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PETER ABELL
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**ORGANISATIONS AS BARGAINING SYSTEMS:
MEASURING INTRA ORGANISATIONAL POWER**

*»Nobody yields to force unless he's forced to«
Brecht.*

To a very large degree, the sociology of organisations has been dominated by bureaucratic (rational?) models. Weber was, of course, the founding father of modern organisational analysis and his insistence (admittedly with certain reservations) that one aspect of the overall 'rationalisation' taking place within western societies was the progressive creation of bureaucratic organisational forms, not only turned out to be true, but at the same time seems to have prevented sociologists from searching for alternative structures or even detecting the glimmerings of the demise of the classical bureaucratic picture. Many scholars have, of course, shown that strict bureaucratic forms do not always obtain, particularly in uncertain environments but they have not drawn any really radical conclusions concerning contemporary developments.

It is now clear that even in the Capitalist West the authority and power structures necessary for the continuation of the classical organisational format are in a process of change — slow and hesitant maybe — but nevertheless significant. In fact, I believe we are witnessing the beginnings of a historical period that may well become known to future historians as the 'Age of Participation'. The burgeoning political philosophy of participatory democracy is a phenomenon of our time, and seems to me portent fundamental upheavals in the coming decades. We have, needless to say here in Dubrovnik, the heroic experiments in Yugoslavia but even in the more traditional corners of the Bourgeois West, there is a rustle of interest or concern. The debates concerning workers participation in management, job enlargement and so on, although circumscribed by the maximisation criterion of profit, have perhaps put in trend irreversible tendencies in the direction of ultimate radical reform. One can hope that criteria such as the maximisation of income per employee may well enter political argument in due course.

At Imperial College (London University) we have recently committed ourselves to a study of the changing power structures within organisations. This required the development of an operational model of intra-organisational power and in this paper I present such a model. I am doing so at this Conference for three reasons:

- 1) we are, in the long-term, interested in developing the 'practical' political philosophy of the participatory society;

- 2) we wish to invite criticisms of our models;
- 3) we would very much like to stimulate some of our Yugoslavian and Eastern European colleagues to enter into some comparative research based upon the ideas contained in this paper.

INTRODUCTION

A strongly rooted tradition in the sociological theory of organisations (particularly the theory of Bureaucracy) insists that the distribution of tasks¹ within an organisation (including decision making) is ultimately determined by top management and its various aids. So the »power« of management — including the power to delegate responsibilities — is largely taken for granted. An organisation is then construed as a more or less rationally constructed device for achieving collective social action in terms of global objectives. The control system, in its barest essentials, is a series of routines for the setting of tasks (including directions to »make decisions«) and for monitoring their accomplishment. Rules and standardised procedures become the order of the day and the most persuasive analogue is one which views organisational design as an algorithm.

There has, of course, been a counter tradition emphasising intraorganisational conflict and the problems associated with handling non-routine situations. Crozier² and more recently Hickson et al³ have tried to demonstrate that the ability to control uncertainties (in the sense of being able to solve the problems associated with non-routine occurrences) bestows »power« on individuals or groups. Others have seen the »sources« of intraorganisational power in terms of control of positive and negative sanctions, personal charisma and so on⁴. Crossman⁵ has given us perhaps the most sophisticated approach with his measurement of discretionary purchase on resources. In fact the most casual encounter with almost any organisation seems to indicate a complex interaction of many different sources of power and unfortunately merely a re-labelling them as say, normative, coercive and utilitarian, though initially helpful does little to overcome the basic measurement and aggregation problems.

The model presented in this paper is an attempt to break with the tradition which I will term the *power resources* approach and also with a reliance on *reputational models*⁶. It is a move in the direction whereby organisations are viewed as complex mechanisms for arriving at *collective choices* through a bargaining and influence process amongst a set of power holding units. In short, we view an organisation (and possibly some aspects of its environment) as a *bargaining system*. This should not be taken to imply that all organisational matters are open to bargaining; what is and what is not open to bargain-

¹ We use the word task in the technical sense of so called Task Analysis. See, for instance, Peter Abell and David Matthew, »The Task Analysis Framework for Organisational Analysis« in *British Industrial Sociology*, ed. Malcolm Warner, 1972.

² Crozier, M., *The Bureaucratic Phenomenon*, Univ. Chicago Press, Chicago, 1964.

³ David J. Hickson et al. »A First Interpretation of Canadian Data on a 'Strategic Contingencies' Theory of 'Intra Organisational Power'«. Paper presented to the Industrial Sociology section of the British Sociological Association, Annual Conference, April 1971.

⁴ Amitai Etzioni, *A Comparative Analysis of Complex Organisations*, Free Press, New York, 1961.

⁵ E. R. W. F. Crossman, »A Three-Dimensional Power-Structure Model for Static Cooperative Organisations« in *Intra Organisational Power*, ed. P. Abell (forthcoming).

⁶ Reputational techniques generate data by asking people who they regard as powerful, influential and so on.

ing is itself fundamentally related to the concept of power. And, indeed, an organisation with no latitude for bargaining is a special case of our model. Putting it very roughly we equate bargaining power with the ability, against opposition, to »get one's way« in an organisation. This does, of course, assume that there is a certain amount of conflict (i.e. differing objectives or differing ideas about how means should be deployed in attaining the objectives) in an organisation⁷. (An organisation bereft of conflict does not seem a suitable empirical vehicle for the empirical study of power.)

Organisations, from one point of view, can be thought of as designed more or less consciously by the organisational designers. Thus task and decision-decomposition structures are mapped onto organisational units⁸. The question does arise though concerning the forces and constraints (technological and social) which are operative in organisational design itself. For example, the climate in which the recent Saab »experiments« were conducted is markedly different to that in which many older organisations were established. It seems difficult to study the power forces operative in organisational design without observing in detail the actual processes whereby an organisation becomes established⁹. Of course, many organisations (perhaps all in certain respects) are constantly changing their design, but analytically it is sensible to start with the analysis of relatively stable organisations and having solved the problems of description and explanation in connection with these, then move on to dynamics. Bargaining becomes organisationally possible for two main reasons. First, because decisions have to be made and in the process of decision-making »power« and »influence« are characteristically (though not necessarily) involved. Second, because a material task-decomposition structure¹⁰ is rarely defined in such a way as to reduce the discretionary component of a task to zero. There must, therefore, be some »decision« made (individually or collectively) concerning this discretionary component. Thus, even within the context of a *well-defined organisation*¹¹ there is room for »power-play« and influence.

Organisational designers would cavil at this, claiming that since an organisation is designed to accomplish a clearly defined global task, internal organisational disputes should not occur, as a policy should be a matter not of bargaining, but of demonstration that one strategy is the least costly in terms of the accomplishment of this task¹². However appealing this might sound it does seem to fly in the face of experience. Cognitive limits to rationality unclear options and differing estimates concerning future streams of costs and benefits, seem to render ill-defined goals and local maximisation and thus conflict endemic to most organisations.

The model presented in this paper is very much dependent upon this interpretation of organisational process.

⁷ Our models would not be operational in an organisation with no internal competition.

⁸ see ref (1).

