

Roland Czada: CORPORATIVISM (CORPORATISM).

*International Encyclopedia of Political Science* (edited by Badie, Bertrand / Berg-Schlosser, Dirk / Morlino, Leonardo). London: [Sage](#) 2011.

## **CORPORATIVISM (CORPORATISM)**

Despite a centuries-long debate on corporatist forms of political representation and statehood, the concept is still elusive, owing to insufficient definition and ideological controversy. In its most basic meaning, corporativism refers to a political power structure and practice of consensus formation based on the functional representation of professional groups. Associations of farmers, craftsmen, industrialists, workers, lawyers, doctors or the clergy, i.e. churches, act as self-governing bodies on their own behalf and as intermediaries between the government and their members. Political status and rights are attached to occupation and group membership and, thus, differ from those of modern citizenship and equal representation of individuals in parliaments related to a certain territory. The concept of corporativism (or corporatism) dates back to the middle age's estates and guild system. It found renewed attention with romanticist philosophers in the Germanic world during the 19th century as a remedy against social uprooting in the wake of industrialization and class conflict. The Catholic code of social ethics has drawn inspiration from corporatist ideas as well as a number of authoritarian regimes in Europe and South America. As a political ideology corporativism has been fiercely rejected by Liberals as a movement which would elevate collectivist corporate bodies to the cornerstones of politics and the economy whilst denying individual representation, civic liberties, free competition and democracy. Socialists and communists fought the idea as a particularly oppressive variant of capitalist class rule which would eliminate the Left and control the working class masses with a carrot and stick approach. Not least it was the modern state itself and its ideal of universal citizenship, territorial instead of

occupational representation and indivisible sovereignty that run counter to the establishment of corporate power holders acting as intermediaries between governments and segments of the society. Nevertheless modern welfare states bear some features of corporatism and *neo-corporatist* policy-making that have become manifest in networks and negotiations between state-administrations and powerful corporate actors like business associations or labour unions in fields like industrial and social policy (see: Neo-Corporatism). In contrast to such current patterns of corporatist policy making, the term corporativism (corporatism, corporativismo, corporativisme, Korporativismus) denotes a specific political philosophy and controversial ideology as well as a political regime type.

### **The model and idea of corporativism**

Throughout centuries debates on corporativism referred - directly or indirectly - to the medieval guild system. Being collective bodies (lat. Corpora) medieval guilds served manifold economic, social, cultural, religious and not least political functions for their professional membership. Among them one finds the setting of quality standards, prices and wages, educational and work standards, caring for widows and orphans, representation on town councils, serving in courts and town militia, maintaining charitable institutions like hospitals, orphanages poor houses and more. With the rise of the modern state and capitalist economies, those tasks became subject to royal law, state administrations, or markets. The decline of medieval corporativism began at the turn to the 14<sup>th</sup> century. It was driven not by absolutist claims to

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sovereignty at first. Recurrent pestilence, severe famine, and extreme weather as well as the spread of renaissance humanism and *reformationist ideas* about religion, science, and society began to shake the old corporate order of the High Middle Ages and paved the way for a growing emphasis on individualism, centralized territorial rule and secular supremacy.

### **Medieval Corporativism**

Elements of corporativism appeared in many different sites of medieval political philosophy, though Johannes Althusius (1563 – 1638) was the first to formulate a comprehensive theory of a corporatist, or in his words, “consociationalist” constitution when the medieval order had already lost ground against new thoughts of monarchic absolutism and indivisible territorial sovereignty. Antony Blake (1984) in his work on Guilds and civil society in European political thought refers to Althusius as being one the “few great theorists of corporatism” (p 441), providing us “with perhaps the most substantial exposition of guild ideas ever known” (p 131f.). The universal commonwealth (*consociatio universalis*) Althusius proclaims, has to be understood – in his own words – as “an association inclusive of all other associations (families, collegia (i.e. guilds), cities, and provinces) within a determinate large area, and recognizing no superior to itself” (Althusius (1964, 12; orig. 1603). In conceiving the social contract as a real pact among corporate legal entities that compose society he set off against his near-contemporary Thomas Hobbes, who thought of a single agreement, entered into by individuals, who commit themselves to an absolute subjection to a common power: “one Man or one Assembly of men, that may reduce all their Wills, by plurality of voices, unto one Will.” Althusius had a notion of shared

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sovereignty that stands in deep contrast not only to Hobbes' unitarism but also to Bodin's doctrine of monarchical sovereignty. Due to his emphasis on corporative autonomy, the subsidiarity principle and multilevel character of his constitutional system, Althusius is now reputed for being an early modern protagonist and forerunner of federalism.

