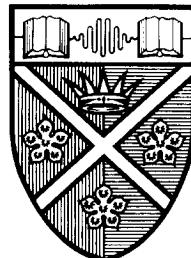


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*PLACE, POWER AND POLITICS:
TOWARDS A THEORY OF MESO CORPORATISM*

CHRIS MOORE and SIMON BOOTH

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PLACE, POWER AND POLITICS : TOWARDS A THEORY ON
MESO-CORPORATISM

by

C. Moore (University of Strathclyde)

and

S. Booth (University of Strathclyde)

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Department of Politics,
University of Strathclyde,
GLASGOW G1 1XQ,
Scotland, U.K.

Place, Power and Politics : Towards a Theory of Meso Corporatism*

Chris Moore and Simon Booth

Introduction

The shift to the right politically across Western Europe and North America has fashioned a new ideological hegemony. The free market is rigorously promoted by national governments as the basis for efficient policy-making and resource allocation. The post-1945 consensus based around managed markets and concertation of organised interests within the State structure is now dismissed as a cause of, not a solution to, economic decline and fiscal crisis. But announcements of the death of corporatism have been precipitous.

Whilst at the national state or macro level formal corporatist institutions have declined, new forms of concertation and consensus have emerged at the sub-state or meso level. Ironically, the pursuit of free market policies at the macro level has generated opposing responses at the meso level. Different regions within national states and different policy sectors have developed formal and informal mechanisms in order to defend particular regional or sectoral interests against either market forces or central government, and to extract concessions from the State.

These shifts are reflected in the corporatist literature which has moved away from abstract theorising at the macro level to a more useful analysis of concertation at the meso level. Such analysis needs to bring together a theoretical framework which can specify criteria for corporatism at this level with empirical case studies of regional and sectoral policy processes.

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But why is a corporatist mode of analysis worth exploring as a potentially fruitful way of explaining and understanding future developments in policy-making and state-society relationships? As suggested above the corporatist perspective does not automatically become irrelevant because of the reassertion or shift to the market as a basis of decision-making, since in any modern capitalist economy the extent of the free market and competition is variable and limited (see, for example, the writings of J.K. Galbraith, Andrew Shonfield and Stuart Holland).

Corporatist analysis is best utilised as a way of explaining decision-making in certain policy sectors where the market is either of limited application or is consciously rejected as an appropriate basis for allocating resources. Corporatist arrangements may also be more pronounced in particular regions where there are distinctive territorial patterns of policy-making and implementation and organised interest representation. How far Scotland can be said to fit the corporatist pattern is the central question of our research.

It would be difficult to deny the importance of corporatist theory at least in terms of the literature generated and the critical debate it has sparked off since the late 1970s. Corporatist approaches developed as a major critique of, and alternative analysis to, the dominant pluralist paradigm within Western political science. As the literature review below makes clear, pluralism increasingly failed to offer a convincing explanation of state-society relations or an adequate analysis of policy-making and implementation in a highly interdependent socio-economic order where political and economic power was ever more centralised and concentrated amongst those interests able to organise. Pluralism also failed to account for the new relationships emerging between State agencies and the major organised functional interests who traded a degree of autonomy for access to

the decision-making process. In place of competition between groups outside the institutions of governance there is a process of concertation which transforms groups into 'governing institutions' (Middlemass, 1979) with co-responsibility for policy outputs. Pluralists still inhabit the world of liberal market economies and open competitive political systems, and whilst a pluralist analysis may be relevant to some policy arenas and group-State interactions it can no longer be considered to offer a comprehensive or adequate model for the liberal democratic capitalist polity.

The aim of this paper is, firstly, to review the ways in which corporatist analysis has developed since the original research agenda established by Schmitter and Lehmburck in the mid-1970s. Secondly, from this overview we set out criteria or measures of corporatism which can be used to analyse the relationship between State agencies, organised interests and the economy. Thirdly, we offer a framework whereby these measures can be applied at the meso level. This will involve drawing out the key distinctive features of the Scottish political economy as our arena of analysis.

Corporatist Theory : an overview

Whilst corporatism may not run to the fifty-seven different varieties of a well-known food producer, there has certainly been intense debate within the literature on its defining features. Wilson (1982) has identified five major applications of corporatist theory : (1) interest group politics as an alternative to pluralism; (2) pattern of policy formation and implementation as an alternative to party government; (3) economic system as an alternative to laissez-faire capitalism or socialism; (4) strategy for managing conflict in advanced capitalism as an alternative to market or bureaucratic modes of control; and (5) type of decentralisation of government functions.

This categorisation describes the various uses of the term corporatist, but if we are to locate different schools of corporatist theory as represented by the main writers we need to develop a more comprehensive model. An initial attempt to provide such a framework which maps out these main theories is to be found in Figure 1 below.

(a) Corporatism, interest group politics and patterns of policy-making in advanced liberal capitalist democracies

The first wave of neo-corporatist writings were based around the work of Philippe Schmitter and Gerhard Lehmbruch (Schmitter and Lehmbruch, 1979; Lehmbruch and Schmitter, 1982). They use the term corporatism to characterise a structure of interest intermediation, that is, as a pattern of interest organisation and politics in liberal democratic capitalisms, and as a concerted mode of policy-making where organised interests are integral parts of the policy formulation and implementation process.

According to Schmitter (1979), the key features of corporatism as a mode of interest intermediation and concerted policy-making are : (1) status attribution granted by the State to key organised groups with a concomitant degree of State control or influence over the internal governance of the group - see Offe (1981) for further elaboration of the idea of status attribution; (2) a social partnership between key groups and the State; (3) policy participation, including executive responsibilities accorded to organised groups; (4) institutionalised access to decision-making processes; and (5) centralisation of group structures and state decision-making.

On several counts, the U.K., according to Schmitter, can only be seen as an example of 'medium corporatism'. Parliamentary and party government remain important elements of interest representation, intermediation and policy-making. Periodic corporatist arrangements, primarily through

Figure 1 : Schools of Corporatist Theory

Theoretical Approach	Neo-Marxist	Neo-Weberian Dual Polity	Neo-Weberian Associative order	Social Democracy Functionalist	Systems Theory
Method of Analysis	Class	Relationships between Groups and State	State-Group relations	Economy	Economic Functional
Focus/ Specificity	Capital/Labour Strategy	Economic Structure Process	Social Economic	Society/Economy institutional relations	State
Level of Analysis	State	Meso sub-state/policy or economic sectors	State Meso	Macro	State
Predictive Potential	Partial	Partial	Partial	High	High
Explanatory Potential	Limited	Limited	Limited	High	High
Motor for Corporatist Arrangements	Organised Capital	Representative Economic Groups	Influential Groups Elements of State	Needs of developed capital	State
In Whose Interests do these Arrangements Operate	Capital	Economic Organised Groups	'The Organised' Social and Economic Groups	Technostructure Corporation	'General Interest'
Who Loses from these Arrangements	Labour	Unorganised. Social Welfare Groups	Unorganised	Market Entrepreneurs	Sectional Interests
References	Pannitch, Crouch, Jessop	Cawson (Booth and Moore)	Schmitter, Lehmbrech, Berger	Shonfield, Galbraith, Crossland	Winkler

tripartism in incomes and industrial policy are constrained by the structure of organised interests and their inability or unwillingness to effectively concert their interests and mobilise their members (see, for example, Grant and Marsh, 1977; Vickerstaff, 1985; Boston, 1985; Regini, 1984).

Schmitter, whilst initially focussing on the macro-systemic level of corporatism within the central state increasingly recognised the emergence of corporatist arrangements at the meso level (Schmitter, 1982). According to Schmitter corporatism as a system of interest representation and intermediation is compatible with various political regimes. Liberal democratic capitalist regimes may be more or less corporatist at a systemic level and exhibit variations in their degree of corporatism between different policy sectors.

Corporatist analysis shares some basic assumptions with pluralism about the centrality of organised interest groups in the liberal democratic polity. But in the pluralist analysis these interests are multiple, unspecified, competitive and self-determined, with no special relationship to the State. Under a 'pressure system' of policy formation, interests remain outside the policy process having no share of responsibility for the implementation of decisions. Concerted policy formation involves the incorporation of interests within the policy process not as agents of the State but as partners in the decision-making process; public recognition of their role (status attribution) and co-responsibility for policy outputs. Schmitter has latterly distinguished between corporatism as a structure of interest intermediation and concertation as a mode of policy-making, although the two are interrelated. These structures and modes contrast with pluralistic relationships and the 'pressure' style of policy-making (see Figure 2).

In Schmitter's view the concerted mode of policy formation has important implications for the role and organisation of interest groups and

Figure 2 : Types of interest intermediation and modes of policy formation

Interest Intermediation Through :	Pluralism	Policy formation by Pressure	Concertation
		Examples: classic American pressure politics; French labour politics	Examples: embryonic Italian policy co- operation between unions and the state; Swiss Vernehmlassung
Corporatism	Pluralism	Examples: frustr- ated British efforts at ne- gotiating a social contract; 'cure d'opposi- tion' in corpor- atist systems -à la Sweden	Examples: Austrian Paritätische Kom- mission; Swiss social peace treaty; Swedish Harpsund democracy
	Corporatism		

From P. Schmitter, "Reflections on Neo-Corporatism", in G. Lehmbruch and P. Schmitter (eds), Patterns of Corporatist Policy-Making, Sage, London, 1982; p. 263.

patterns of internal relationships likely to emerge between leaders and members. Decision-making is likely to be centralised, a certain degree of autonomy may be relinquished in return for access, and external relationships may exhibit a high degree of horizontal integration.