⁹ The power forces operative in organisational design clearly relate to the power distribution in the wider society, often embodied in statutory requirements in the legal system, but also in terms of a recognition of who and what will not be 'tolerated' by various potential organisational participants.

¹⁰ See ref. (1).

¹¹ See ref. (1).

¹² In other words, there should always be a *coherent* strategy. See Baumol W. J. and Fabian T., »Decomposition, Pricing for Decentralization and External Economics«, *Management Science*, 1964, II, 1—32. Baumol W. J. and Quandt R. E., »Rules of Thumb and Optimally Imperfect Decisions«, *American Economic Review*, 1964, 54, 23—46. Charnes A., Clower R. W. and Kortanek K. O., »Effective Control through Coherent Decentralization with Preemptive Goals«, *Econometrica*, 1967, 35, 244—320.

A GLOBALIST APPROACH TO POWER

When discussing »power« nobody seems able to avoid making the obvious remark as to how difficult it is to conceptualise and measure and I am no exception. Part of the problem is that in our everyday social practices the word »power« is often used entirely ambiguously. Sociologists like Parsons¹³ have devoted a great deal of attention to the differences between concepts like power, influence, inducement, persuasion and so on, and though his various writings on power in social systems make fascinating reading, when one thinks in terms of holding these various concepts separate, operationalising each and coming up with patterns of co-variation a sense of dismay immediately sets in. In anything but the smallest social systems, this is just not on — we have to take a more global approach and relax some of the conceptual nicety. The way I am going to handle the concepts of power and influence rests very heavily on the epistemological ideas which I have elsewhere termed Globalism.¹⁴ In a nutshell, we surrender local complexity for global relevance.

Most scholars of an empirical bent of mind start by asking why it is that A has »power«, by seeking answers to the question as to the resources that he »controls« such that he can influence, persuade, induce, and so on B to do, think (not do, not think) what he would otherwise not do or not think (do or think). The resources then become an *operational definition* of power etc. This approach seems to me to be fundamentally mistaken particularly as it is likely to inhibit our abilities to generalise. Just confining our attention to intra-organisational power, for instance, it is manifestly clear that very different resources confer power in different organisations or different parts of the same organisation. Furthermore, it is *a priori* problematic which sorts of resource are operative in a given context. This being the case, to *define* power in terms of resources, would lead to definitional variability across contexts. We can, of course, get around this by saying something like »power will be defined in terms of those resources that happen to be operative«, but this is methodologically weak. In fact, there is perhaps a general methodological maxim lurking here; if the definiens in a putative operational definition is an open set then one should search for an independent criterion for the definition and treat the putative definiens as functionally (contingently) related to the independent criterion. This is the strategy I will recommend in this paper.

I prefer then to start by asking a question with a slightly different emphasis — how could one detect, in the on-going social processes of an organisation, that A is powerful, influential and so on? Then and only then go on to ask why it should be that he is powerful, that is perhaps to provide an explanation of his power in terms of the resources he controls. Although power and influence may well be »present« (in the sense of explaining the origin and maintenance of a system) where there is no conflict between competing objectives, it is difficult to see how they could be empirically studied¹⁵. We start then with a general notion of conflict, where two or more parties are seeking to obtain incompatible objectives¹⁶ and suggest the outcome of the conflict

¹³ T. Parsons, »On the Concept of Influence«, *Public Opinion Quarterly*, 1963.

¹⁴ See Peter Abell, »In search of the foundations for a Sociological Theory« in *Approaches to Sociology*, ed. John Rex, Routledge and Kegan Paul, 1973.

¹⁵ It is perhaps as well to draw some bold lines between different sorts of organizational power.

¹⁶ We will consider problems of coalitions below.

will be a function of, among other things, the power and influence of the participating parties. So expressing it rather crudely the power and influence of an individual will be defined in terms of his ability to obtain his objectives in the face of others with competing objectives. Since the full range of problems concerning organisational processes which can respond to the concepts of power and influence is rather broader than this we will tend to use the term bargaining power to indicate our restricted focus. Intra-organisation conflict is thus a necessary (though not sufficient) condition for the empirical study of power and influence as we construe them.

Though it is clear that the daily processes of social interaction amongst organisational participants involve extremely intricate patterns of power-play, influence, inducement and persuasion, it is empirically impossible to study these¹⁷. Nevertheless we feel it necessary to draw a distinction between »bargaining power« and »influence« for we want to distinguish between situations where B changes his objectives because A influences him to do so, and situations where B retains his objectives but »looses out« and A's objectives prevail. It takes no imagination to show that, over time, bargaining and influence can interact in rather complex ways, for instance B can anticipate that it is »no good resisting A« and so change his objectives to save face; or A and B can collude such that A gets his way on one issue and B on another. These micro processes are, however, not open to meaningful empirical study in relatively large scale social phenomena, and as long as we can obtain data on peoples' initial objectives, their modified objectives, and final bargained outcomes our conceptual distinction between influence and power holds up, whilst still recognising local complexity.

We will now give rather loose definitions of Influence and Bargaining Power, their technical development will be presented in the following sections.

Influence of A over B:

The marginal ability of A to change B's objectives in a bargaining situation other influences held constant. (Note that this definition allows for *negative influence* in the sense that A could influence B to move away from his own objectives).

Bargaining Power of A over B:

The marginal ability of A to obtain his objectives in a bargaining situation minus the marginal ability of B to obtain his objectives all other bargaining power held constant.

Influence and Bargaining Power — An Empirical Model:

Since it is our ultimate objective to show that organisations can be depicted as a set of intersecting *bargaining zones* we start by defining a bargaining zone —

¹⁷ For the reasons see reference (14).

- 1) A finite set of actors who in practice have the potential ability to exert influence and/or bargaining power over a set of decision (issues).
- 2) A set of decisions (issues) referred to in (1) (The decisions may be all of the same type¹⁸ taken over time or of differing types).
- 3) An assumption that each actor has a clearly defined¹⁹ preferred outcome for each decision relating to his overall objectives as an organisational participant.
- 4) An assumption that there is a clearly defined outcome²⁰ (including no decision) for each decision.
- 5) An assumption that each actor attaches a clearly defined *saliency* to each decision (i.e. roughly how important he feels it is to exert influence over the outcome of the decision).
- 6) A more or less well articulated normative system limiting the range of preferred outcomes. That is an overall normative context in which the bargaining and influence take place. We will call these the *limiting norms*.
- 7) A set of *allocation norms* which dictate why the particular set of decisions which fall within the zone do so, and why others do not. (These norms ultimately relate to the power forces associated with organisational design or redesign — see opening section).

In its essentials then a bargaining zone comprises a group of individuals (perhaps representing organisational subgroups), normatively constrained, but with differing objectives, attempting to arrive at collective decisions through a complex process of influence and bargaining. The isolated decision maker is, of course, a special case.

For the sake of stylised modelling we will assume that the collective decision process (i.e. decisions subject to both influence and bargaining) takes place in two phases:

- 1) *The Influence Phase*: the process whereby the actors in any bargaining zone attempt for a given issue to change each others preferred outcomes. This may or may not take place in a formally institutionalised context.
- 2) *The Bargaining Phase*: the process whereby actors bargain from their »influenced« preferred outcomes towards a collective choice.

