Corporations, Collective Organization, and the State: Industry Response to the Accident at Three Mile Island

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To the extent that the state encourages the formation of business associations and other collective forms of corporate activity, theorists of corporatism and organization have argued that it does so through the threat of regulatory intervention. In contrast, this paper argues that corporate leaders also establish such organizations during periods of industrywide crisis when they believe, regardless of the threat of intervention, that the state is unable to resolve the crisis for them. This distinction between the probability of state intervention per se and the state’s capacity for actually solving industry problems is crucial for understanding the commercial nuclear energy sector’s collective organizational response to the accident at the Three Mile Island nuclear power plant. The implications for corporatist and organization theory are explored.

Social scientists studying corporatism have argued that corporate leaders create business associations to collectively regulate the behavior of firms in their industry and to solve shared economic problems, such as the need for product standards, but only after they recognize that the alternative to self-regulation is some relatively undesirable form of political intervention (e.g., King, 1983; Offe and Wiesenthal, 1985: 189; Schmitter, 1981: 291; Streeck, 1983; Wilson, 1982: 234). Streeck and Schmitter (1985a), for example, claimed that such associative activity “would be impossible without the Damocles sword of threatened direct state intervention” (p. 20). Organization theorists have agreed that the threat of state intervention may cause the formation of collective business organizations, but have added that there are other nonpolitical threats, such as rapid industrial decline, that may have the same effect (e.g., Cummings, 1984: 372; Miles, 1982: 86–88; Pfeffer and Salancik, 1978: chap. 7; Staber and Aldrich, 1983: 163–74). They have also recognized that internal characteristics of the industry, such as the degree to which it is competitively organized, may influence whether collective organizations emerge in response to such external threats (e.g., Aldrich, 1979: 318; Zeitz, 1980: 83). Nevertheless, to the extent that the state provides the important stimulus for the creation of these collective organizations, both corporatist and organization theorists agree that it is because business leaders try to avoid excessively harsh and draconian forms of state intervention.

Although this is an important insight, when severe industrial problems develop, attempts to form collective organizations may also occur if business leaders perceive that the state is incapable of intervening in ways that will actually solve these problems. They may organize themselves not so much to stave off state intervention but to accomplish what they believe the state cannot—a possibility that the corporatist and organization literatures have neglected. This distinction between the probability of state intervention per se and the state’s capacity for actually solving industry problems is crucial for understanding the commercial nuclear energy sector’s collective organizational response to the accident at the Three Mile Island nuclear power plant. The accident compromised the legitimacy of the nuclear sector and the U.S. Nuclear Regulatory Commission (NRC), and exposed serious weaknesses in the government’s and the industry’s capacities for maintaining the economic and political stability that nuclear corporations felt was necessary for their sector’s survival. I will show that corporations formed associations and other collective organizations not to avoid the threat of state intervention, although there was such a threat, but to regulate the sector more effectively in areas where they felt the NRC’s performance had been, and would probably continue to be, ineffective.

This is an explanatory analysis that raises critical questions and suggests new lines of inquiry about the origins of collective corporate activity. Data come from government documents, trade association publications, secondary accounts, and personal correspondence and interviews I conducted in 1987 with eight members of the sector who were intimately involved with these events as directors of electric utility companies with investments in nuclear energy, the Nuclear Regulatory Commission, and the key nuclear sector associations and research organizations that are described below. The personal communications with private sector participants are particularly

1Of course when business leaders perceive that the state can solve their collective problems, rather than organizing to avoid state intervention, they may actually welcome it, as was the case during the Progressive Era in the United States (e.g., Kolko, 1963; Weinstein, 1968).