In contrast, under the pressure mode of decision-making, organised interests remain outside the policy-making process. Their participation is either in the form of advisory inputs or conflictual relationships with other interests and state agencies. Responsibility for implementing policy remains exclusively with public authority.

Schmitter argues that corporatist modes of interest intermediation and concerted policy-making also have consequences for the State. Relations between state agencies and key organised interests are more formalised, reflected in the public attribution of status accorded to groups. Attri-

bution may not only bring organised interests into institutionalised relationships with the State through participation in executive or quasi-judicial corporatist bodies, but also involve the private government of public functions in forms of self-regulation, for example the U.K. Stock Exchange. The representation of organised groups in public decision-making processes or institutions will be systematic, permanent and policy based as opposed to ad hoc, temporary and crisis or issue based, although the latter may serve as a catalyst for the former.

As a mode of interest intermediation and a strategy of conflict management, corporatism should be located alongside other modes and strategies. In collaboration with Wolfgang Streeck, Schmitter has developed a model of associative order in which corporatist arrangements for interest intermediation and resource allocation are predominant (Streeck and Schmitter, 1985). But they argue that this model should be set alongside three other orders also prevalent in liberal capitalist economies, namely the community, market and state-dependency models.

The underlying principles of these four orders are outlined in Figure 3 below. The associative order essentially involves a concerted bargaining relationship between a limited number of organised actors mutually recognising each others status and powers. The pressures to accommodate and compromise rather than seek maximum short term benefits derive from the uncertainty and costs of achieving these objectives :

"By deliberate mutual adjustment and repeated interaction, these comprehensive, monopolistically privileged actors avoid the temptation to exploit momentary advantages to the maximum and the pitfall of landing in the worst possible situation. In short, they manage to avoid the prisoners' dilemma through inter-organisational trust, backed by what we shall call 'private interest government'. The price paid for this is a lengthy deliberation process and a series of 'second best' compromised strategies which are often difficult to justify on aesthetic or normative grounds". (Streeck and Schmitter, 1985, p. 13).

The critical question arising from this bargaining relationship for

Figure 3 : Principles of the Four Social Orders

Derived from W. Streeck & P. Schmitter, Private Interest Government : Beyond Market and State, London : Sage (1985)

	Community	Market	State	Associative
Principles of Coordination	Spontaneous solidarity	Dispersed ownership	Hierarchical order	Organisational concertation
Actors	Family	Firms/parties	Bureaucracy	Functional interest associations
Medium of exchange	Esteem	Money/votes	Coercion	Mutual recognition
Product of exchange	Compacts	Contracts/offices	Regulations	Pacts
Resources	Respect, trust, inherited status	Economic/political entrepreneurship Calculative rationality	Legitimate control over means of coercion and reward	Guaranteed access Membership Delegated tasks
Motives	Satisfying identity	Maximising advantage	Minimising risk	Satisficing interests
Decision rules	Common consent Unanimity	Consumer/voter preference	Formal adjudication	Proportionate adjustment Concurrent consent
Types of Goods	Solidaristic	Private	Collective	Categoric
Conflict	Clans	Class	Ruler v Ruled	Membership v leadership v (state) interlocators. Organised v unorganised
Benefits	Mutual affection Collective identity	Material prosperity. Citizen accountability	Security, equity, certainty, efficiency	Social peace

Scotland is to what extent a conception of the 'national', that is Scottish, interest, is traded in exchange for class or sectional interests. This is something that we will explore later on.

Schmitter posits the macro-hypothesis that corporatism is related to the basic imperatives or needs of capitalism to reproduce the conditions for its own existence(Schmitter, 1979). The decay of pluralism and its gradual displacement in liberal democracies by societal corporatism is traced to the necessity for stable bourgeois-dominant regimes to cope with threats brought about by concentration of ownership, international competition, expansion of public policy and the rationalisation of decision-making, and the incorporation of subordinate classes and groups. However, he also argues that corporatist arrangements may become incompatible with the interests of capital because they may impose constraints on the capacity of the dominant class to strengthen its position; potentially undermine economic competitiveness; restrict group autonomy; and promote an elitist and collectivist decision-making system. Therefore corporatist arrangements cannot be said to operate inevitably in the interests, or to the exclusive benefit, of capital. They will, however, favour organised socio-economic groups as opposed to the unorganised (see Goldthorpe, 1984a for further discussion on this point).

Lehmbruch (1979) sets his conception of 'liberal corporatism' in the context of organised capitalism, where the consequent politicisation of the market through the social power of oligopolistic enterprise and organised interests is central. He argued that economic crisis threatening the political stability of liberal democracy creates a political imperative to formulate economic policies of full employment, fiscal stability and growth. There is an interdependence of interests within capitalism which forms the basis of the corporatist arrangements and which stands in marked contrast to the Marxist conception of class conflict.

Subsequently, Lehmbruch (1982) recognised the contingency of corporatist arrangements and the divergent responses to economic crisis by national capitalist states where corporatist arrangements became one possible strategy rather than a secular trend or functional prerequisite. Corporatism was thus, according to Lehmbruch, a 'pluri-dimensional' concept, taking into account the degree of centralisation in the organisation of interests, their formal relationships with the State, and the degree of social partnership between organised labour and capital in the regulation of conflict within a framework of public policy.

This dominant use of the corporatist concept has been subject to criticisms from both pluralist and neo-Marxist perspectives. In the former camp Jordan (1983) argues that corporatism is simply a variant of established group literature and that the term is inconsistently used with no clear conception of the State - does it control the group process or is it controlled by that process? He further argues that in its challenge to pluralism as a theory of interest group politics, corporatism fails to reveal itself as a coherently distinctive alternative and is reduced to engaging in crude caricature of pluralist theory, for example, on the issue of differential group power. According to Jordan societal corporatism seems to be nothing more than a voluntary bargaining system with no distinctive role for the State and as a result corporatism is forced to retreat from a systems approach to an ideal type perspective. In addition it has shifted away from a macro- to a sectoral analysis.

Wilson (1983) echoes many of these criticisms and concludes that corporatism is inadequately comprehensive to serve as a theory of interest group politics because it neglects non-producer interests, focusses on a limited number of policy arenas, fails to relate variables and to offer explanations of predictive potential.

From a neo-Marxist perspective Panitch (1980) criticises Schmitter's definition and conception of corporatism because whilst it is confined to the political sub-system (unlike Winkler's usage - see below) it still expands to include all group-state relations under an ideal type definition which is derived from the economic system. Panitch characterises Schmitter's definition as 'group theoretical' in contrast to his own 'class theoretical' approach. Schmitter's theory faces a disjuncture between a concern with class analysis as the origins of societal corporatism, focussing on functional groups and the arena of production, but ignoring class analysis when examining the actual operation of corporatist arrangements. Groups involved in these arrangements become dislocated from the economic base. Organisation is reified, thus allowing Schmitter to posit the stability of societal corporatism.

(b) From Macro- to Meso Level : a Differentiated View of Corporatism

Certainly we would agree with critics like Jordan that to elevate corporatism into a distinctive socio-political or economic system is to stretch the concept beyond its analytical utility or capacity. As we have already pointed out, however, Schmitter and Lehmbruch have themselves retreated from earlier conceptualisations which suggested corporatism as an ideal type political order. It is one thing to recognise the limits of corporatist analysis but whether retreat is really an admission that the concept lacks any distinctive properties, as Jordan suggests, is a different matter. Others have argued that this retreat enables corporatist theory to provide a potentially useful, if more limited, mode of analysis or model of the political process (McBride, 1985). Grant (1985) argues that the focus on the macrolevel, which in the U.K. essentially means weak tripartist

institutional arrangements, hides the significant cumulative impact of meso-level arrangements. Corporatism at this level is seen as a means of overcoming market weaknesses and the limited capacity of the State to directly intervene effectively in the process of adaptation, for example in improving sectoral economic performance or in the provision of industrial training.

In our view what essentially distinguishes corporatist modes of interest representation as opposed to pluralist modes is not the organised interest group itself as a focus of analysis, but its relationship to the State, and in particular, the fusion of interest representation and policy-making responsibility.

Whilst Wilson (1983) criticises corporatism for failing to provide an adequately comprehensive theory of interest group politics, neglecting certain policy arenas and interests, writers like Cawson specifically argue that corporatist analysis has limited application (Cawson, 1982).

Schmitter has acknowledged the use of corporatism as a middle range theory :

"Corporatism, however defined and however preceeded by adjectives, is clearly not something a polity has or does not have. For definitional purposes it may be preferable to define concepts in terms of polar opposites with logically consistent properties, but the real world is almost always located somewhere in between. Practices resembling the corporatist model are quite unevenly distributed across issue areas" (Schmitter, 1982; p. 265).

He goes on to argue that there is a strong case for comparative research at the meso-level, i.e. at the sub-state regional level or in specific policy sectors.

