful adjustment" nor all coercion. It seems to belong in the fourth cell, and it applies to many relations among groups and between groups and government, as well as to relations within the big groups.

tive administration without which neither the reality nor the theory of pluralism has any meaning.

THE PRINCIPLE OF SEPARATE GOVERNMENT AND THE CONSEQUENCES OF ITS REJECTION

Many social theorists earlier in the century stressed the distinction between nongovernment and government. Weber's definition of government is founded on the distinction.[29] Mosca based his classification of modern and traditional systems upon the distinction.[30] Robert McIver and many others based their liberal response to syndicalism upon the same distinction, passionately affirmed:

> The extreme insistence of the guild socialists on functional representation becomes an attack on the state itself . . . A nation is not simply composed of crafts and professions. These might logically elect an economic "parliament," but if it possessed also political sovereignty it would be a denial of the whole process which has differentiated economic and political centres of power. The state is retained in name but disappears in fact . . . Political representation is real only because it is not based on any function but citizenship.[31]

E. Pendleton Herring, although one of the key figures in developing pluralist political science, was still able to warn in the 1930's that while the "government of the democratic state reflects inescapably the underlying interest groups of society . . . the very fact that the state exists evinces a basic community of purpose." [32]

These authors were defending the notion of a distinguishable government from the doctrines of fascists, syndicalists, corporativists, and guild socialists because it was these doctrines and experiments that sought to destroy the distinction.

[29] A. M. Henderson and Talcott Parsons, *Max Weber: The Theory of Social and Economic Organization* (New York: Oxford University Press, 1947), p. 156.

[30] See Mosca, *op. cit.*, esp. part quoted above, chapter 1.

[31] Robert M. McIver, *The Modern State* (New York: Oxford University Press, 1964; first published 1926), pp. 465–66.

[32] E. Pendleton Herring, *Public Administration and the Public Interest* (New York: McGraw-Hill, 1936), p. 397.

Not very much later American liberalism began to develop in the same direction, but these features of it tended to escape attention precisely because American pluralists had no explicit and systematic view of the state. They simply assumed it away. Such negative intellectual acts seldom come in for careful criticism.

Concern for government was an American culture trait. Yet, ironically, once the barriers to its expansion were broken, government ceased almost altogether to be a serious issue. Destruction of the principle of separate government, the coerciveness of government, the legitimacy of government, the administrative importance of government, was necessary if capitalist ideology was to be transformed rather than replaced. The fusion of capitalism and pluralism was a success; destruction of the principle of separate government was its secret.

As this aspect of pluralism becomes dominant in the new public philosophy its more repulsive features can more easily be seen. The new liberal public philosophy was corrupted by the weakness of its primary intellectual component, pluralism. The corrupting element was the myth of the automatic society granted us by an all-encompassing, ideally self-correcting, providentially automatic political process. This can hardly be more serviceable than the nineteenth-century liberal (now conservative) myth of the automatic society granted us by the total social equilibrium of freely contracting individuals in the market place. The pluralist myth helped bring about the new public philosophy, but the weaknesses of the myth made certain the degeneration of the public philosophy. What has it degenerated into? What kind of liberalism can be formulated to take its place?