By separating these two phases it should not be taken to imply a simple temporal sequence, in all probability the two phases are intermingled but analytically it is convenient to draw the distinction as it brings into sharp relief the data requirements of the model.

A CARDINAL MODEL OF THE COLLECTIVE DECISION PROCESS

For the sake of initial simplicity we will assume all measures appertaining to a bargaining zone can be measured on cardinal scales. This is clearly a

¹⁸ By type I am thinking of some simple distinction like financial, production and so on.

¹⁹ In fact, one can modify the model to spaces which are 'fuzzy' but we will ignore the problem here. A fuzzy space is rather like a topological space, see T. Poston, *Fuzzy Spaces*. Univ. of Warwick, 1971.

²⁰ See reference (19).

rather unrealistic assumption but it enables us to get an overall view of the potential of the model and it can relatively easily be modified to accommodate nominal or ordinal variables.

Consider a bargaining zone comprising n actors involved in making k decisions. Let the initial preferred outcomes (IPO's) of the j 'th actor on the i 'th decision be X_{ji} ; let the saliency that actor j attaches to the i 'th decision be S_{ji} and let the modified (i.e. through influences) preferred outcome of the j 'th actor for the i 'th decision be Y_{ji} .

The Influence Phase

Over the set of k decisions we postulate that the MPO's of each actor are a function of at least one (perhaps all) the IPO's of the other actors in the bargaining zone. For generality we allow for self effects (coefficients of conviction) i.e. that one's own IPO exerts an influence (presumably positive) on one's MPO. So for each actor we have a function of the form:

$$Y_j = f(X_1, X_2, \dots, X_k, \mu_j) \quad (1)$$

where μ_j has the standard interpretation.

We further postulate that the MPO's are a linear additive²¹ function of the IPO's. Thus for each actor we have:

$$Y_j = \alpha_j + I_{j1}X_1 + I_{j2}X_2 + \dots + I_{jn}X_n + \mu_j \quad (2)$$

where the I coefficients give the influence of a given actor over actor j . The estimate for instance of $I_{j1} \wedge i_{j1,23 \dots n}$ is the measure of influence in accord with our definition in the previous section. It measures the marginal influence of actor I 's I.P.O. on actor j 's MPO over the set of issues.²² The associated partial correlation coefficient $r_{j1,23 \dots n}$ is perhaps useful to concentrate upon — colloquially it gives the variation in j 's MPO's unaccounted for by actors 2, 3 ... n IPO's, accounted for by actor I 's IPO.

The data requirements for the model are very limited (though, of course, in practice difficult to obtain with reliability). One merely requires the MPO's and IPO's of each actor over a set of decisions. In principle it seems possible to collect such data both contemporaneously and retrospectively²³.

With the estimates of the influence coefficients at our disposal we are in a position to define the *influence structure of a bargaining zone*. It comprises:

- 1) the set of actors A ;
- 2) a set of valued arcs defined over $A \times A$ which correspond to the influence coefficients and so on.

The influence structure may be mathematically depicted as a di-graph (with loops corresponding to the conviction coefficients). It is open to the types of structural analysis which I have argued elsewhere are at the foundations of sociological science²⁴.

²¹ Taking an additive model implies that each actor exerts an influence over the 'focal' actor independently.

²² We will refer to problems of multicollinearity below. Note that if an actor does not notify his preferred outcomes over set k then $I_{j1, ij1, 2, 3, \dots n}$ will equal unity.

²³ See reference (5).

²⁴ See reference (14).

The Bargaining Phase

Let the collectively bargained outcomes for the decision be O ; then we postulate that the collective outcome of the decision is a function of (a) all the actors MPO's, (b) the 'bargaining power' of each actor and (c) the saliency that each actor attaches to the particular decision. In general over all the decisions:

$$O = f(Y_1, Y_2, \dots, Y_n; S_1, S_2, \dots, S_n, \mu) \quad (3)$$

The simplest and intuitively most appealing model is in linear additive form:

$$O = \alpha + P_1 Y_1 S_1 + P_2 Y_2 S_2 + \dots + P_n Y_n S_n + \mu \quad (4)$$

Where P_i is the generalised bargaining power index of actor i over the set of decisions within the bargaining zone. It will be estimated as $P_{i.123 \dots \hat{i} \dots n}$. The significance of the saliency coefficients should be noted; since they interact multiplicatively with Y in their effect on O , the value of the bargaining index will be a function of the value of S . This is an attempt to overcome the problem of 'potential' as against 'exerted' power. The assumption we have, in effect, built into our model is that the greater the saliency of a decision for an actor, then the more likely he is to exert his full or potential bargaining power.

We are now in a position to define the bargaining power structure which comprises:

- 1) the set of n actors A ;
- 2) a set of $n(n-1)/2$ direct arcs connecting pairs of actors taking the value

$$(P_{i.123 \dots \hat{i} \dots n} - P_{j.123 \dots \hat{j} \dots n})$$

As with the influence structure the bargaining power structure can easily be depicted as a di-graph.

SOME ASSUMPTIONS AND POSSIBLE COMPLICATIONS

- 1) *Constancy of bargaining and influence indices (Generalised Power and Influence)* as it stands the model assumes the constancy of the two major indices across the full set of decisions within a bargaining zone. But both indices can be estimated for subsets of decisions of the same type. It would seem sensible in this context to have some *a priori* classification of decisions when it would be empirically interesting to study the variation in the influence structure and bargaining structure with decision type. The model, thus, does not commit one to a completely *generalised* concept of influence or bargaining power. In fact, if one is in a position where it seems reasonable to assume constancy of bargaining power or influence over time, then the indices can be estimated for one sort of decision over a given time. All that is required is that a sufficient number of decisions arise in the period of study (contemporaneous or retrospective) to avoid degrees of freedom problems; this will, of course, depend on the size of the bargaining zone.

It is also possible to search for changes in bargaining power and influence over-time by collecting data over a period and estimating the indices for different segments of the period.

- 2) *Coalitions*: the models assume that each actor acts independently in exerting his influence or bargaining power on a decision. If it so happens that two or more actors either independently or as a result of coalition behaviour tend to have the same preferences over the set of decisions, then technically we will run into multicollinearity and estimates of the indices will have very large standard errors. Methodologically then we must initially search the data for high correlations between pairs of both MPO's and IPO's. If they are located then the actors involved must be treated as a single influence or bargaining power source in the expressions for the estimation of the indices. These observations do of course invite a number of interesting empirical questions — are the coalitions recognised by the actors; are they decision general or specific; what is the average consensus in a bargaining zone? All of these issues fall within the conceptual and empirical domain of our model.
- 3) *Possible Interaction of Power Sources*: We have specified the models in linear additive form, it is conceivable though that two actors exert influence or bargaining power in such a way that the effect of one's MPO's or IPO's effect the degree of influence or power of the second. This being the case, a model with interaction may be useful. Whether or not interaction takes place is, of course, an empirical matter and the data may be searched accordingly.
- 4) *Sampling an Appropriate Set of Decisions*: One of the operational problems of the model is to locate an appropriate sample of decisions such that the estimates of the influence and bargaining can be relied upon. As far as I know, nobody has considered the problems of decision sampling and it is clear that there is room for methodological ingenuity here.
- 5) *Measurement Assumptions*: our presentation of the models explicitly presupposes metrics on all variables. However, it is relatively easy to adapt them to ordinal spaces but this is best carried out in empirical context and will not be pursued further in this paper.