Cawson (1982 & 1986) not only differentiates levels of the State where corporatist institutions might function, but distinguishes policy arenas where corporatist analysis might usefully be applied. He develops a model of late capitalism in terms of a 'dual economy' comprising competitive and a corporate sectors involving different modes of interest representation,

intermediation and policy-making. This leads him to analyse the process of decision-making in terms of a 'dual polity'. In the competitive sector we can still analyse interest representation and policy-making through pluralism, but in the corporate economy of developed capitalism politics is monopolised by functional interests representing capital and labour engaging in bargaining with State institutions. Cawson argues that the economic policy arena in advanced capitalism is characterised by interest representation based on functional location within the structure of production, distribution and exchange, largely based on class interests, although not reducible to class. Outside this sector in the arena of consumption and social welfare, competitive pluralistic interest representation and democratic politics cutting across class continues to provide a more accurate characterisation. He further suggests that the corporatist arena is located at the central and regional levels of the State concerned primarily with economic intervention, whilst the competitive or pluralistic arena is located at the local level of the State, in particular local government, and is concerned primarily with welfare or social distributional issues.

State intervention in the economy does not simply assume corporatist forms as a structural imperative of advanced capitalism. Cawson argues that corporatist modes of intervention stand alongside market and bureaucratic modes (see Figure 4).

In terms of economic policy and State intervention we define the essential features of the corporate and liberal or market capitalist economy in Figure 5. It should be emphasised that a modern capitalist economy will exhibit marked sectoral differentiation in how far it fits into these categories. In other words, different sectors of the economy or industry are more susceptible to corporatist modes of interest representation, intermediation and policy-making than others. Cawson has delineated at a broad level a division between the corporate economy of large scale capital

and the competitive economy of fragmented enterprise, but it is possible to

Figure 4 : Market, Bureaucratic and Corporatist Modes of Intervention

	Market	Bureaucratic	Corporatist
1. Role of State	Facilitative	Directive	Interventionist
2. Basis of legitimate decisions	Law	Rule	Bargain
3. Distribution of power	Diffuse/ Pluralistic	Centralised/ Concerted	Polycentric/ Hierarchical
4. Form of legislation	Regulatory	Detailed	Enabling
5. Form of planning	Non	Imperative	Indicative
6. Associated ideology	Competitive Individualistic	State Socialist	Social Dem.- Reformist
7. Ideological basis	Private Property	Egalitarian	Security- Efficiency- Abundance

(From Cawson, 1982; p. 67).

go further down to the meso- or sectoral level. Atkinson and Coleman (1985) argue that at the level of industrial sector different types of interest group-State relations emerge. They characterise these as pressure pluralism; sponsored or clientele pluralism; and corporatism. The conditions for corporatist relations to emerge include : (1) a strong demand for industrial policy, i.e. interventionism which may occur where a sector is perceived as of special strategic significance and the State engages in sector specific policies and programmes; (2) a centralised and autonomous state bureaucracy able to engage in bargaining with organised groups on a multipartite basis without being captured by these interests. Thus State institutions articulate a 'public interest' and must be capable of maintaining a degree of operational autonomy in bargaining and decision-making; (3) the political organisation of the private sector must allow it

Figure 5 : Essential Features of the Corporatist and Market Economies

	Corporatist	Market
Stage of capitalism	Advanced Organised Large Scale Enterprise	Early Competitive Small Scale Enter- prise
State-economy links	Active intervention at Macro- and Meso-Levels	Indirect interven- tion at Macro- Level - frame- work for market economy
State-economic interest group	Institutionalised or structural linkages Organised labour as institutional partner Labour-Capital relations medi- ated through State institutions Consensual bargaining to arrive at 'public interest'	Socio-economic linkages Organised labour as market entity Labour-Capital relations mediated through market 'Free' collective bargaining
Political-ideological base	Social Democratic	Liberal-Conservative

to play a policy-making and implementation role. Thus organisation of interests must be vertically integrated and encompassing and there must be structural arrangements, or horizontal integration, for the mediation of inter-group conflict; and (4) the economic organisation of sector should exhibit certain structural features which facilitate concerted policy arrangements. For example, indigenous ownership and control of major enterprises enables a 'national' or sectoral interest to emerge and policy to be implemented. Other factors cited by Atkinson and Coleman include the performance of the sector in international markets, with poor performance

increasing the chances of establishing corporatist modes of intervention in order to meet external threats or crisis; and the degree of concentration in terms of ownership, with oligopolistic sectors being seen as more amenable to corporatist approaches.

Cawson, in his most recent work, has developed the notion of micro level corporatism based on bipartite bargaining and intermediation between individual industrial associations or enterprises. At a local level the development of interventionist economic strategies, through agencies like the Greater London Enterprise Board, provide examples of concertation between individual firms, organised labour and local government. However, as Cawson acknowledges, the capacity of local agencies to influence the ways in which capital operates at the local level through planning agreement type arrangements is limited (Cawson, 1986). If the concept of micro corporatism is to have any validity it needs to be distinguished carefully from clientelistic models of relationships between public bodies and individual firms. Corporatist relationships at the micro level must involve the firm as an instrument of public policy in exchange for assistance in a more specific sense than simply general regional development grants designed to generate economic activity. The relationship between Ferranti and the government in the 1950s and 1960s in the embryonic attempts to develop a Scottish electronics industry might be characterised as micro-corporatist (Hughes, 1985).

Cawson sees micro-corporatist relationships in industrial policy as most likely to develop in specific cases of sectoral crisis. For example, to meet the social costs of industrial contractions or in sectors concerned with new technologies where the market fails to provide enough investment.

In other words :

'In terms of the age cycle of industrial products and markets, it seems that corporatist industrial policies make their appearance at sunrise and sunset; during the middle of the day, industry gets its warmth from the market' (Cawson, 1986, p. 123).

A central state or governmental strategy emphasising market and bureaucratic modes of intervention, rejecting the utility and value of corporatist arrangements, does not mean that such arrangements then disappear. They may simply moderate or change their form. This explains the importance of a differentiated analysis of the State and economy, emphasising the meso level as a key dimension. This kind of analysis is in marked contrast to the approach of Winkler to which we now turn.

(c) Corporatism as an Economic System

This distinctive use of corporatism, which owes something to writings on the modern corporation, the corporate economy and economic planning in advanced western industrial societies, by people like Galbraith and Schonfield, has been developed by Winkler (for example, 1977). However, unlike these other two writers, Winkler argues that corporatism can be seen as a coherent economic system which transcends capitalism. Essentially it describes a system whereby the mode of production remains largely in private hands but under State control. Corporatism is an ideal type model of an economic system to be contrasted to the market or socialist models. The State moves from a facilitative role (classical capitalism), through a supportive role (advanced capitalism) to a directive role (corporatism) placing the setting of national economic objectives and controls over the internal decision-making of the enterprise. The Labour Government's original conception of Planning Agreements in 1974 are cited as an example of corporatist mechanisms. It is thus the State which forms the focus and level of analysis in Winkler's conceptualisation rather than the firm or corporation.

Winkler identifies four principles of the corporatist economy : unity; order; nationalist; and success. He also outlines an administrative theory of State intervention under this system based on secrecy and indirect

modes of administration (the use of private organisations and quasi-governmental agencies rather than public bureaucracy). Corporatism is a 'bargaining system' rather than a bureaucratic one. Whilst there is a tendency over time for the State to develop its controls over the organised interests of capital and labour, thereby reducing their capacity for autonomous action, this process is subject to negotiation and compromise given the 'real and substantial' resources available to these groups. Corporatism is thus characterised as a 'direction of development' evolving into a distinctive economic system.

Winkler's writings perhaps have done most to popularise the term corporatism, but have been subject to well directed criticisms by several writers. For example, Panitch (1980) in his critique of Winkler's thesis, argues that : (1) Winkler's conception of capitalism is derived from neo-classical economics and is thus a restricted definition; (2) that his definition of a corporatist economy is not based on any distinctive economic rules of operation, but on state intervention in a capitalist economy, where the State and politics are autonomous of economics; (3) Winkler's argument is empirically weak, for example the citation of planning agreements; and (4) the corporatist theory of administration based on delegated government reflects decentralisation, but does not necessarily involve the representation of functional interests in decision-making.

Westergaard (1978) similarly criticises Winkler's conception of capitalism and claims for a distinctive economic system called corporatism transcending capitalism. Westergaard argues that Winkler fails to analyse the nature of the State, and in particular in whose interests it functions. The four guiding principles articulated by Winkler do not identify any distinctive objectives or criterion of resource allocation. The power of the State is asserted, not demonstrated. If the State is autonomous with its own set of distinctive interests then Winkler fails to analyse their

source, formation and direction. Government intervention and constraints on monopoly capital are not the same as the displacement of capitalism. Capitalist principles of distribution are not replaced. Similarly, the centralisation of private economic power through the corporation is a trend within capitalism, not its displacement. The objectives and purpose of government intervention in the economy require more rigorous analysis than Winkler provides. Westergaard argues that the distributional impacts of State intervention maintain the basic principles and logic of capitalism based on private ownership of property and the sale of labour power in the market. Thus, by focussing on the system of production, Winkler in fact misses out the modes of distribution and exploration which remain rooted in a capitalist framework.

(d) Corporatism and Managed Capitalism

Whilst Winkler highlights trends in the development of modern industrial capitalism and argues from these that State direction and control supersedes capitalism, other writers working in a similar theoretical tradition stop short of this conclusion. We have labelled this body of corporatist theory the social democratic school. Its leading exponents can be located within a broad ideological framework which argues that capitalism has changed fundamentally over the past 30-40 years. In particular they argue that the significance of the market has been reduced by the rise of the modern business corporation and the growth of public intervention in the economy. The term Welfare State Managed Capitalism is a convenient label for this development, especially in Western Europe. In the U.K. Anthony Crossland is identified as the major political exponent of this ideology (Crossland, 1956).