2This paper focuses on the degree to which corporations organize collectively to manage their own activity. Hence, its focus is much different from the literature that shows how corporations organize collectively to influence actors other than themselves, such as state policymakers (e.g., Clawson, Neustadt, and Bearden, 1986; Domhoff, 1978: chap. 3; Useem, 1984; Whitt, 1979).
important because the key to my argument depends, to a large degree, on establishing the motives of these people for creating their collective organizations. People from government and anti-nuclear groups were not privy to the discussions where business leaders devised their collective strategy, and, as a result, would be much less informative in this regard. Indeed, one former NRC commissioner, in office as these events unfolded and as close to them as anyone outside the corporations themselves, informed me that even he could not be sure what motives lay behind the sector's collective response because, like any other outsider, he was not present during the sector's collective planning sessions.

The Ineffectiveness of State Regulation

On 28 March 1979 the Three Mile Island nuclear power plant in Harrisburg, Pennsylvania, suffered a partial meltdown of its reactor core, the worst reactor accident in the history of the U.S. commercial nuclear energy program. The accident received widespread publicity and revealed serious weaknesses in the regulatory process that was supposed to prevent such mishaps.

The accident undermined the political legitimacy of both the nuclear sector as a whole and the NRC, the federal regulatory agency established to ensure that the sector would operate safely. Analysis of public opinion polls (Rankin, Nealey, and Melber, 1984: 49–51) revealed that support for nuclear power remained steady and averaged about 51 percent between 1975 and the time of the accident (39 percent were opposed and the rest were undecided). Within months after the accident opposition briefly exceeded support by 5 percent, the first time this had ever happened, but within a year support again stabilized in excess of opposition with an average 45 percent in support, 40 percent in opposition, and the rest undecided through 1981. However, the difference between those supporting and opposing nuclear power had declined significantly from about 21 percentage points before the accident to 5 points afterward. Furthermore, the public's confidence in the government's ability to ensure that utilities built and operated nuclear plants safely deteriorated sharply to a point where more than a year after the accident only 42 percent of those polled felt the government could handle the job (Rankin et al., 1981: 112). Several investigations of the accident publicly criticized the NRC for not regulating more effectively (e.g., NRC Special Inquiry Group, 1980; President's Commission, 1979). Political action reflected all of these concerns as anti-nuclear groups responded to the accident by staging major demonstrations and rallies around the country protesting nuclear power. In addition, 43 lawsuits were pending against the NRC by 1981 trying to get either specific regulatory policies or the policymaking process changed (Barkenbus, 1984: B–7).

The deterioration in public confidence had serious ramifications for nuclear power because it threatened the sector's already precarious economic conditions. Wall Street lowered the bond ratings of nuclear utilities in response to the accident making it more difficult than ever for them to raise capital to either continue or start nuclear construction (Hertsgaard, 1983: 148). The NRC delayed licensing new plants while it investigated the accident and began issuing a barrage of new regulatory requirements. This eventually contributed to the escalation of already rising plant and operating costs (Barkenbus, 1984: A–2; Komanoff, 1981; Szalay, 1984: 300; U.S. Office of Technology Assessment, 1984: 124).

Investigations of the accident also revealed that there were serious communication problems among the network of nuclear utilities and the NRC. Investigators discovered that several of the technical problems contributing to the accident had occurred earlier at other plants. However, the NRC had not recognized this at the time, even though it had a system in place to monitor the 300 or more licensee event reports utilities sent the NRC each month reporting such occurrences ("Response," 1980: 19). As a result, the agency failed to issue warnings about these problems that might have prevented the accident (Ford, 1981; U.S. Office of Technology Assessment, 1984: 121). In fact, this communication problem had existed for years. Before the accident the U.S. General Accounting Office (1979b: 7) found that the NRC's review of reports about unanticipated reactor mishaps was neither systematic nor standardized. The NRC processed these event reports in a manner so sloppy that in one year the agency was aware of only 34 percent of the incident utilities reported about people accidentally exposed to radiation at nuclear facilities.