Corporativism has been criticized for its emphasis on collective instead of individual autonomy. Whilst this is true for authoritarian concepts connected with various semi-corporativist but in fact centralist regimes of the 19<sup>th</sup> and 20<sup>th</sup> century, early modern "corporativist" thinkers like Althusius or Marsilius of Padua fought not only for a decentralized polity but also for popular sovereignty. In formulating that the sovereign rights of the people were inalienable, unassignable and imprescriptible, Althusius rejected Bodin's notion of sovereignty according to which the people enter into the social contract with the monarch as a collectivity and not as free individuals. This is not surprising if one considers that medieval corporations, both in constitutional theory as in the everyday life of guilds and communes, was marked by a constant tension and interplay between the claims of individuals and those to be found on the level of corporations and their interrelations – a factually conflict-ridden power structure that fed unitarian anti-corporativist political sentiments in the long run.

In serving the public and private needs not only of corporate status groups but also of communities at large medieval corporativism ideologically aimed at an organic whole and, thus, was void of modern differentiations like those between the collective and the individual, government (state) and society, politics and religion, or the public and the private sphere. The

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anti-modernist overtone of corporativism derives from its organicist idea to segment society into an articulate multiplicity of interrelated semi-autonomous corporations regulated by the principle that men should live free only in the narrow sphere of their god-given social status.

### **Challenging the liberal paradigm**

The medieval model of a static organic order received new attention by philosophers and state theorists during the 19<sup>th</sup> century. The dark side of rapid industrialization, together with the decay of traditional social security mechanisms and an emerging class conflict, resulted in intellectual attempts to find alternatives to the individualist market-liberal paradigm. Corporativist ideas came up again after the French revolution particularly regarding its failures and disappointments of widespread beliefs in a republican solution. They have to be seen as an attempt to reconstruct intermediary corporations as moral institutions to support communitarian politicization and individual orientation in times of rapid social change and as a barrier against social uprooting. Corporativist thoughts in the works of Fichte, Müller und Hegel (cf. Harada 1989) should help in filling the gap between a society of individuals and the governmental administration by semi-autonomous communal institutions that would eventually strengthen the state as an embodiment of the general interest. Social stabilization in the face of revolutionary threats has been the one - conservative – facet of such concepts, whereas the protection of craftsmen, workers, and industrialists against social and commercial threats represents a more constructive if not humanistic concern. For Hegel (1770-1831) corporativism was the solution against an increasingly atomized society. Starting from the assumption that the rule of law is

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based on the need to articulate modern civil society as the realm of particularity on one hand, and the state as the concrete form of moral generality on the other, corporations are meant to embrace particularity from below, and generality from above, and, thus, to function as integrating links between civil society and the state. In his critique of Hegel's "Philosophy of Right" (first published 1844) Marx identified the Achilles heel of Hegel's corporatist design exactly in the ambiguity of corporations (Estates) as intermediate power holders:

"... while the Estates, according to Hegel, stand between the government in general on the one hand and the nation broken up into particulars (people and associations) on the other, the significance of their position [...] is that, in common with the organized executive, they are a middle term. Regarding the first position, the Estates represent the nation over against the executive, but the nation *en miniature*. This is their oppositional position. Regarding the second, they represent the executive over against the nation, but the amplified executive. This is their conservative position. They are themselves a part of the executive over against the people, but in such a way that they simultaneously have the significance of representing the people over against the executive."

Corporatist theories have always struggled with the dilemma of intermediate political corporations to represent and discipline the demands of their membership at the same time. One speaks of "societal" or "state" corporatism depending on whether a bottom-up representative

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approach or a top-down disciplinary one prevail.

During and after Hegel's time a number of scholars - Otto von Gierke (1841 – 1921) and Emile Durkheim (1858 – 1917) in particular – suggested corporatist associations and intermediation as a remedy against disorder, social anomy and isolation resulting from a growing division of labor and the crisis of traditional institutions of solidarity.