The overlap between this school of corporatism and Winkler is close as the work of Galbraith illustrates. In 'The New Industrial State' Galbraith

refers less to capitalism than to the 'industrial system', although he also argues that in an economy like the U.S. the corporate arena co-exists alongside a market sector (Galbraith, 1974). However, the key point for him is that the corporate economy is clearly predominant in terms of economic and political power. Where we think Galbraith can be differentiated from Winkler is that the latter views the development of the corporatist economy as being driven by the State. In this vision public goals become the goals of the private enterprise system. In Galbraith's work it is the requirements of the corporation which are the engine for State intervention. In other words, public goals reflect the interests of the corporate economy, or more particularly of the 'technostructure'. The corporation defends its autonomy from State control in ways which are not envisaged by Winkler who sees a progressive subordination of the corporation to the State.

Another economist working in a similar tradition, but maintaining that Western industrial systems are still fundamentally capitalist, is Andrew Shonfield. The optimism of his work 'Modern Capitalism' reflects the optimism of late 1950s and early 1960s social democracy as represented by Crossland (Shonfield, 1965).

Shonfield argues that the modern industrial economy must be seen as a new stage of capitalism based on planning, state intervention and technological imperatives. What particularly interests him is the institutional framework within which this developed capitalism can be effectively managed.

He identifies the corporatist approach as one method of planning to be found alongside indicative and statist models. The motor for these institutional arrangements is the needs of developed capital as represented by the big corporations.

Another important distinction to be drawn between this school of corporatist writing and that represented by Winkler is in identifying the

gainers and losers of these trends. In Winkler's analysis the motor for change is the State and the underlying principles of the corporatist economy suggest intervention in the 'general interest' of the system. Those that lose are sectional or particularistic interests. In contrast, in the social democratic functionalist model the motor of development is the needs of capital. The beneficiaries are the modern business corporations and their managers. The losers are the market economy and its entrepreneurs.

(e) Corporatism as a Strategy of Domination within Capitalism

This usage is most closely associated with Panitch. In his criticism of Schmitter's 'group theoretical' approach Panitch postulates an alternative 'class theoretical' conception (Panitch, 1979 and 1980). Here corporatism within liberal democracy is seen as a political structure or strategy integrating organised socio-economic producer groups through a system of representation and cooperative mutual interaction at leadership level and social control at mass level. Corporatism does not displace parliamentary representation, bureaucratic administration or interest group lobbying; neither does it extend to all interest group-State relations, but is confined to the arena of production.

Panitch does not assume equality of power or influence within the corporatist structures, or a neutral State, and rejects Schmitter's tendency towards inherent stability. Corporatist institutions within capitalism cannot be inherently stable because they are the subject to the contradictions of that society rooted in class conflict.

Corporatism is a strategy designed to contain the political and economic strength of organised labour through integration and access to decision-making in return for restraint in the use of labour's organisational market power. However, integration and access to corporatist

structures say nothing about labour's influence. Not only is organised business a key partner in these arrangements, but more fundamentally they occur within the context of the imperatives of a capitalist system of production and are designed to facilitate the process of accumulation (a similar conception of corporatism is put forward by Coates, 1984). This does not mean that corporatist arrangements solely reflect or are the product of capitalist interests. Panitch emphasises the political factors associated with the rise of organised labour, social democracy and commitment to full employment which influenced structural relationships between capital, labour and the State. However, the basic point within the neo-Marxist school of corporatist theory is that these institutionalised bargaining relationships take place within a systemic framework based on the needs of organised capital. Thus of central concern to bargaining is the importance of facilitating capital accumulation, for example incomes policies.

This imperative presents a contradiction for labour. The lack of effective representation over policy output contrasts with the requirements of effective legitimisation of policy, especially wage restraint. Unions as indigenous organisations of the working class, however, remain open to, and embody, class struggle within capitalism, thus rendering corporatist structures inherently unstable, despite the State's attempts to reinforce the leadership's control over mass membership. (For analysis of the instability of corporatist arrangements over incomes policy and the emergent crisis of representation for organised labour, see Boston, 1985).

Goldthorpe (1984a) criticises this neo-Marxist treatment of corporatist institutions as the highest or latest form of social control of labour. He argues that firstly it ignores the rational under-utilisation of market power by organised labour as the most effective means of attaining objectives, by trading restraint for participation in corporatist bargaining which

is conducive to achieving broader goals like full employment. In other words, unions find it strategically realistic to move from the limited agenda of market 'free collective bargaining' into the political arena of corporatist bargaining. Secondly, there is a 'radical logic' to this participation. Market based struggle is inherently sectionalist. Corporatism enables organised labour to strategically embrace class interests in a broad sense, if not necessarily in the Marxist conception of class struggle. Thirdly, the interests of capital are not necessarily best served by participation in corporatist arrangements, because of these above factors, and alternative modes of order may be more acceptable, for example market and 'dualism', or shifting class collaboration to the micro-level in a progressive 'Japanisation' of the economy, i.e. company unionism and sectionalism (Goldthorpe, 1984b).

In terms of the relationships between capital and labour, certain organisational and strategic prerequisites are necessary before corporatist arrangements are likely to assume significance. Organised labour must possess a certain strength and capacity to resist capital. If labour is weak or fragmented then corporatism as a strategy for conflict resolution or bargaining becomes less attractive to capital in contrast to market modes at the enterprise level (Offe, 1981; Rhodes, 1985; Goldthorpe, 1984b).

Capital may also look to the State to control or restrict the capacity of labour to act by legislation (trades union laws), unemployment (deflationary policies) and welfare (cuts and constraints on eligibility for benefits). As Offe (1981) argues, capital has less need for corporatist arrangements to pursue its own interests than labour because their organisational and strategic requirements are different. Labour, to be effective, needs to be organised and to pursue its interests collectively. Offe (1981) argues that capital possesses obstructive power without the necessity for collective organisation, whilst labour only has such power when it acts

collectively. This argument is pursued by a number of other writers. For example, Rhodes (1985) argues that management has greater flexibility in being able to adjust between different forms of conflict resolution. The weakening of unions in times of high unemployment or legal controls can be seen as an opportunity for management to undermine collective bargaining by engaging in plant or micro level negotiations. Rhodes argues that capital can manage conflict at this level because it is not so dependent on association at the meso or macro levels in order to pursue its interests. Labour, on the other hand, requires association at these levels to achieve gains at the micro level. Competition and market modes of bargaining are thus seen as undermining the collective interests of labour (see Goldthorpe (ed), 1984, especially chapters by Goldthorpe; Maier, Cameron; and Streeck for similar arguments). Goldthorpe (1984b) terms the localised flexible market strategy of bargaining 'dualism' and contrasts this with corporatist approaches. In the latter, organised labour is a central actor and is integrated within centralised bargaining arrangements with the State and organised capital. Under dualism the key actors are employers and managers operating in a decentralised labour market. These two approaches presuppose different balances of power between capital and labour. The corporatist model provides means by which organised labour can put forward new demands onto the political agenda, expanding the scope of collective bargaining and securing material, organisational and ideological benefits. Under dualism, however, wider issues are not on the agenda because these are not considered to be the legitimate concern of organised labour which is limited to defending labour market interests.

Regini (1984), and to some extent Crouch (1979), suggests that corporatism can be seen as a strategy of exchange as much as domination, based on a convergence of interests. Organised labour enters into corporatist arrangements because of access to benefits. Regini sees this as an act of

calculated rationality where it is recognised that market mediation is likely to be detrimental to the interests of labour. As a bargaining and rational choice strategy, however, these arrangements are subject to withdrawal and fluctuation. There is no inherent stability in corporatist arrangements.

Crouch (1979) basically views corporatism as a strategy pursued by capital when it cannot subordinate labour adequately by other means. It is then a class concept and belongs to an analysis of capitalist society. At the same time corporatist institutions open up opportunities for labour to bargain on a wider agenda than afforded by the market. The State remains capitalist but it is possible to secure modifications to working class interests. Corporatism may be more suited to the interests of capital but it is uncertain how successful capital can be in retaining control over corporatism.

Summary

From this brief review of the main schools of corporatist theory we have seen how the dominant definitions originated by Schmitter and Lehmburuch have been challenged, not only by pluralist writers, but by other neo-corporatist theorists. This has led to a reformulation of conceptions. The use of corporatism as a way of describing and understanding political and economic trends at a systems or macro level was misplaced. It was rightly criticised on the grounds of stretching the concept beyond its analytical utility. However, to then argue, as the pluralists have done, that corporatism says nothing new, or that it is a variant of the pluralist tradition, is to miss the trenchant, critique of pluralism made by the corporatists. Essentially pluralist analysis is based on a misconception. It analyses the political economy as if decision-making and power reflected free markets and open competitive political systems. Such a model does not

fit the reality of the corporate economy, the rise of functional interest associations and inter-organisational concertation which modifies the economic and political 'markets'.