Furthermore, according to directors of nuclear utilities and research organizations that I contacted, as well as others (Barkenbus, 1984: 5), industry leaders realized after the accident that the quality of nuclear plant construction, management, and operation varied widely among utilities and had to be improved because the sector would be judged in the future according to the performance of its weakest members. Some companies had performed very poorly. There was generally only one NRC engineer assigned to watch over each plant under construction, and much of these engineers' time was devoted to purely clerical tasks (U.S. General Accounting Office, 1979a: 12). Many of these inspectors felt that they simply did not have enough time to thoroughly monitor their plants. As a result, the regulatory system relied almost completely on the utility and its contractor to supervise themselves and report deviations from acceptable standards (President's Commission, 1979: 21; U.S. General Accounting Office, 1979a, 1979b, 1980). Some utility managers demonstrated a lack of knowledge, understanding, and effort in conducting their responsibilities so it was not surprising that severe problems in utilities experienced increasing difficulty raising enough capital to continue building nuclear plants after 1972 (Campbell, 1986).
the design and construction of many nuclear plants had developed (Perrow,
1984: 36–58). However, the accident at Three Mile Island dramatically
underscored this weakness in the regulatory system and, as will be shown,
convincing corporations that something had to be done to correct the situation.

In sum, the accident revealed two severe regulatory problems and created a
third for the nuclear sector. First, it showed that the NRC, not to mention
the utilities and nuclear corporations themselves, had failed to adequately
regulate the business management practices of utilities and others with re-
spect to quality assurance. Second, it proved that the system the NRC used to
identify technical problems and systematically inform the utilities about
them was inadequate. Third, these failures contributed to the accident and,
therefore, jeopardized both the NRC and the nuclear sector’s legitimacy.

The Collective Corporate Response

Two weeks after the accident the Edison Electric Institute and other elec-
tric utility industry trade associations and the Atomic Industrial Forum, the
nuclear sector’s trade association, established the Three Mile Island Ad Hoc
Oversight Committee that began to create a system of industrial associations
and informal networks designed to compensate for the NRC’s problems
(Hertsgaard, 1983: 185).

Regulating Business Management. In an effort to improve nuclear safety,
the Oversight Committee established the Institute of Nuclear Power Oper-
ations (INPO) in late 1979, an association of all nuclear utilities and some
component suppliers, to monitor and identify generic problems in utility op-
eration, management, construction, and quality assurance practices. With
an $11 million budget in 1980, INPO personnel began to inspect both operat-
ing plants and those under construction, reporting their findings and recom-
mandations for improvements to the utilities involved (“Industry Response,”
1979: 33–37). The organization was conducting annual on-site inspections
of every operating plant in the country by 1982 (“NSAC Reorganized,”
1982), and had started preparing industrywide standards of excellence for
plant operation (“AIF Meeting,” 1979). In addition, INPO provided seminars
and training for utility employees including plant managers, executives,

Several sanctions were at INPO’s disposal for convincing uncooperative
utilities to comply with its standards and recommendations. First, INPO di-
rectors and executives from other utilities used peer pressure to persuade
utility managers to meet INPO suggestions. Second, INPO members autho-
rized and instructed the organization to provide insurers with copies of
INPO plant evaluation reports and other data. Hence, persistent problems
or failure to meet INPO standards could affect a utility’s insurability (INPO,
1985: 8), a problem that the accident had greatly exacerbated (“AIF Meet-
the chairperson of INPO’s board of directors informed me that INPO could
expel any utility from the organization, an action, he claimed, that would
probably result in financial consequences to the utility, including loss of
some insurance coverage. Finally, INPO was prepared to report violations of
government regulations to the NRC, although in the absence of violations
INPO only shared information about specific plants with regulators if the
utility granted permission (INPO, 1985: B2–3; Perry, 1981: 611; U.S.
Congress, Senate, 1980: 77–78). Another INPO director told me that many of
these measures were not necessary because most utilities cooperated volun-
tarily or succumbed to peer pressure (Cook, 1986: 54). However, when
tougher means were required, apparently INPO was willing to use them.
For example, INPO occasionally demanded expensive changes in operating
practices before approving utility performance. In one case INPO inspectors
required a utility to increase its operator training budget from $1 million to
$16 million before accrediting the company’s training program (Cook,