ORGANISATIONS AS BARGAINING SYSTEMS

The philosophy behind this paper suggests that organisations can fruitfully be viewed as a set of intersectioning bargaining zones. The intersection arises as a consequence of common membership by one or more actors of more than one bargaining zone. The model is, in effect, a development of the traditional 'allocation of decision making' model of organisations. In our previous work in the field of International Corporations, we studied the deter-

²⁵ See P. Abell, »Integrative and Disintegrative Structures in Decision-Making Groups«, *Proceedings of the Edinboro' Conference on Mathematical Social Science* (Tentative title) 1973.

²⁶ See reference (14).

minants of the distribution of decision-making where decisions of various types were construed as 'being taken' at various positions in the formal organisation structure (at H.Q. or at subsidiary level for instance). It became clear that there was a strong measure of unreality about this for decisions were often taken, not by executives at H.Q. or at subsidiary level, but jointly in a process of discussion and bargaining. It is this aspect of organisational decision making which we wish to capture in our present models.

We then picture an organisation as follows:

- 1) in terms of a set of decisions D which the organisation characteristically faces. These may be categorised into types.
- 2) A description of the bargaining zones; who is involved in which sorts of decisions. We call the overall set of bargaining zones the bargaining system. It clearly has a structure. Since being in a bargaining zone is an equivalence relation, and the bargaining zones generally intersect, the map of actors onto decisions (a subset of $A \times D$) will be a q -connected structure²⁵, and the structural analyses we have outlined elsewhere become important.

SOME IMPORTANT DERIVATIVE CONCEPTS

The bargaining system model of organisations invites conceptual analysis at two levels. Firstly, within bargaining zones — intra-zonal analysis; secondly across the set of zones.

Intra-zonal analysis — major concepts

- 1) The values of the *influence and bargaining indices* for all members, and size permitting, the distribution of the values. It may also be possible to compute the values for sub-sets of decision types.
- 2) The relationship between influence and bargaining — i.e., the correlations between their values across the set of actors.
- 3) *Value cohesion* within the zone; the average distance between MPO's and IPO's and so on.
- 4) *Bargaining power to influence ratio*; ratio of average movement of MPO's to IPO's and IPO's to collective outcomes.
- 5) *Spans of Bargaining zones*; the maximum organisational distance (i.e., number of arcs in the formal structure) between any pair of actors, also the average span.
- 6) *Structural analysis of the influence structure*:
 - a) *total influence*; of any actor is given by the summed out degree of the point in the structure (to avoid measurement problems, this should be carried out in terms of the correlation measures rather than the (unit of measurement dependent) P and I coefficients.

b) *span of influence*; the number of actors connected to the focal actor by a 1-arc.

c) *influence cliques*; standard clique analysis.

Core. Boundary and interstitial influentials might well be interesting structural types.

Analysis of the configuration of the bargaining system

- 1) *Centralisation-decentralisation* — comparative analysis of the bargaining zones — which decisions are made where.
- 2) Relationship between influence and bargaining indices for actors falling into more than one bargaining zone.
- 3) *Total influence and bargaining* power of actors across a set of bargaining zones.



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ON CONFLICT RESOLUTION AND AN ORGANIZATIONAL DEFINITION OF SELF-MANAGEMENT

A Framework for Speculation

INTRODUCTION

Participation, self-management, and democracy have been used interchangeably. My attempt in this paper is to clarify these terms as related to self-management as I understand it from an organizational systemic point of view, and as a conflict resolving mechanism. Furthermore, I wish to discuss where I believe the Yugoslav system stands in comparison to other systems in developing a working and comprehensive self-management.

I understand participation pertains to the process of making decisions; democracy to an institutionalized equalopportunity process by which participation is enabled, and self-management to a working and thus comprehensive industrial, cultural, and political democracy.

MEASURING PARTICIPATION

The degree of formal participation in decision-making can be measured by the degree of legal right one has for involvement in the planning process. The planning process consists of (a) determining goals; (b) designing policies and strategies for achieving them, and (c) determining the means.

The lowest level of participation is one which entitles the participant to be involved only with means; at a higher level, the individual or the group whose participation we are measuring participates in the design of policies and strategies. The highest level of participation is attained when it extends to the determination of organizational goals.

The above measurements of participation can be applied to micro and macro levels of society.

MICRO MEASUREMENTS OF PARTICIPATION

On the micro level (within organizations) we can measure the legal managerial prerogatives of various inputs (labor, capital and natural resources) in decision-making as defined above.

Labor as an input does not need much clarification. Systems like the Yugoslav have allocated full prerogatives of decision-making for the determination of goals, design of strategies and utilization of means to labor, i. e., to those with permanent membership in the organization.

Capital as an input for the production of outputs is defined in this paper as accumulated net savings invested. In the United States capital entitles the investor to legal managerial prerogatives to determine goals, strategies and means via the private ownership prerogative concept. The Yugoslavs consider accumulated savings within an organization as past labor and thus by their definition capital has also prerogatives for decision-making.

I will nevertheless consider the Yugoslav case as one that does not give capital the prerogatives for participation since it negates absentee ownership. No individual or company can invest its »past labor« in Yugoslavia and claim rights to participate in decision-making as it would in the United States.

In centrally planned economies where the government appoints management and can determine goals, strategies and means of organizations, political ideology and capital have almost the exclusive rights of participation, i. e., outsiders to the membership of the organization make the decisions and the outsiders are those that put up the capital for the establishment of the company. True, they might claim they represent labor, but since the actual labor in the organization has no participative rights, I perceive capital (although owned by the state) as the relevant input with the exclusive managerial rights for participation.

Thus, as far as my definition of capital as an input and its institutionalized prerogatives for participation is concerned, I will not distinguish between centrally planned and market economies. In both cases labor as an input has no direct managerial prerogatives to determine the goals, strategies and frequently even the means of the organization within which it operates.

Natural Resources as an input will be defined in this paper as those resources which the free market mechanism finds difficult to regulate within an acceptable span of time and within acceptable limits of irreversible damage.

Air and water are two of the resources that fit this definition. Air has never been in private or public ownership. The same holds true for most of the water. Land has been a source of private power for centuries; however, with the population explosion it is coming more under regulation of the public, and the private property prerogatives of the owner are being infringed on. You cannot do with it what you please without considering the impact on the total environment. It is being increasingly regulated to control the harm that can be done if a free market mechanism is allowed to operate.

Natural resources have had no institutional representation on decision making bodies until now. Ralph Nader in the United States recommends putting consumer interest representatives on corporate Boards of Directors. This might be the first step in this direction.

MACRO MEASUREMENTS OF PARTICIPATION

On the macro level three macro-subsystems will be distinguished:

1. The Economic subsystem which comprises organizations geared to material results, measured by (economic) $\frac{\text{output}}{\text{input}}$. The goal of these organizations is primarily to increase the net balance of their material resources.