This does not mean that a corporatist analysis should fall into the same basic error. The most theoretically tenable and empirically useful application of corporatism (as of pluralism) is as a middle range theory which seeks not to define political and economic orders, but to understand their component elements. Corporatism at the meso level, whether this be policy communities, economic sectors or territory, can contribute significantly to a differentiated analysis of modern capitalism. Whilst the growing literature on meso-corporatism has developed analysis at the level of policy and economic sectors it has not consistently related this to the influence of space. Social economic and political variables at the regional level may lead to different groups coming together to act in concert in order to defend economic interests. This can result in very different policy outcomes to those which would result from decisions taken by the market or by the central state. It is to this spatial corporatism that we now turn.

The Politics of Decision-Making in Scotland

(1) Introduction

In considering the environmental conditions for corporatist modes of interest intermediation and policy-making, we might bring together a number of variables in order to test the validity of a spatial form of corporatism in Scotland. These variables would include :

- (1) **political** - nature of party representation and electoral strengths
- (2) **ideological** - influence of socialism, labourism and nationalism as opposed to liberalism
- (3) **institutional** - representation of Scottish interests as distinct interests and their relationships to the Scottish State as opposed to Westminster and Whitehall

(4) **economic structure** - respective strength of capital and labour; the role of the State in the economy and its modes of intervention; and economic performance.

In other words we must consider to what extent we can talk in terms of a distinctive Scottish political economy before we can apply a corporatist, or any other mode of analysis, to territorial outcomes.

(2) System, sub-system or network? : defining the Scottish polity

The U.K. is not a conventional nation-state but a multinational state (Rose, 1982). Its territorial heterogeneity as a political entity within a unitary state system is recognised by most analysts, but how far is Scotland a distinctive political system? Kellas (1983) argues that Scotland must be considered as a political system. It is more than a sub-system of the U.K. political system because of its distinctive national identity expressed in various institutions, distinctive social and cultural patterns and the media, as well as different electoral behaviour. However, it is accepted that this identity is subordinate to the British pattern of political behaviour.

In contrast, Rose (1982) argues that British government is the dominant force in Scottish politics and Scotland is thus best conceived as a sub-system of the U.K. polity. Socio-economic integration has been progressively enhanced, through the Welfare State Managed Economy. Scottish decision-making cannot be understood in terms of 'Scottish policy' measures since this ignores the central location of the Secretary of State and Scottish Office within U.K. government - without collective endorsement through Cabinet and Parliament there would be no Scottish policy. At the same time there is scope for relative autonomy in decision-making within this centralising concept. Rose, however, argues that such variation is not in substantive policy but in the administrative divisions of responsibility for implementation.

A third conceptualisation is offered by Keating and Midwinter (1983)

who also reject the notion of Scotland as a political system because ultimate authority lies outside Scotland. They prefer to characterise Scottish government as a series of 'policy networks' operating at, and linking, different political-spatial levels - Scotland, U.K. and E.E.C. There are distinctive networks operating in Scotland and there are policy arenas with relatively significant degrees of decision-making autonomy and others where the Scottish dimension must gain special consideration within a wider framework.

The key issues are firstly, how significant is decision-making at the Scottish level, what lies within the discretion of Scottish institutions or policy networks and what are the limits on this discretion; and secondly, what are the outcomes of the distinctive pattern of governance for Scotland in terms of allocation of resources and economic benefits?

The distinctive patterns of political institutions and interest organisations within Scotland may be important in terms of a communications and lobbying system but less significant as a location of decision-making in key policy arenas.

(3) Institutions of government : the role of the Scottish Office and its satellites

Part of the U.K. State's strategy in response to the 'threat' of disintegration has been to enhance the importance of the S.O. in formal terms in key policy areas like economic and industrial development, although there are clear limits to this process in terms of devolved powers, resources and influence. Indeed it can be argued that these powers are largely symbolic if they do not correspond to changes in economic power and decision-making which is increasingly centralised outside Scotland. This devolution has involved the transfer of responsibilities for aspects of regional aid and the creation of distinctive interventionist institutions like the SDA and HIDB which have no equivalent in England, and the

maintenance of a separate overseas promotional effort to attract inward investment. Some writers regard the SDA as of great political significance, not only in recognising a distinctive Scottish interest but in legitimising the pressure for further devolution (Drucker and Brown, 1980).

The role of the S.O. as a territorial multi-functional department involves inter alia (1) administration where it may largely be seen as a branch of central government, (2) policy-making, including a degree of independence in developing policies and programmes, and (3) lobbying within Whitehall as the political manifestation of a 'Scottish interest'. Its influence can be subject to very different interpretations. For example, before assuming office as Secretary of State, Malcolm Rifkind wrote that the Scottish Secretary is 'more like a premier than a Minister' and that the Scottish Office is almost a 'mini-government' (Rifkind, 1982). This is a misconception of the power of the office. Rose argues that the authority and political power of the Scottish Secretary depends on the U.K. Government. However, Rose underestimates the influence of the Scottish Office. Its political significance lies not simply as an element of territorial public administration. It is politically significant because of its very existence, and the absence of territorial departments for the English regions, and because it suggests a possible alternative political relationship with the rest of the U.K. (Miller, 1981).

Keating and Midwinter argue that the influence of the S.O. over policy-making (and by extension the importance of the Scottish polity as a decision-making arena as opposed to a communications or lobbying arena) depends on a number of factors. For example, does the S.O. have a statutory responsibility for the service, function, or agency in question? They argue that in economic and industrial policy the S.O. has limited responsibilities, but that in areas like education, where there is a distinctive and separate Scottish system, the S.O. has a primary responsibility

for policy and administration. Similarly, other areas of public life where there is a recognition of separate tradition are more likely to come under S.O. jurisdiction, for example the law and local government.

Most S.O. expenditure comes in the form of a block grant rather than as individual functional programmes which form the basis of the PESC system in Whitehall. This gives the S.O. scope to switch resources between functions. The Treasury's primary concern is with the overall level of the grant rather than with its distribution. However, the level of grant is calculated on a functional or programme basis, reflecting the public expenditure process of Whitehall departments. The total S.O. expenditure therefore will partly be influenced by the Scottish Secretary supporting U.K. functional ministers in their battles with the Treasury. In addition, the power to transfer money between headings within the S.O. budget is subject to some restrictions. Any viirement can only be made within a single financial year and with Parliamentary approval.

Political nationalism and the Scottish identity

Another factor identified by Keating and Midwinter in analysing the importance of the Scottish policy network is the party political composition of Scotland and the political saliency of particular issues. They agree with Rose that there is a general trend towards convergence so that few major issues are seen in distinctively Scottish terms. However, the significance at various times of political nationalism has been influential in accounting for certain policy developments. The existence of a Scottish political identity has been increasingly recognised by U.K. governments (Miller, 1981).

The rise of the SNP and its threat to Labour's electoral position both in Scotland, and more particularly in U.K. terms, was a major factor in the passage of the devolution legislation in the late 1970s. The creation of

the SDA and delegation of powers in industrial policy to the S.O. can also be partly explained in these terms. Certainly there were no similar concessions for the depressed regions of England.

The existence of a Scottish national identity cannot be simply seen in terms of the electoral strength of the SNP, although this is an important indicator of the political saliency of nationalism in the U.K. context. Critical to the sense of Scottish identity on which the SNP can make its appeal are the social and cultural ingredients, including the education, legal and religious systems. A distinction should also be made between popular support for some degree of self-government or devolution and support for the SNP. There is, as recent opinion polls have reaffirmed, a greater level of support for the former than for the latter.

Drucker and Brown (1980) argue that the rise of political nationalism in the 1970s cannot be explained simply in terms of the SNP or dissatisfaction with Scotland's relative economic performance. These two factors were combined with the increasing involvement of central government in the economy and its willingness to administer policies within separate national territories. Thus, the government's own administrative delegation created a link between economic interventionism and political devolution. Drucker and Brown argue that the significance of the creation of regional economic development agencies for devolution was that their very existence would keep the issue alive irrespective of the electoral fortunes of the nationalist parties.

The decline of class politics in the sense of stable electoral identification with the Labour and Conservative parties has produced a more volatile political environment since the 1970s (Franklin, 1985; Rose and McAlister, 1986). Brand (1978) observes that modern Scottish nationalism has been very much a middle class phenomenon rooted not in some cultural appeal but in the possibilities for material advance based on greater

control over the Scottish economy. The development of North Sea oil and the growing centralisation and concentration of ownership and control of key economic sectors from outside Scotland have provided significant arguments for the SNP's case.

The role of the S.O. as a repository of political nationalism may not be immediately obvious, but Miller (1981) suggests that whilst by definition it is part of a unified U.K. government structure, any measures of devolution enhances its scope and status within Scotland. Whilst the intentions of Whitehall may be to retain effective control, the impact of administrative devolution may nevertheless be to stimulate nationalism by raising expectations and by creating 'a separate Scottish government machine ripe for political control' (Miller, 1981, p. 9).

He goes on to argue :

"As a means of preventing political devolution the build up of the Scottish Office has proved a Dane gold. It stimulates rather than satisfies the appetite for self-government. It has made Scots government at once more Scottish and less subject to parliamentary control. A political top-tier to this administrative machine appears ever more credible and more necessary. Yet the irony is that it owes so much of its growth to the actions of Unionists" (Miller, 1981, p. 10).