Identifying Technical Problems. INPO took steps to resolve the problem
of identifying generic technical malfunctions and disseminating information
about them to the rest of the sector. It established a computerized informa-
tion sharing network among its members called “nuclear notepad” to col-
clect and share information among nuclear utilities about important tech-
nical and managerial developments at one plant that could affect safety and
operating efficiency at others. This was an effort to augment and improve
the NRC’s system of reviewing licensee event reports so as to identify poten-
tial problems before they could cause another accident. INPO had installed
this service for 42 utilities within 15 months of the accident (“Response,”
1980). INPO also initiated a formal agreement called a “memorandum of un-
derstanding” with the NRC to coordinate the evaluation and exchange of
information about Three Mile Island and the licensee event reports. Simi-
larly, discussions were under way between the two organizations by 1984 to
coordinate efforts to improve radiation protection, construction quality assur-
ance, and accreditation of training programs for plant personnel (Bar-
kenbus, 1984: 10–11).

At the suggestion of the Electric Power Research Institute, the utility in-
dustry’s technical research organization, the Oversight Committee estab-
lished the Nuclear Safety Analysis Center in May 1979 with a $7 million
budget for 1980 to investigate the technical aspects of the accident (“At the
Institute,” 1979; “Industry Response,” 1979; U.S. Congress, House, 1979a:
7–11), and, according to the Oversight Committee chairperson, to dissemi-
nate this information throughout the sector in an effort to prevent a recur-
rence elsewhere (Firebaugh and Ohanian, 1980: 11–12). One organizer, and
later director, of the Safety Center told me that he and others were particu-
early concerned that the NRC did not have sufficient technical expertise to answer all the questions the accident raised and that this was the major impediment to the Safety Center’s creation.

Eventually, the Safety Center provided information to both the presidential commission investigating the accident and the NRC’s own special inquiry group, two organizations that later issued extremely critical reports of both the sector and the NRC (e.g., NRC Special Inquiry Group, 1980; President’s Commission, 1979). The NRC subsequently proposed many regulatory changes based in part on the Safety Center’s analysis of the accident. Later, the Safety Center began to evaluate and comment on these and other new government regulations (“Response,” 1980), although one former NRC commissioner, in an opinion piece, informed me that these interactions were rather infrequent. The Safety Center also tried to help the sector meet these new requirements. For example, the Center began developing a new data display system for plant control rooms to meet anticipated changes in NRC requirements (“NSAC Reorganized,” 1982). Finally, the Safety Center worked closely with INPO, the nuclear power industry’s trade association, and served as a member of the memorandum of understanding with INPO and the NRC (U.S. Office of Technology Assessment, 1984:130–34).

Restoring Legitimacy. According to one member of the Oversight Committee, he and his colleagues established INPO in part to help restore the public’s confidence in nuclear power (“AIF Meeting,” 1979). However, the Oversight Committee then felt that INPO and the Safety Center had not received enough favorable media coverage to ease the sector’s intransigence dilemma (Hertsgaard, 1983:187). To resolve that problem and to defend nuclear power before the business community, the Oversight Committee created the U.S. Committee for Energy Awareness, an ad hoc group of media and public relations experts funded by utilities, reactor manufacturers, architect-engineering companies, and others from the sector. Beginning with a six-month budget in 1979 of $1.6 million the Committee for Energy Awareness set out to convince the nation that the sector would strive to make nuclear power safer and that the United States needed nuclear power more than ever to reduce its dependence on imported oil (Hertsgaard, 1983:187–89; Mills and Mills, 1983:27–30; Smith, 1984). Its primary tool was the media blitz. The organization spent $700,000 in late 1979 on a campaign to convince the public that nuclear power would make the United States less vulnerable to the political whims of Middle Eastern oil exporters (Hertsgaard, 1983:190). It announced a similar, yet more ambitious, $40 million advertising effort in 1982 stressing the need for more electricity and more nuclear power as a prerequisite to economic growth (“Campaign for Waste,” 1982). It also carried its message to the nation’s business leaders lobbying both Wall Street and the Business Roundtable, a powerful group of top business executives from various industries, in an effort to convince them that without nuclear power the country would slip into a recession triggered by higher energy prices and inflation (Hertsgaard, 1983:188–90). By 1983, the Committee for Energy Awareness had an annual operating budget of $27 million, four times that of all the U.S. anti-nuclear organizations combined (U.S. Office of Technology Assessment, 1984:214).