2. The Socio-cultural and welfare subsystem that comprises organizations in the arts, education and health. They are geared to human capital improvement and are guided primarily by a human-social rationale to improve the process they are involved in for the sake of improving the process. Economic, materialistic viability is a constraint and not a goal (the opposite of the economic subsystem, where the human process is the constraint while economic viability is the goal.)

3. The third subsystem I wish to identify in this paper is the political-ideological subsystem.

This subsystem comprises institutions that deal with and facilitate decision making of national and local character guided by ideological principles. The government and political parties are part of this subsystem. Their goal I suggest is the acquisition and maintenance of power and they are guided primarily by a power-play rationale dependent on economic viability and on the effect it will have on social processes. Thus what are deterministic goals for the other two subsystems by my definitions are only constraints for the political-ideological subsystem.

The three subsystems have thus, to my opinion, competing goals and conflicting interests.

The economic, socio-cultural and political subsystems participate formally or informally in the macro decision making process. Their participation can be conceptually measured the way it is measured for the micro inputs (labor, capital and natural resources). The magnitude of legal rights and organizational capability the various subsystems have in affecting the employment of means, design of strategies and the determination of goals on the social macro scale will determine the level of their participation.

Only Yugoslavia has institutionalized the participation of the three subsystems in macro decision making. Other systems rely on the political subsystem to be the vehicle for institutionalized participation in decision making. They expect the politicians to take into account the interests of the economic and the socio-cultural institutions.

PARTICIPATION, PLURALISM AND MOBILITY

Participation, I believe, is related to pluralism and mobility. Pluralism can be conceptually measured on the micro level by the magnitude of various independent sources per input and on the macro level by the magnitude of diversity within subsystems, i. e., the availability of »markets« within each subsystem: comprehensive market economy (working competitive markets) for the economic subsystem; »a market« of ideas, patterns of behavior, art-

istic credos for the socio-cultural subsystem and »a market« of ideologies and political parties to deliver them for the political ideological subsystem.

Mobility can be measured on the micro level by the extent the various inputs move among users, and this will depend on the mechanisms available to stimulate and facilitate this mobility. On the macro level it can be conceptually measured in the economic subsystem by the magnitude that new enterprises are generated and old unsuccessful disappear; in the socio-cultural subsystem by the emergence and disappearance of »intellectual fads«, and in the political-ideological subsystem by the magnitude of floating vote and the change in the manifestos of various parties.

We postulate that participation, pluralism and mobility are related. We postulate that the higher the pluralism and the ease of mobility is, the higher will be the potential of participation if it is institutionalized. For instance, lack of pluralism or lack of mobility should lead to monopolization. Those monopolizing the resource (input) will have more power to influence decision-making than others participating in the process.

Lack of labor mobility, I claim, should affect their capability to effectively participate. Having little other choices for employment might reduce one's willingness to assert his opinion freely on different matters. Furthermore, with limited mobility one's choice where and with whom to participate is also limited. This gives any other input that is mobile and plural a better choice to effectuate its interests.

On the macro level if pluralism is reduced in the economic subsystem via monopolization of economic resources, the economic subsystem might become powerful enough to subordinate other subsystems to operate according to its economic oriented goals. This might limit the capability of other subsystems to effectively participate in the design and implementation of comprehensive socio-political and economic goals for the society in general.

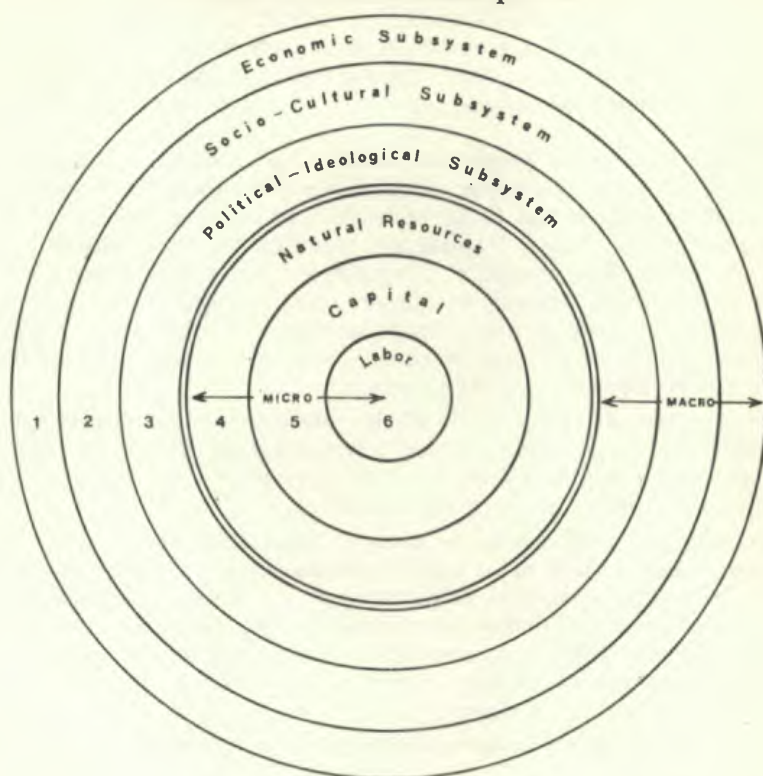
Chart 1. presents the various dimensions of institutionalized participation, mobility and pluralism.

In the USA, for instance, within the economic, sociocultural and political subsystems there is pluralism and mobility. However, as far as institutionalized participation is concerned it is afforded only within the political-ideological subsystem. The economic and socio-cultural subsystems have to work via the political subsystem to effectuate their interests, to participate in the decision making process. The conflict *between* the three subsystems which exist due to their goal differentiation is resolved I suggest not via a democratic process within each subsystems and then in an institutionalized democratic way *between* them via pressures in the market or »behind the political curtains«.

As far as the micro-inputs are concerned, labor and capital mobility exist but natural resources are becoming increasingly scarce, reducing the pluralism as far as this input is concerned. This eventually creates a source of monopolistic pressure calling to be institutionally recognized. Legal managerial prerogatives are given only to capital. Labor and natural resources are limited to representation by pressure groups without institutional mechanisms available for their participation.

Chart 1.

Dimensions of Mobility, Pluralism and Institutionalized Participation



Suggested:

	U. S. A.	Yugoslavia	Self-Management
Pluralism	1-6	1, 2, 4, 5, 6	1-6
Mobility	1-6	1, 2, 4, 6	1-6
Institutionalized Participation	3, 5	1, 2, 3, 6	1-6

In Yugoslavia, on the other hand, labor has the prerogatives of management while capital and natural resources are formally left out. Capital however has been increasingly concentrated in certain companies and industries and in reality those lending capital do attach strings to their loans thus endangering the prerogatives of labor in decision making. In other words, formal negation of managerial prerogatives does not limit participation, it only makes it less openly recognizable and thus controllable. Furthermore, even with social ownership the problem of water and air pollution has not been resolved — the interest of the natural resources in Yugoslavia still does not have adequate expression on the micro level of decision making as it does not have in other systems.