Miller also points out an electoral dimension which has assumed increasing importance in Scottish politics. This is the role of the Conservative administration in Edinburgh with a declining popular basis in terms of party voting in Scotland. Scotland, in effect, has minority government. The Heath administration of 1970-74 ruled without a majority of the Scottish vote and this situation has been even more pronounced under the two Thatcher governments since 1979. Recent crises within the Conservative party in Scotland over issues like rating reform and steel have led to defections, electoral debacle in local government and declining popular support. This raises the possibility of further electoral losses in Scotland but yet another term of Conservative rule based even more firmly

on the party's electoral strength in England. It is arguable that the present Conservative government seems to have implicitly consigned itself to third, or even fourth, party status in Scotland during the 1980s. This could be significant for the development of Scottish corporatism if dissatisfaction with what is increasingly perceived as English Tory rule generates a shift from single issue campaigns (e.g. Ravenscraig) to a more strategic concertation of interest organisations in defence of the Scottish economy. Already we have seen the first moves towards such strategic spatial concertation with the Scottish economic summit (see below). This is predicated on the belief that there is a meaningful consensus at this level based around a Scottish economic interest.

Class and consensus : interest networks and the 'Scottish interest'

Organised interests of capital and labour in Scotland are part of a U.K. pattern of interest representation but with distinctive Scottish identities, particularly organised labour through the STUC and, to a lesser extent, capital through the Scottish CBI (SCBI).

The organisation of interests on a Scottish basis may in certain circumstances create significant cross- sectional movements, perhaps involving an informal alliance with the S.O., in order to press for a defined Scottish interest, e.g. the retention of the Ravenscraig steel complex. What differentiates this lobby from an English regional lobby is (a) the existence of a national identity as opposed to a regional identity, (b) the existence of the S.O. which is a political recognition of a significant identity beyond the 'regional', and (c) a separatist movement which has periodically been seen as a serious threat to U.K. orientated political parties.

The existence of the Scottish Council (Development and Industry) is an

interesting example of cross-sectional representation of a 'Scottish' as opposed to class interest in the Scottish economy. Established originally during the 1930s by leading Scottish industrialists concerned at the performance of the Scottish economy and the problems of unemployment, it became, in the words of Keating and Midwinter, a classic quango charged with promoting Scotland overseas with funding from the S.O. This contracting out of public responsibilities to what was essentially a privately funded organisation disappeared with the creation of the SDA. The Scottish Council, which has membership drawn from all sections of the Scottish political and economic community, became more of a peak national lobby, providing an arena for concerted interest articulation and representation. However, as Keating and Midwinter observe, its ability to play this role largely depends on it avoiding issues of political sensitivity which would alienate sections of its membership. The price of consensus is thus a very generalised approach. However, on occasions this has not prevented the Council from taking very public stands against government policy, for example its strong support of the Ravenscraig campaign.

The key organised interests of capital and labour are class based and integrated into the U.K. system of representation. This tendency is increased by the nature of the U.K. economy as an internally open economy and the structure of the Scottish economy with high levels of 'external' penetration. For example, of the CBI's 1300 members based in Scotland, 400 are indigenous enterprises (Keating and Midwinter, 1983). Even more significantly, some 17% of employment in the manufacturing sector was in overseas firms with dependency rising to 40% in sectors like engineering (Young, 1984). Generally functional loyalties are more significant for interest organisations than a Scottish cross-sectional interest. On this analysis Scottish capital has broadly the same interests as U.K. or English capital. However, the interests of capital itself are not homogenous and

there are distinct differences between the interests of finance and multi-national industrial capital with an international orientation, and the interests of indigenous manufacturing capital.

We can thus identify at least three significant fractions of capital in Scotland. Firstly, multinational capital with particular strengths in the growth sectors like electronics and oil. Secondly, financial capital which has a distinctive Scottish identity but is increasingly international in its orientation and with close links with multinational capital (Scott and Hughes, 1980). Thirdly, indigenous capital represented by the small and medium sized firms which in some growth sectors, for example electronics, may become increasingly dependent on the development of multinationals through sub-contracting and servicing (Young, 1984).

At the U.K. level the strategy of the Thatcher government since 1979 has been based on the internationalisation of the British economy, raising tensions within the business community (Gamble, 1983) and aggravating historical splits within the Conservative party itself (Harris, 1972). The unease within domestic manufacturing capital with the impact of this strategy has at times been articulated by the CBI, although it has been constrained by the need to maintain unity amongst its membership, which includes multinationals and financial institutions. Similarly, the internal opposition within the party expressed by politicians like Heath and Heseltine are also a reflection of this concern from manufacturing capital.

It is not necessary to accept the 'internal colonialisation' thesis put forward by Hechter (1975) to recognise the differential rates and forms of economic development between Scotland and other parts of the U.K. Historically, Scotland has been characterised as being overdependent on heavy manufacturing and primary industries. What is significant in this context is the shift in these sectors away from Scottish ownership and control to control from outside, whether by public corporations in alliance

with Whitehall or by multinationals. It is too simple to talk, however, in terms of a Scottish-English divide based around the dominance of declining manufacturing capital in the North and growing financial capital in the South. The Scottish economy has changed significantly over the past ten years with major shifts towards the service sector even in the traditional industrial heartland of Clydeside (Lever and Moore, 1986). However, these areas still exhibit a relatively marked dependency in terms of employment and capital investment on manufacturing industry. In Glasgow, 40% of employment was still derived from manufacturing in 1981, whilst capital investment as measured by regional policy over the previous decade had gone largely in sustaining the established industrial base rather than new sectors. Although the employment provided by the manufacturing sectors in Glasgow has continued to decline in relation to services, the quality of the new job opportunities means that they are often part-time, relatively low paid and female jobs. Such is the perceived significance of the manufacturing sector that Hood and Young, in their analysis of Scottish industrial policy, felt able to justify looking only at manufacturing industries (Hood and Young, 1984). As we have already observed, employment and investment in the growth sectors of the Scottish economy is highly dependent on the influx of foreign capital.

We cannot therefore assume a homogeneous set of interests within elements of Scottish based capital. Interestingly, the existence of fragmentation was revealed in the attitudes towards devolution in the 1970s. Gow (1975) suggests that the most significant response to the Labour government's proposals came from the Scottish Council which called, in his words, "for virtually an indigenous Scottish capitalist class". Gow argued that the potential for investment generated by oil and the concentration of this investment power in Scotland had "made the Scottish financiers and industrialists more confident as a class in their own right and not as an

adjunct of the British ruling class" (Gow, 1975, p. 65).

At the same time, increasing penetration by international capital raised the question of just how far its interests would be served by an independent Scottish state. The CBI in Scotland and local chambers of commerce took a largely hostile line on the grounds that Scottish-based companies might lose markets.

This kind of analysis takes us back into the 'dual economy' framework developed by Cawson (1982) based on a distinction between corporate and market sectors involving different interests within capital and different relationships between capital and the State.

How far these sectional interests within capital can accommodate or identify with a wider 'Scottish interest' is therefore highly problematic. The interests of multinational capital lie in the international markets and Scotland is only a favoured base whilst it retains competitive advantages in terms of corporate global strategies. When this is not the case multinationals will seek to move out (Hood and Young, 1982). Finance capital does have a distinctive Scottish identity which is regarded as important by institutions like the SDA and Scottish Council. At the same time there is increasing pressure to expand internationally as was shown by the Royal Bank's keenness to accept the proposed takeover offer made by Standard Chartered which was referred to the Monopolies and Mergers Commission (1982). We would expect that the sectors which might identify most with a Scottish interest are those dominated by indigenous enterprises serving essentially a domestic market. Even within the labour movement it has to be recognised that most trades unions are U.K. orientated with Scottish branches or regions. The STUC, however, is the representative body for organised labour in Scotland and is separately constituted and independent of the TUC, unlike the Welsh TUC.

Keating and Midwinter argue that relations between Government, capital

and labour in Scotland are generally closer and more informal with a capacity to generate some consensus over a 'Scottish interest', although this does not undermine the basic focus of sectional loaylties.

In our analysis of the Ravenscraig campaign we can see how this alliance can operate over a specific issue. Unlike previous industrial campaigns, and in particular the Upper Clyde Shipbuilders campaign, the Gartcosh/Ravenscraig lobby deliberately avoided industrial action, concentrating instead on building up a cross-party consensus around economic and social arguments. The campaign was conducted at both a U.K. and Scottish level. It gained considerable support amongst sections of the Conservative party in Scotland, business interests through the Scottish Council and local chambers of commerce, religious groupings, as well as the labour movement and local authorities. The campaign received widespread sympathetic coverage in the Scottish media. However, translating this overwhelming Scottish consensus into political pressure in Whitehall and Westminster, and on the wider English public, proved more difficult. Two factors were critical in this failure. Firstly, the location of key decision-making on the steel industry in Scotland was outside Scotland in Whitehall and the British Steel Corporation (BSC). The Corporation publicly had stated that it increasingly saw the future of steel not in Scottish, or even U.K., terms but internationally (Scottish Affairs Select Committee, 1985). Secondly, the position of the Scottish Office had shifted. In 1981-82 when the first threat to Ravenscraig was made, the S.O. had taken a firm stance to retain the plant. In 1985-86, over Gartcosh, the S.O. accepted the BSC case that the closure of this plant would not undermine the future of Ravenscraig. Whatever the merits of the case, the fact that the S.O. had accepted the BSC view weakened the capacity of the Scottish lobby to change government opinion.