In addition to these efforts the Atomic Industrial Forum’s own public relations group stepped up its information campaign, spending $2.2 million a year helping the press, opinion leaders, and the sector abreast of important events and information. It also established a network of information sharing to keep its 600 member organizations informed about pertinent events in Congress, at reactor sites, and elsewhere (Mills and Mills, 1983).

The State and Collective Corporate Organization

To what extent did the threat of state intervention contribute to the formation of the nuclear sector’s new collective organizations? Very little. Instead, corporate leaders created these organizations to solve the problems which they believed the NRC had not and would not solve for them.4 According to my communication with one member of both the Oversight Committee and INPO’s board of directors, nuclear utility executives felt that the NRC had been unable to help prevent the irresponsible business practices and technical troubles that contributed to the accident. Even one high-ranking member of the NRC staff confessed to Congress that the agency had failed to give adequate attention to the planning of plant operators, one of the most publicized contributors to the accident and one that INPO moved quickly to remedy (U.S. Congress, House, 1979b:158). Furthermore, the NRC was engulfed in its own legitimacy problem. As a result, and in light of their doubts about the NRC’s technical competence, it was unrealistic for these private actors to think that by simply increasing its regulatory profile and by issuing more regulations the NRC could convince the public and the financial community that the sector’s operations would improve. This is particularly clear because, as we have seen, public confidence in the government’s regulatory abilities remained quite low more than a year after the accident.

Representatives from the Atomic Industrial Forum, the Electric Power Research Institute, the Oversight Committee, INPO, and the Safety Center tes-

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4Some have suggested that the NRC failed to regulate effectively, and thereby contributed to the accident, because it was more concerned with facilitating the sector’s development than with ensuring the public’s safety (Ford, 1981). If so, then this case suggests an ironic, final twist to theories of public regulation which maintain that such capture is typical of U.S. regulation. It may be that corporations’ efforts to co-opt their regulators and produce relatively weak or ineffective regulatory agencies—a phenomenon observers have attributed to the NRC (e.g., Hertsgaard, 1983)—will backfire in the long run and lead to a dilemma for the industry that is fundamentally more threatening than that originally posed by intrusive regulation.
Industry Response to Three Mile Island Accident

with the NRC about these issues (Campbell, 1988: chap. 5; U.S. Congress, House, 1979b: 76, 188, 191; 1979c: 372). Utility executives urged Congress and the NRC not to impose regulations that were too harsh or that would be implemented too fast (U.S. Congress, House, 1979a: 98–99; U.S. Congress, Senate, 1979: 376). Indeed, the sector was clearly worried about the possibilities of escalating state intervention.

The point is, however, that people I contacted who were responsible for helping to create and manage INPO, the Safety Center, and the Committee for Energy Awareness, said that they did not establish these organizations to defend against the threat of increased state intervention or to dampen its effects. Instead, according to one INPO vice-president who also helped organize and direct the Safety Center, and with whom I spoke, corporate leaders recognized and accepted that increased NRC regulation was inevitable after the accident and that these new organizations could do nothing to stop it, even if that had been their intent. Furthermore, INPO preferred not to interfere in the NRC’s regulatory process or to discuss regulatory changes with the agency because any appearance that the NRC was using INPO’s information to promulgate new regulations would undermine the atmosphere of openness, trust, and cooperation between the utilities and INPO that was necessary for INPO to accomplish its quasi-regulatory goals (INPO, 1985: B1). After all, utility executives could refuse to grant INPO inspectors access to a plant if they thought that all of the information gathered would be turned over automatically to the NRC. Similarly, one member of the Oversight Committee explained to me that the memorandum of understanding was not written to open channels of consultation between INPO, the Safety Center, and the NRC over future regulatory requirements, but to share information about what happened at Three Mile Island and elsewhere so as to prevent another accident. Finally, according to the Oversight Committee’s chairperson, his group deliberately left the task of coping with the NRC’s new regulatory initiatives (the threat of state intervention) to the Atomic Industrial Forum (Firebaugh and Ohanian, 1980: 10).