On the macro level within the economic and socio-cultural subsystems there is plurality and mobility (although somewhat constrained) but I believe

the greatest constraint has been — as in all other systems that started with monopolistic political ideology — the rather reluctance of the dominant ideology to fully allow institutionalized expression of dissenting ideologies. This might be so since the political-ideological subsystem everywhere is geared to power accumulation and consolidation and attempts to the contrary work in disaccordance with its goals. (The Yugoslav system, however, should be given credit for moving far ahead towards de-partization of the political subsystem).

It is my hypothesis presented here for speculation, a hypothesis which is beyond the scope of this paper to be proven, that for a working self-management system to exist it has to be micro/macro comprehensive based on pluralism and mobility. Labor, capital and product markets should exist affording them the highest mobility. Diversity of independent economic, socio-cultural and political ideologies should exist as well to free society from any dominance whether of micro inputs or of macro subsystems. Such freedom of diversity should be present if *comprehensive* rather than exclusive goals are to be achieved for the society in general.

If any of the six components of this pluralism and mobility are missing, and if institutionalized channels for representation for democratic decision making are not available by design of the systems — self-management will experience difficulties in operating effectively.

For such a hypothesis to be analyzed and discussed, I wish to present an organizational definition of what selfmanagement means. In my opinion, it is not just the capability to participate, as some political scientists or sociologists present it. Furthermore it is not the legal right and freedom to participate in everything as some over-simplifying syndicalists claim in Yugoslavia. Self-management is even more than participation and freedom. It involves the distribution of rewards as well.

The following is my understanding of self-management from an organizational point of view.

ORGANIZATIONAL MEANING OF SELF-MANAGEMENT

In the self-management system an equilibrium is being sought between three subsystems: 1) the authority, power and influence subsystem; 2) the task subsystem; and 3) the reward subsystem. To operate self-management it has to be applied both to macro and micro level systems of society.

The equilibrium sought between the three subsystems should be as follows:

1) The Authority-Power-Influence for making decisions should be distributed equitably among all constituents of society (or members of the organization), negating monopolism of decision making prerogatives. Such monopoly exists in alternative systems. In capitalist industrial organizations the legal prerogatives of decision making are concentrated in the hands of the owners, thus labor does not have a representation on the managerial levels of decision making. Furthermore, economic institutions (macrolevel) have a stronger than desired influence in political and cultural subsystems. In bureaucratism and technocratism on the other hand managerial prerogatives are concentrated in reality in the hands of those who possess the information

and manipulate the rest of society or organization in making decisions suitable to them. (The developed countries might be moving towards bureaucratization and technocratization, into a new form of monopolism based on information rather than capital). In statist, centrally planned systems, managerial prerogatives are concentrated in the hands of an exclusive political party which claims the monopoly of understanding social interests.

In self-management all inputs that generate outputs should have the legal right to participate in decision making and should be capable of doing so in reality.

2) The task subsystem: In hierarchically structured systems (whether the Soviet system or the U. S. corporation), the higher one ascends in the organization, the higher is the spectrum of important decisions and commitments he can make. Thus, the higher are the tasks he is expected to carry out. It is the president, or chairman, whether of the business corporation or of the Communist Party, who is expected to be responsible for the highest task there is — the survival of the system he is in charge of.

Self-management reverses this hierarchical distribution of tasks. The total community is expected to be responsible for the highest task there is — its survival. The executive, administrative hierarchy has responsibilities but only those which are delegated to it by the community at large.

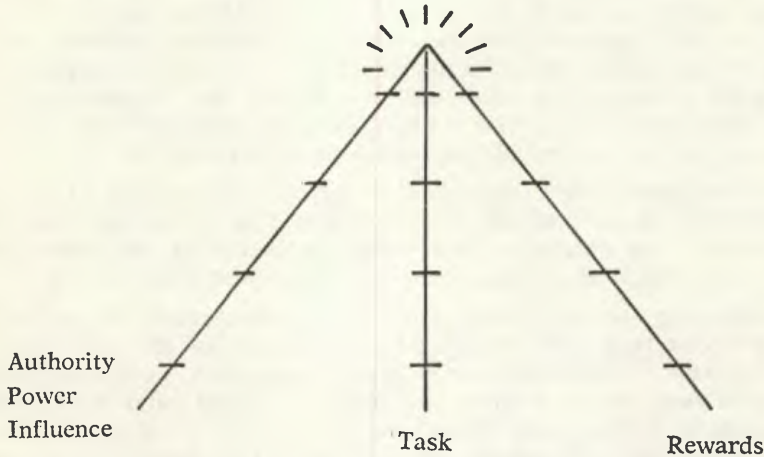
In balancing the two subsystems in self-management the organization, or the society at large has the obligation to determine the survival strategy and for this task it should have the ultimate authority, power and influence to determine how this task should be interpreted and carried out, and suitable channels of participation should be provided to this effect. It should be noted, however, that although we reversed the distribution of tasks as related to organizational levels (the more important the decision the more people have to be involved in it, which is the opposite of what happens in hierarchical organizations where the more important the decision is the less people make it), the magnitude of authority, power and influence, i. e., level of participation (which can be measured as suggested above), should still be equated to the degree of importance of the task. The reversal is in fact that in self-management the total community should have the ultimate power and authority, total participation rights and capability, to affectuate its survival goals and strategies. In other systems it is usually vested in monopolistic or elitists groups or forces. In self-management, the greater the importance of the task, the higher should be the capability and the right to participate and the greater should be the number of the members of the system that should be participating in the decision.

3) The reward system: The third element to be balanced in self-management is the distribution of rewards. Inequalities which exist in various imperfect systems including imperfect market mechanisms where various contributing inputs benefit more than what others consider them to be contributing should be abolished. In other words, self-management wishes to abolish the inconsistency in rewards as related to the accomplishment of tasks and the contribution to social goals as perceived by the various parties involved.

Self-management seeks then to create conditions in which each participant (whether a human being or a producing or serving unit) of a system should:

1. Make actual contributions by accomplishing tasks which lead to comprehensive socio-political-economic goals;
2. Have adequate authority, influence and power to effectuate the expected contributions and have institutionally available channels to participate in the design of strategies and goals towards which those contributions are made;
3. Should be rewarded according to the objective value of the contributions made.

Chart 2.



In self-management people should be able to master their tasks and eventually their destiny by having the authority, power and influence to do so and should be rewarded according to their achievements.

The ultimate goal, I believe, is that the authority, power and influence be derived from the task (professional authority as it is called in Yugoslavia) and the reward be mainly derived from the task itself (mainly intrinsic rewards) thus eliminating the distinction between physical and mental work, and eliminating the exclusivity of materialistic satisfaction as a goal for which society exists (eliminating profit motivation as the sole purpose of organizations).

For such an equilibrium to be achieved no monopolization of any input over management prerogatives should be allowed and furthermore no subsystem, whether political, ideological, economic or socio-cultural, should dominate the macro decision making.

For true self-management as defined above, for a comprehensive democracy to exist, institutionalized means for participation of all inputs on the micro level and all subsystems on the macro level should be provided.