Ravenscraig is a highly visible single issue campaign in defence of a

significant component of the Scottish industrial economy. It has been more difficult to secure cross-cutting consensus over broad based issues. In 1980 the STUC launched a campaign on unemployment. A national conference was convened which brought together different sectional interest, but when it was tried to take this forward by way of a standing commission which would address policy issues, the consensus broke down.

The concept of a 'Scottish interest' may operate most effectively at a generalised level. If it begins to impinge on specific sectional interests in different ways then consensus can break down. In other words, a Scottish interest cannot effectively operate as a zero-sum situation. For example, it is perfectly acceptable for all sectional groups to argue that Scotland should receive the maximum from U.K. public expenditure. The Scottish Council and CBI have strongly supported regional development policy. When it comes to the detailed distribution of that expenditure, where there are specific gains and losses, this broad consensus can evaporate as different perceptions of the benefits come into play. For example, in attracting new investment through regional policy and LIS the interests of organised labour are not obviously best served by the influx of multinational capital where such companies seek to modify established labour practices (single union agreements) or may not recognise trades unions at all.

As a hypothesis we can suggest that at the macro level a 'Scottish interest' is more likely to arise over maximising the 'size of the cake', whether this is public spending or private investment, rather than the actual slicing up of the pieces. At the meso or sectoral level consensus is easier to generate and sustain over specific defensive issues. In this context the decision by the STUC and Strathclyde Region to reconvene another economic summit in 1986 raises interesting questions about how far it will be possible to sustain the initial cross-party agreement about the scope of

the problems facing the Scottish economy into meaningful agreement over strategy. Consensus may simply result in bland statements providing no basis for alternative policies. Yet if, as it is intended, specific recommendations are made, this increases the chances of conflict within the group and with external actors like the Scottish Office. Defining the Scottish interest as a basis for agreement thus becomes a Catch 22 situation.

Policy-Making Networks and the Scottish Economy

How does this policy network and institutional set influence the development of the Scottish economy? It is difficult to specify or measure in simple terms the concept of integration between the English and Scottish economies. Writers like Firn (1975 and 1984) have highlighted the penetration of overseas capital in the Scottish economy in general and in specific sectors like electronics. Recent figures from a survey by the SDA of the electronic industry in Scotland showed that although 41% of manufacturing companies in the industry were Scottish-owned, they provided less than 10% of employment in the sector. Turnover by head office location showed that 70% was due to U.S. companies and 5% to Scottish-owned companies. Nearly 40% of Scottish companies had no sales outside the U.K., whilst nearly 70% of foreign-owned multinationals and 40% of U.K. firms exported more than half of their output. Research and development expenditure, which is considered an important factor in growth potential and decision-making, showed that of the total R & D spending in Scotland of £125m in 1984 Scottish-owned firms accounted for only £4m (SDA, 1986).

Control of key economic decisions by central government and enterprises owned from outside Scotland limit the scope for distinctive Scottish policy-making. Some writers have even questioned the use of the term the 'Scottish economy' (Keating and Midwinter, 1983). This is not to say that

a Scottish economic interest is a fiction or that there is not a constant struggle to gain or maintain some distinctive input into the policy-making process by Scottish public and private actors.

Young and Hood (1984) call Scotland a 'regional economy' lacking control over its own policies, but with institutional potential through agencies like the Industry Department for Scotland (IDS) and SDA to devise specifically Scottish initiatives within the overall framework of U.K. policies. They term this scope for initiative a 'secondary tier' of industry policy. It is especially strong in areas like inward investment (Locate in Scotland), indigenous enterprise and the activities of the SDA. The institutional network revolves around IDS and the S.O. which in 1980 controlled about 20% of public expenditure on industry in Scotland - mainly represented by the SDA, HIDB and selective finance assistance under regional policy.

The significance of the S.O.'s role was considerably enhanced in 1975 by the transfer of responsibility for administration of selective financial assistance for industry from the DTI and the creation of the SDA. Young and Hood describe this year as representing a "watershed in terms of the Scottish Secretary's power in industrial matters". . However, they agree with Keating and Midwinter that the primary role of the S.O. is reactive, although the scope for a more proactive strategy does exist through LIS and the SDA's sectoral and small enterprise development programmes. However, such tools of intervention are constrained by the resources available to them against the scale of the task to be tackled, as well as the importance of external ownership and control of key sectors of the economy.

The appearance of more control and decision-making power at the Scottish level may be largely a matter of political symbolism if economic decision-making and power has been progressively externalised as the above writers have indicated. Any distinctive Scottish system is clearly subordinate to macro-economic policies and instruments at a U.K. level.

However, we would agree with Hood and Young that there are opportunities for some distinctive meso- and micro-level actions and for different patterns of relationships between the State and economy to develop. State intervention is more significant to the Scottish economy given the concentration of major public industries like steel, shipbuilding and coal, although strategic decisions in these industries are centralised within the nationalised corporations. This reinforces the pattern of external control found in the private sector.

Scottish distinctiveness in economic policy may well be limited in terms of decision-making power, but it remains politically significant. Firstly, because it has to be placed in the context of the Government's ideological commitment to the free market. Whatever changes the SDA has undergone in its mode of operation it still represents a modification of the market. Secondly, English regions see the existence of the SDA as giving Scotland special resources and advantages which they lack. This is most noticeable in the attraction of overseas investment and sectoral strategies like electronics. Even if Scotland does not actually obtain more than its 'fair' share of public resources for economic development, it may be in a position to use these in more effective and efficient ways because of its special institutional infrastructure and relationships between key economic actors.

Schmidt (1982) argues that there is a link between corporatist arrangements and positive macro-economic performance when located in a favourable political context. This he defines as a strong preference for social democracy and a political balance of forces favouring the left. Whilst Scotland cannot be abstracted from the political and ideological preferences deriving from Whitehall and Westminster there may be certain factors which allow for some room of manoeuvre within the institutions of Scottish government. Such factors would include the ideological dispositions of

senior Scottish Office ministers and officials, the periodic threat of nationalism, the strength of the labour movement and greater dependency on major public sector industries like steel, shipbuilding and coal. The simple replication of a market ideology from the centre allows for no relative autonomy or differentiated political context at the Scottish level and is an inadequate explanation of what actually occurs within the Scottish political economy (Booth and Pitt, 1983).

Schmidt suggests that corporatist arrangements are more likely to develop in smaller countries with strong consocietal structures and a relatively high density of communication between elites. Given the geographical concentration of political and economic power and decision-making, the capacity to generate informal networks supported by distinctive political institutions and socio-cultural identity, Scotland provides an interesting arena for Schmidt's thesis.

A working hypothesis, following on the analysis of industrial policy by Atkinson and Coleman (1985), suggests that the capacity of public agencies and 'Scottish government' to influence the economy in specific sectors will depend significantly on whether the sector is controlled from within or outside Scotland. The development of corporatist arrangements based on regular and formal modes of intervention are more likely to occur within sectors or enterprises under indigenous control and thus more subject to policy instruments and influences of local agencies. Relations with multinational enterprises or sectors with significant external control, including publicly owned industries, are likely to assume a lobbying or dependency mode, bilateral exchanges or operate through U.K. government departments and not on a Scottish level (Figure 6).

Thus our analysis would introduce a spatial political dimension to Cawson's model of corporatist and competitive sectors of the economy and modes of decision-making (Cawson, 1982). At the U.K. level relations with

Figure 6 : Models of Intervention in the Local Economy

	Dependency Mode	Concerted Mode	Market Mode
Market Structure	Global Competition Local Monopoly	Managed Market Oligopolistic	Pluralistic Competitive
Dominant Enterprise	Multinational	National	Local
Ownership	External	Indigenous (U.K.)	Indigenous (Scottish)
Intervention	Attracting Servicing. Indigenous sector develops as sub- contractor.	Concerted/Corporatist. Meso level intervention. Partnership. (Sector working parties).	Bilateral. Micro level intervention. Clientelistic relationships.

large domestic enterprise may assume corporatist forms, but Scottish corporatism is more likely to be limited to significant indigenous enterprise. Relations with indigenous capital have a potential for corporatist arrangements but this will depend on the style of intervention. For example, the SDA may focus on bilateral linkages with individual firms through provision of its range of support services or direct investment. This type of relationship with Scottish enterprise would thus be pluralist or competitive and is more likely to occur in sectors dominated by a competitive market structure. However, where the Agency seeks to intervene systematically on a sectoral basis it develops a partnership strategy across a whole range of enterprise and this may result in corporatist modes of intervention. The testing of these models provides an arena for further research.

The most promising arena for such concerted intervention would seem to be in sectors characterised by a fairly small population of larger

indigenously owned and controlled enterprises. This structure provides the basis for regular informal contacts between public officials and business elites as well as for creating institutional networks, for example sector working parties. It is critical that some common sense of identity can be developed within the particular sector which transcends sectional interests. One example of such a relationship would be in the forest products sector in Scotland where an established agency of public intervention and planning in the form of the Forestry Commission acts as a dominant supplier. The private sector is run on a collective basis by management companies. This concentration of public and private decision-making provides an opportunity for concerted relationships to develop through the Scottish Forest Development Group, described by Henderson (1984) : "as an interesting example of a number of public bodies coming together in an ad hoc manner to integrate better the application of several strands of public policy, and to join with private interests to give focussed attention to the special requirements of a particular industrial sector".