### **Modern Corporatist Ideologies**

Besides being a theoretical concept and regime type, Corporatism has been perceived first and foremost as a political ideology just like liberalism and socialism - the other great "...ism" as Wiarda (1997) called it. Among contemporary secular ideologies it is not only the oldest but also the most manifold and inconsistent one. It is difficult to draw a clear dividing line against individualist liberalism and collectivist socialism since corporatist thoughts and methods took up elements of market liberalism as well as economic planning. It was a common trait of 20<sup>th</sup> century corporatism to protect private property and simultaneously to fight against free competition in markets and politics. Experiences in Europe, Latin America and Asia clearly show that authoritarian corporatism together with rightist populism served as an instrument of conservative rule in periods of intensified class struggles and leftist revolts.

#### **Papal encyclicals**

The Roman Catholic school of thought on the social, political and economic order of capitalism as put down first in the Papal encyclical *Rerum Novarum* (Of New Things, 1891) and

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supplemented by *Quadragesimo Anno* (In the 40th Year, 1931), above all builds on the corporativist principles of solidarity and subsidiarity. *Rerum Novarum* has to be seen as a response to the social instability and labor conflicts of the time. It advocates a “natural right” to form associations, to engage in free collective bargaining and makes it a duty of governments to protect the poor. Faced with strong communist and fascist movements in Europe, *Quadragesimo Anno* also concentrates on the dangers to human freedom and dignity arising from unrestrained capitalism and totalitarian communism.

The catholic plea for an organic and hierarchical reconstruction of industrial societies was inspired by, and in turn influenced, the works of a number 19<sup>th</sup> century social philosophers namely from Italy (Frédéric Ozanam, Luigi Taparelli D'Azeglio) and France (Philip Buchez, Count Albert de Mun, Count La Tour du Pin). They imagined “Catholic Guilds where the interest of the profession is superior to private interest, where antagonism between capitalist and workingman gives way to patronage exercised in a Christian spirit and freely accepted. ... It is always the same thought: limit competition, associate common interests, impose upon the employer the duty of patronage, uplift labor and the condition of the laborer.” (Albert de Mun 1847, cit. in Moon 1921: 99). Though full of normative ideology and never free of theoretical inconsistency, the Social-Catholic movement succeeded to maintain a fairly coherent political reform program that is still focused on corporativist attributes of solidarity and subsidiarity. The insistent demand for subsidiary autonomy of the social sphere resulted in a somewhat muted critique of totalitarian fascism in *Quadragesimo Anno*. The Catholic Church, however, did never – as German

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Constitutional Lawyers have feared - endorse a decomposition of statehood in the name of the subsidiarity principle.

### **Secular corporativist ideologies**

Among secular corporativist ideologies the idea of *guild socialism* found a number of supporters among intellectuals as well as workers and labour unions in Britain. Functional representation was one of the most distinctive doctrines of British guild socialism according to which the population should be represented both as producers and as consumers in a multi-level system. Municipalities, regions and the national state would be governed by two chambers one elected by professional guilds, the other by territorial constituencies. George D. H. Cole who formed the British National Guilds League in 1915 proposed a central Guild Congress that should be the supreme industrial body, standing for the people as producers in the same way as Parliament will stand to the people as consumers. In advocating the co-sovereignty of workmans” guilds and representative government guild socialism rejected the traditional notion of sovereign statehood. The concept had been indirectly inspired by Althusius’ corporatist cum federalist medieval concept through the reception of Gierke’s theory of associations. Part of Gierke’s opus magnum “Das Deutsche Genossenschaftsrecht” was published in Britain as “Political Theories of the Middle Ages” in 1900 and subsequently gave impetus to a newly emerging pluralist school of academic political thought of which guild socialist ideologies attained the most far reaching though rather short lived political impact. The sudden decline of guild socialism after the first World War had been attributed to a changing ideological climate that was no longer in favour of

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ideas requiring employers and business owners to share or give up control over industry.