COMPARING THE SELF-MANAGEMENT MODEL TO THE MARKET AND STATIST MODELS

Both market economies and centrally planned statist economies have a conceptual variable in common. They assume that conflict is resolved *externally* to the system within which or by which it was created. Furthermore their

nism, was expected to provide for comprehensive goals can be seen from the fact that a pure classical market economist would reject any government intervention, regulation or planning of social functions and forces.

These pure systems have become increasingly aware that they inadequately respond to the changing environment. To correct the ineffectiveness of the market model government has been increasing its regulatory powers attempting to increase the goal comprehensiveness of each organization, or to take into account social goals in addition to the economic goals.

In the centrally planned model, the system appeared to call for adaptations as well. The achievement of each organization could conform to plans as long as most of the goals were economic in nature and most of the economic growth was derived from structural changes in the transition from agriculture to heavy industry. Once productivity has to be derived from better organization; once economic growth is based on consumer goods where market uncertainty is higher; and once the component of measurable economic goals becomes less important in comparison to social goals which are process-oriented, the capability of the central government in handling the society starts to decline. The centrally planned economies have already introduced »some« profit motivation (which in the future will necessarily lead to decentralization in decision-making) thus introducing some degree of market mechanism in order to facilitate adaptation to changing economic conditions.

If we look closely at both new charts we can see that we get again a mirror effect. The statist economy is relying on some degree of market mechanisms and the market economy system is finding refuge in more government-

Chart 4.

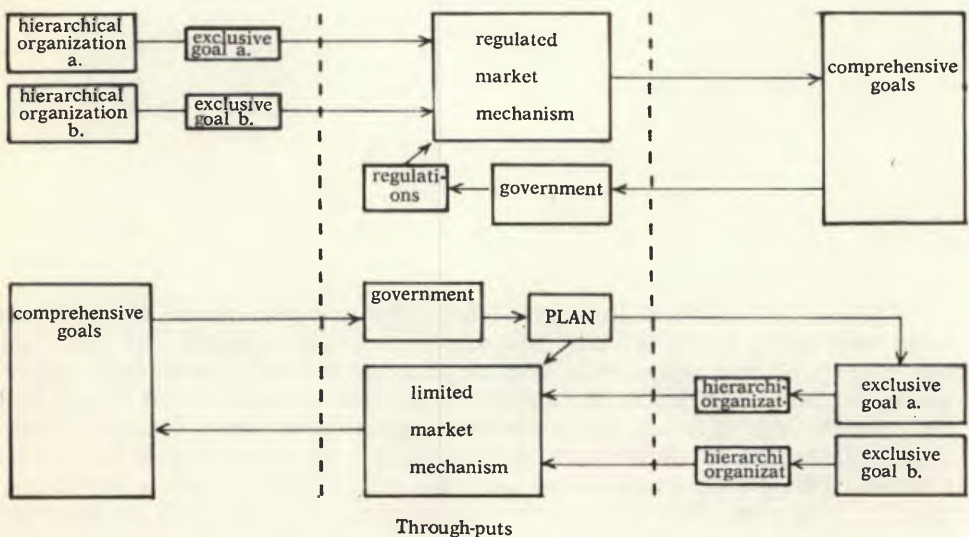
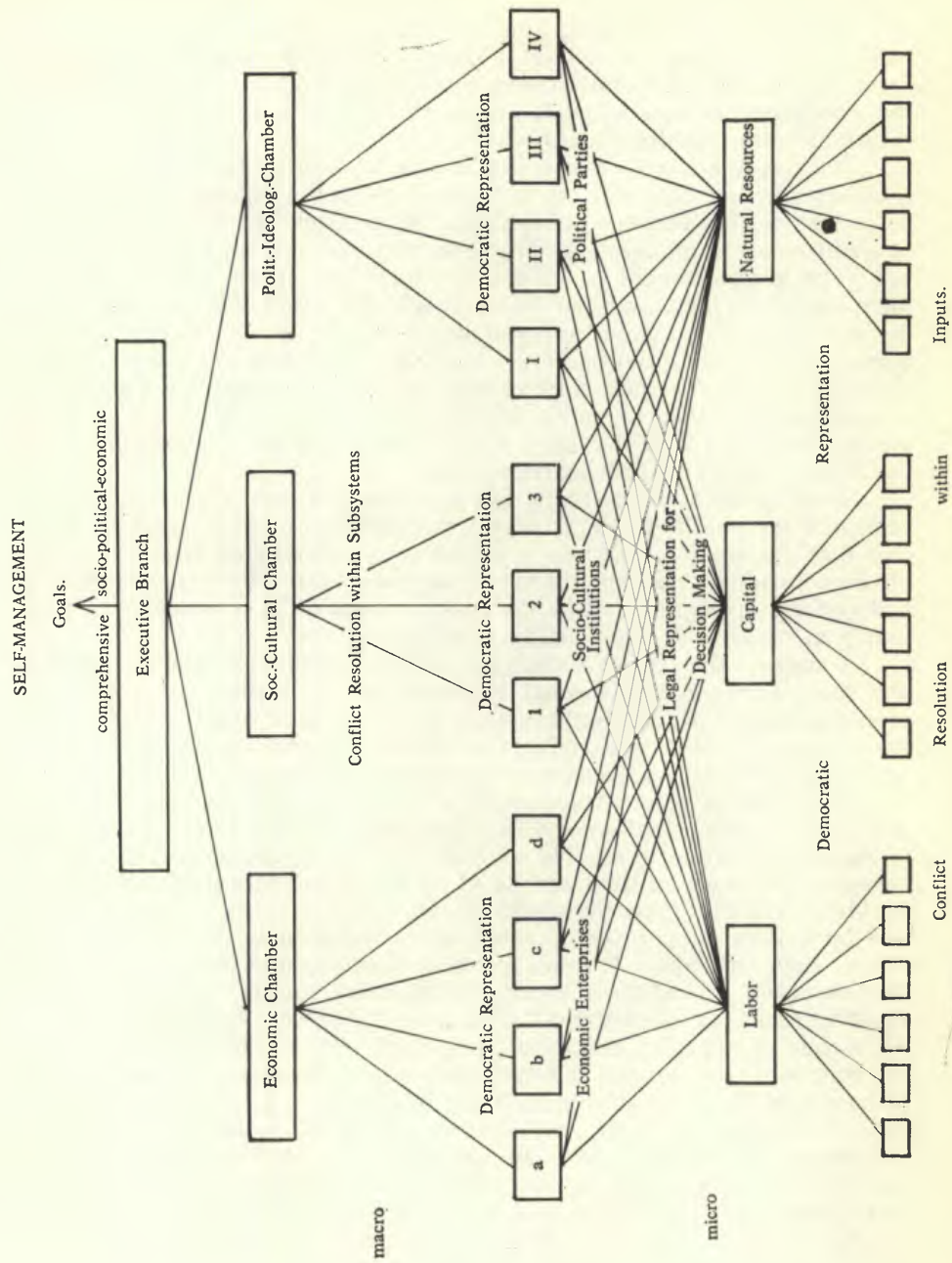


Chart 5.



tal regulation, both having the aim of achieving comprehensive socio-political-economic goals.