This is an example of a highly formalised relationship in one sector, but intervention by the SDA in areas like electronics involves creating close links with key actors in the industry through working parties (Moore and Booth, 1986a).

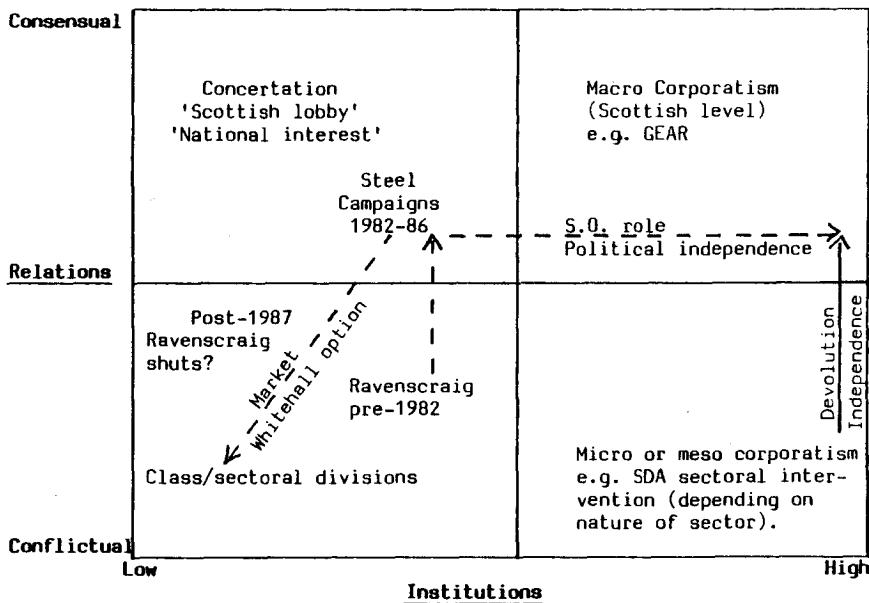
A Framework for Analysing the Scottish Political Economy

In measuring the degree of corporatism and levels of concertation present in the Scottish political economy we need to be clear firstly about how these terms are being employed. Corporatism can be taken to describe the emergence of formalised institutions which integrate Scottish economic interest organisations with the agencies of government in Scotland. Concertation refers to the more diffuse relationships between actors in the Scottish political economy which may or may not assume formal institutional

expression. Whereas corporatism describes modes of decision-making, concertation refers to modes of bargaining between groups and to what extent issues are resolved on the basis of conflict or consensus models. Any framework needs to be dynamic and recognise that relationships can change over time and with issue.

A tentative model for analysing these relationships is offered in Figure 7. There are two axis on which interaction between interests and Scottish government must be placed. Firstly, the degree to which relations in the political economy can be characterised as conflictual, based around class or sectional interest, as opposed to consensual where these interests are subsumed under a 'national' or 'Scottish interest'. Concertation will be high where class or sectoral divisions are broken down, or temporarily negotiated away, as in the steel industry campaign between 1982-86. Before

Figure 7 : Class, Concertation or Corporatism : Tracing the Issues in the Scottish Political Economy



the development of a concerted lobby around the defence of the industry in Scotland the political economy of steel could be described in terms of a pluralist analysis. Different sectional groups had different interests in, and relationships with, the industry. Organised labour was concerned with maximising employment benefits and conditions of work. Business interests argued for a more competitive and efficient industry. The threat to the very existence of the industry in Scotland changed this fragmented picture. Sectional interests could be set aside because an overriding interest had developed. Bargaining was no longer a zero-sum game. Pluralist analysis of group relationships based on a competitive market situation was no longer adequate in explaining the 'Scottish lobby'.

However, this lobby failed to develop beyond concerted pressure into the second axis of the model. This axis focusses on the institutional dimension of interaction in the political economy. A low level of institutional integration occurs where class divisions are too significant to allow for collaboration, but also as in the steel campaign where conciliation at the societal level fails to break into the network of public institutions. The role of the Scottish Office was important in the Gartcosh campaign because it reflected the market option within Whitehall over the future of the steel industry. One possible scenario for the steel campaign is that the failure over Gartcosh and the position taken by the S.O. on this issue will lead to a breakdown of the societal consensus and a reassertion of sectional interests. Alternatively, an even stronger reassertion of national identity may emerge but this presupposes that fundamental differences between sectional interests can be radically broken.

In the absence of political independence, or greater devolution and political accountability at the Scottish level, the possibility of developing a distinctive Scottish corporatism at the macro-level, that is at a Scottish national level, is limited. Certain institutional arrangements

may bring together significant organisations with the S.O. in corporatist type relationships. A possible example of this is the Glasgow Eastern Area Renewal (GEAR) project, but this is a limited example because it was entirely public sector based, involved minimal changes in the institutional structure and decision-making processes of the participants and occurred in a specific policy arena and geographical location (Moore and Booth, 1986b). However, at the meso-level within sectors of the Scottish economy more concerted relations between public and private interests have emerged as specific institutional forms. The SDA's sectoral working parties, the Scottish Forest Products Group, agricultural marketing boards, Forestry Commission and the Fish Authority are examples.

A dual analysis is thus imperative if we are to appreciate the real scope and nature of a distinctive Scottish corporatism. Firstly analysis at the level of institutionalised relationships within specific sectors of the economy. The intervention of the SDA in the market economy provides the major focus for such analysis. Secondly, analysis at a societal level of cases of concertation where the 'Scottish lobby' becomes something more than sectional competition. The Ravenscraig campaign offers a recent and significant example of this phenomenon.

CONCLUSION

This paper has raised the question of how significant the variable of location is in corporatist analysis of a modern industrial economy. The original neo-corporatist debate sparked off by Schmitter and Lehmburck took the nation-state as their point of analysis, adopting a macro or systems perspective. This was criticised by pluralists and other neo-corporatists. The corporatist debate shifted to a meso level of analysis with writers like Cawson, but the focus was less on the territorial dimension and more on

policy communities and economic sectors. Attempts to integrate place into meso-corporatist analysis have been relatively weak. For example, Cawson in his latest book argues :

"In Britain the state increasingly is organised at the regional level...but the absence of democratic accountability has a considerable influence on what kinds of interests have access to regional state bodies. In Scotland the Scottish Office has a considerable degree of autonomy from Westminster, and can enter into corporatist arrangements in a way comparable to provincial governments in countries such as Canada" (Cawson, 1986, p. 80).

This is an assertion, in the case of both Scotland and Canada, which he fails to demonstrate.

The potential significance of space will depend on several variables, including culture, identity and institutional and operational differences in the policy-making process. In the U.K. political economy Scotland provides the critical arena for testing these dimensions because of its distinctive institutional structures, patterns of communication, political culture and sense of identity.

An analysis of the relationship between place, power and politics which aims to integrate these spatial variables with policy communities and economic sectors is inevitably complex and multi-dimensional. Cawson's dual polity/economy thesis is useful, but needs further refinement.

Analysis of the Scottish political economy must locate economic sectors within their international, U.K. and local markets. The dominant influence in terms of markets within particular sectors will shape the relationship between Scottish political and economic institutions and firms. We have identified three modes of relationship within the Scottish economy (Figure 6). These were the dependency mode, which is likely to characterise sectors dominated by multinationals; the concerted mode, where the sector is led by major U.K. and Scottish firms and is relatively concentrated in terms of ownership; and the market mode, where the sector is fragmented and localised. The key variables include location of control (international v

indigenous), patterns of ownership (concentrated v fragmented), and nature of the industry (sunrise v sunset, short or long life products).

A meso-corporatist framework needs to analyse both the state institutions and instruments of policy at the spatial and sectoral levels in Scotland, and the organisation of the market and private sectors, and their interrelationship.

The politics of Scotland is different in significant respects to the rest of the U.K., but only periodically have these differences of place asserted themselves to challenge the power and politics of the U.K. State. Economic power has become more concentrated at the U.K. and international level thus reducing the importance of place in politics, but Scotland retains the institutional and cultural potential to reassert its identity in ways which are unique in the U.K. An assertion of a Scottish interest has only developed on an issue level, that is around specific industries under threat like steel. Translating this into a sector, or, ultimately, a Scottish national identity has proved much more difficult. Such a transformation critically depends on breaking the traditional sectional interest identifications. However, if a Scottish interest is to be more than high flown generalised statements of complaint about the treatment meted out from Whitehall, it will come up against the problem of differential benefits amongst different sectional groups.

The key issues for the Scottish economic interest will vary between sector; from industries like oil and electronics which have a major international dimension to whisky and heavy engineering where indigenous or U.K. firms are more important. Corporatist arrangements at the Scottish level tend to be weak or marginalised. We might say that corporatism exists in all its unimportant respects. The consequences of weak concertation for the future of the Scottish economy are bleak if market forces of themselves prove inadequate. There are three scenarios which can

be envisaged. Firstly, the increasing internationalisation of the Scottish economy in which specifically Scottish arrangements for concentrated action become ever more marginal. Secondly, a steady-state scenario which continues the ambiguous mix of market, pluralist and corporatist bargaining. Thirdly, the development of a nationalist-corporatist challenge to the U.K. State. Whilst on current trends we might expect the first two scenarios to be more likely, the dynamics of time and culture cannot rule out completely the third scenario. The framework of analysis outlined in this paper (Figure 7) provides a potentially fruitful way of exploring the key issues in the Scottish political economy.

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