Discussion

Although a single case study obviously does not permit sweeping generalizations, this one sheds considerable light on the literature discussed earlier. When the state contributes to the conditions under which collective

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3The utilities’ concern about the impact Three Mile Island would have on their ability to invest in new nuclear projects was extreme. They were prepared to help pay collectively for cleaning up the Three Mile Island plant because they felt that this would help improve the sector’s image on Wall Street (“Utility Industry,” 1981).

4It is not clear whether the sector’s collective response was effective in accomplishing its goals. Some have doubted that voluntary cooperation would work (Barkenas, 1983; 1984: 11). Others, however, have noted that in some cases the plant operators adopted INPO required of utilities were more stringent than the NRC’s (“Utilities Creating,” 1979; U.S. Congress, Senate, 1980: 77–78) and that by 1986 utilities throughout the sector had implemented 90 percent of INPO’s most urgent recommendations (U.S. Congress, Senate, 1986: 181). One senior NRC official, reviewing the initial collective effort, and INPO in particular, remarked that this was the first time in his career that he had seen a serious industrywide effort to improve nuclear plant operations (U.S. Congress, House, 1979b: 154).
business organizations emerge, it is not always through the threat of intervention, as both corporatist and organization theories suggest. Instead, as was the case here, when an industrywide crisis occurs, corporate leaders may create these organizations because they believe that state intervention, threatened or not, will be ineffective in resolving the crisis. It is important to recognize that a combination of concerns about the effectiveness of state intervention, on the one hand, and an industrywide crisis, on the other, triggered collective organization because it supports the claim of organization theory that nonpolitical threats to groups of firms may also help precipitate associative activity, something the corporatist literature has largely neglected.

Corporatist theory, as represented by Streeck and Schmitter, may have overemphasized the causal necessity of the threat of state intervention for two reasons. First, they argued that "the power of associations to govern does not normally arise spontaneously from the process of civil associability" (Streeck and Schmitter, 1985a:25; emphasis added) but requires the presence of what they called a strong state, one that is perceived as being likely to intervene. Thus, they explained the development of collective organizations under normal conditions, presumably those of relative political and economic calm, that do not jeopardize an entire industry's prospect for survival. However, members of the nuclear sector organized collectively in response to exceptional conditions: a crisis that many private actors believed fundamentally threatened the sector's future. Indeed, the threat of state intervention may only be a necessary condition for collective organization under normal conditions. Second, these theorists derived their arguments about the necessity of a strong state from studies of capitalist countries in Europe where states have generally played stronger, more interventionist roles in managing industrial affairs than in the United States (e.g., Streeck and Schmitter, 1985b), and where the state has taken a greater interest in promoting trade associations (Staber and Aldrich, 1983:173–74). Given the cross-national focus of their work, it is ironic that they may have overlooked the additional factors described here because they neglected the U.S. comparison. Furthermore, it may be that the conditions for collective organization that were evident in the nuclear case may obtain more frequently in the United States than in Western Europe—not only because the U.S. state tends to be less interventionist (Katzenstein, 1978; Krassner, 1978; Dyson and Wilks, 1983) but also because corporate leaders in the United States tend to distrust the state more than their European counterparts. Why precisely because they believe that the U.S. state's interventions are often ineffective (Vogel, 1978).