The corporatist wave that began in the 1920s after World War I was conservative and ranged from right-wing to totalitarian political ideologies. Authoritarian nationalists in Franco's Spain, Salazar's Portugal, Dollfuss' Austria, Pilsudski's Poland, Vargas' Brazil, Perón's Argentina, or Calles' Mexico made use of corporatist thoughts to legitimize their claim to power as did totalitarian fascists throughout Europe. During the 1930s one finds a number of fascist regimes not only in Mussolini's Italy and Nazi Germany but also in Hungary, Greece or Romania as well as fascist movements and parties in almost all European countries. The corporatist and religious elements of fascism had been strongest in Italy, among the Falange movement in Spain and in Romania. The attempt to violently infiltrate and control every sector of social life, together with their militaristic orientation cast doubts whether Fascist dictatorships fall under the category of corporatism at all. Of course there were a host of separate non-governmental organizations controlled by government for all kinds of purposes such as economic planning, leisure, sports, science, education etc., but without any higher co-ordinating organs. Gaetano Salvemini, in his 1936 book "Under the Axe of Fascism" noticed that to search for real cooperation and genuine consultation taking place through corporatist institutions was like "looking in a dark room for a black cat which is not there." Contrary to the imagination produced by their propaganda machine, fascist regimes generally caused bureaucratic confusion and provoked the decline of constitutional and administrative order for the benefit of revolutionary movement and violent oppression. Today there is widespread consensus not to subsume

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totalitarian Fascism under the corporati(vi)st paradigm but rather to conceive it as a separate regime type (Linz 2000: 220)

### **Authoritarian corporativism**

The term Authoritarian Corporativism originally referred to a variety of political regimes in Latin America. Most basically it means that autocratic governments seek to impose a system of interest representation and intermediation upon functional interest groups, especially labour unions, in order to deal with perpetual threats of industrial conflict and popular protest. Different structures and methods of incorporation across countries and over time, together with inconsistent or even lacking principles of political design point out the complexities involved with this political regime-type.

Authoritarian corporativism emerged during stages of late economic development from situations in which weakly integrated societies, widespread clientelism, internal migration and organisational fragmentation caused governments to re-organize, mobilize and control socio-economic groups in order to increase their predictability and eventually overcome economic stagnancy. Whereas the landed gentry, peasants, rural workers, clerics and shopkeepers remained to be grouped territorially along vertical chains of patron-client relations - irrespective of class, race, caste, and region - up to the government, new urban groups associated along occupational and class lines on the national level. When, spurred by economic recession, the traditional landed, export, and commercial elite failed to check the manifold demands, political divisions and

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modernization conflicts of such asynchronous societies “clientelism declined in favour of corporatism” and in many cases resulted in hybrid regimes of corporatist, populist, nationalist, and military authoritarian rule (O’Donnell 1977: 67).

One can find similar sequences of events in many late developing nations with similar outcomes. South Korea, Taiwan, Singapore, Indonesia, the Philippines China and others have relied on various forms of functional representation though usually avoiding the label corporati(vi)sm because of its pejorative connotation with authoritarianism. Most East Asian developmental states borrowed heavily from Japan's earlier experiences. Government-assigned farmer associations had been established there in the early 1900s for reasons of productivity improvement and political subordination. During the 1930s the government re-organized the small and medium business sector into peak associations, which were sanctioned to control their memberships through administrative decrees. Administrative guidance and cartelization have become symbols for the close state-society relations of the Japanese, but in the meantime have come to characterize a number of late developing East-Asian countries. In Taiwan the government took over the farmers' associations that the Japanese colonial regime had established and afterwards awarded an official quota of seats to functional associations in the country’s – almost powerless - National Assembly. Korea orchestrated its economic take-off by means of government bureaus within in a system of state corporatist arrangements, and, not least, China is about to top all previous attempts of corporatist control. Corporatist bodies dating back to the Mao-Era have been revitalized as centers of guidance and legitimacy in economic and social

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matters. New associations in fields like health, sports, culture, social welfare or science have been established on the government's own initiative and – for the politically relevant - based on obligatory membership.

Apart from more or less corporatist and authoritarian elements to be located in current developmental states in Latin America, Asia, South-Eastern Europe, or Africa, one can hardly find countries with a manifest corporatist constitutional background – with only a few exceptions. Among them is Croatia with its long established corporatist traditions that have led to a rather unique constitutional second chamber based on the corporative representation of trade unions, employers' and farmers' organizations, universities and colleges, craftsmen, free-lance professionals, etc. Another case is Hong Kong, having up to half of the legislature elected by functional constituencies defined by professional occupations or economic sectors since 1985. Research on these cases suggests that strong corporatist regime-elements as well as experiments with constitutional corporatism - other than neo-corporatist methods of policy-coordination – have adverse effects on party development and the achievement of universal civil rights, and have fostered legislative fragmentation through particularistic bargaining.

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See also: Authoritarianism, Interest Groups, Neo-Corporatism, Pluralism, Representation.

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