One important caveat is also in order regarding organization theory's claim that the internal characteristics of an industry may influence the degree to which collective organizations emerge in response to threats or crises. This literature predicts that the less competition there is in an industry, as defined by the number of firms competing for scarce resources, the more likely it will be that firms will organize collectively during a crisis (e.g., Aldrich, 1979:318; Miles, 1982:87–88). The nuclear case may appear to be unique because many of the corporations that organized collectively were utilities that did not compete against each other as firms do in most other U.S. industries. Each enjoyed a monopoly within its service area. Hence, it may have been easier for them to organize around their collective interest without a push from the state than it would have been for corporations in a more competitive industry.

However, there are other examples in much more competitively structured industries where corporations formed collective organizations in response to industrywide crises, and without threats of state intervention. For example, the U.S. semiconductor industry, the world leader as recently as 1980, lost a major share of its market to the Japanese and watched a $27 billion trade surplus in high-technology goods become a $2 billion deficit by 1987 (Sanger, 1987). Although members of the industry were extremely competitive and independent (Borru, Mills, and Zysman, 1983), they agreed to form the Semiconductor Manufacturing Technology Institute (Sematech) to develop and share advanced production techniques for the 1990s. This was a collective attempt by the industry to protect itself from ruinous foreign competition by establishing a private organization to coordinate key aspects of research and development much as the Nuclear Safety Analysis Center and INPO did in the nuclear sector. Significantly, industry leaders lobbied the Reagan administration for financial assistance with the Sematech project after it was planned, but recognized that their chances for success were slim given the free-market ideology prevailing in the White House (Sanger, 1987). As in the nuclear case they recognized that the government would probably not be able or willing to do the job for them. However, the threat to the industry's survival was so severe that collective corporate organizations developed anyway, despite intense competition within the domestic industry, and without the help or threat of state intervention.

The point is that the nuclear case is not as anomalous as it might first appear. It would seem that in extreme crises when industry leaders perceive that effective state aid will not be forthcoming, such as occurred in the nuclear and semiconductor industries, this internal characteristic of the industry may have relatively minor influence on the extent to which corporations organize collectively. This supports Pfeffer and Salancik's (1978:183) claim that the best predictor of interfirm cooperation is not the level of competition or other internal industry characteristics but the need for communication among firms to solve their common problems. In both the nuclear and semiconductor cases leaders firmly believed that resolution of the crisis required the collection and sharing of information that would improve the level of industry performance.

However, this is not to dismiss the possibility that other internal characteristics may affect the degree to which associative activity emerges under
these conditions. For example, some have argued that, other things being equal, a homogeneous set of firms, those offering the same product or service, will be more likely to create collective organizations than a heterogeneous group (e.g., Miles, 1982: 88). The level of homogeneity was high among firms engaged in associative activity within both the nuclear and semiconductor cases. Thus, in the absence of additional cases we cannot determine from these examples the extent to which differences in homogeneity matter under these conditions.

Pfeffer and Salancik (1978: 179) once complained that, in spite of the perspicacity of business associations, there was remarkably little literature about them. Since then, corporatist theory has helped to fill this gap, but has largely ignored associative activity in the United States, perhaps because students of corporatism did not believe that it was important politically in the U.S. context (e.g., Salisbury, 1979; Wilson, 1982). Yet as corporate and political leaders in the United States increasingly become interested in creating new institutional arrangements by which U.S. industry can compete more effectively in world markets, cooperative-competitive relations assume new significance, and calls for a more thorough understanding of associative activity in the U.S. become even more timely—particularly as industries in other countries utilize collective organizations successfully to reverse economic declines (e.g., Esser and Fach, 1983). Hence, it would be useful for researchers to explore further, through the comparison of additional cases, the complex effects that industrywide crises, industry structure, and the state have on the development of collective organizations. By examining these relationships, we can expand our understanding of the conditions under which collective corporate organizations develop, whether they survive after the initial crisis, or whether organizations such as those described here represent only a temporary effort by corporate leaders to create a more collectively ordered form of capitalism. SSQ

REFERENCES


Industry Response to Three Mile Island Accident


Industry Response to Three Mile Island Accident