In spite of this change, however, neither system has altered the basic conceptual framework on which it relies. Both systems still trust that forces external to each organization will resolve the conflicts which exist due to the comprehensiveness of goals in society. Furthermore, they leave the organizations hierarchically structured.

Both systems rely on external forces to manage them, to resolve their conflicts whether they rely on the pure market, the regulated market, or the government. This reliance on external mechanisms has increased the power of government in all cases. As problems become more complex, more powers are given to government to solve them. But the increased burden on government has only increased the bureaucracy, increased the monopolization of decision-making of various subsystems or inputs, thus increasing further the complexity of the situation. This, in turn, requires a further strengthening of the government which is eventually finding it increasingly difficult to resolve what it is called to resolve in a democratic participative way. Thus, both systems have failed to provide for an institutionalized mechanism to resolve conflicts without endangering democracy.

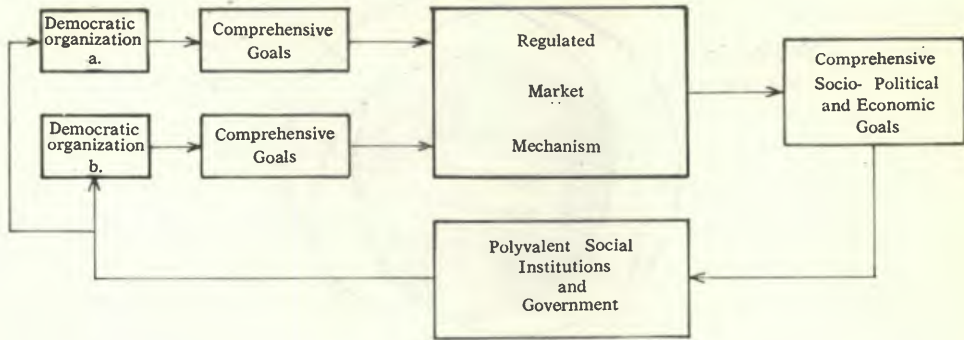
Both systems, furthermore, are dominated by one macro subsystem thus retarding the possibility of achieving comprehensive social goals. It is no secret that the American system is geared to economic growth and thus mainly oriented to satisfy goals of the economic subsystem. Similarly, centrally planned systems are dominated by the political-ideological subsystems aiming primarily at social goals like equality, social justice, etc

I suggest that systems designed for the maximalization of the goals of one subsystem can be expected to experience difficulties in achieving comprehensive goals which should include the interests of other subsystems. Both systems assume that maximalization of the objectives of one subsystem will necessarily yield the desired comprehensiveness of social goals.

The self-management system is a departure from the two systems described above since it does not rely exclusively on the environment external to each organization to resolve conflicts created by the organization. Self-management provides on the micro level for comprehensive goal achievement by enabling democratic participation of the various inputs in decision making and by linking them to democratic macro institutions through the multiple role of each individual. It relies on an institutionalized decentralization, both the responsibility and the authority for resolving conflicts within and between organizations rests with the organizations themselves. This cuts down on the magnitude of »conflict pollution« that either the market or the government are supposed to clean up. Self-management as I have defined it above should be based on pluralism and the mobility of all inputs. It should have institutionalized channels for their participation. It should enable conflict resolution via democratic voting among the elected representatives *within* each input. Conflicts *between* inputs can be resolved on the managerial boards of each institution. Conflicts *within* social subsystems can be resolved in the elections for the legislative chambers of these subsystems. Conflicts *among* subsystems can be resolved in decisions the various chambers have to make together and in supervising the executive branch.

Self-management should provide an institutionalized democratic solution to conflicts both on the micro and macro levels, embracing all the in-

Chart 6.



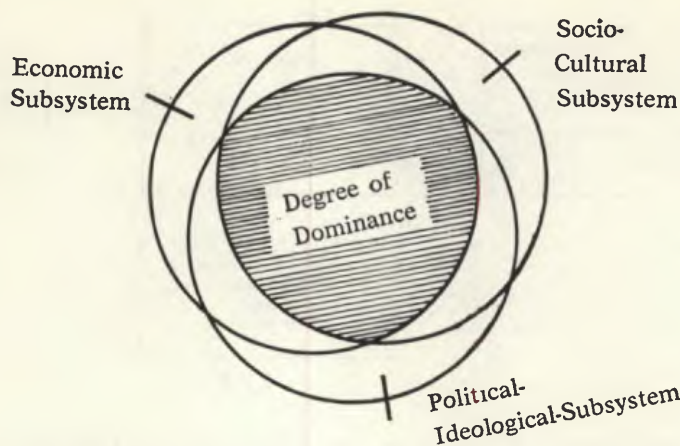
puts and subsystems of the society. The self-management system is based on a fishscale concept where multiple conflicting interests are resolved institutionally both on the micro and macro levels via multiple »linking pin« membership. Each member of any community is a member in other communities as well. For instance a factory worker could be on the communal board of his municipality. Since he has equal voting power in all of the organizations he is a member of, he can legally represent the interests of one community in the other. Thus when a decision is made democratically in a factory it is expected that comprehensive goals will be sought. The same fishscale conflict resolution models should be institutionalized on the macro level.

The multiple chamber arrangement of the elected government and the fact that the party has ceased to function as an exclusive vehicle for multiple interest representation should enable current conflict resolution on the basis of issues. Since each representative is responsible to the community that sent him, his loyalty is expected to be to the community whose interests he represents. Since each chamber legally represents interests of subsystems, comprehensive social goals can be achieved since each interest gets equal power and authority and is linked not to a party but to the interest of the community. In a party system, economic powers (business) or political ideology (any) could take over the vehicle and thus deny the other subsystems equal chance in effecting comprehensive social goals.

In self-management, political, economic and intellectual institutions should have equal power and have an institutional framework to resolve their conflicting interests or perceptions of reality and no one of them should be able to significantly subordinate the other. In other systems this is not the case and from a systems point of view they are not comprehensively democratic. This applies to capitalism where the economic power subordinates political and intellectual institutions as it applies to statist societies where political ideology subordinates the other two social institutions. It applies equally to various speculative philosopher-king systems where the intellectuals subordinate the economic and political institutions.

Only a comprehensive democracy is a true, working democracy. If any of the inputs or subsystems monopolize decision making prerogatives on the micro and macro level self-management cannot be achieved.

Chart 7.



THE RELEVANCE TO THE YUGOSLAV SELF-MANAGEMENT EXPERIENCE

The system in Yugoslavia is the closest to self-management that has been developed. It is still on the road to being fully realized — a caveat which Yugoslav theoreticians are the first to agree with. However, different people see different barriers on this road and different scholars define self-management differently. In my opinion, a few of the barriers to self-management as I define it are of particular importance. Lack of recognition of capital contribution on an individual basis is one of those barriers. Formation of capital under the present rules inevitably leads to monopolistic or oligopolistic concentration of capital, either one of which might lead to a new form of capitalism, albeit self-managed.¹

A mechanism for capital mobility without concentration of power should be established. Without capital mobility there is no adequate market mechanism. The less perfect the market mechanism, the higher the inconsistency of rewards as related to contributions which in turn means, the worse is self-management.

Furthermore, capital is not given formal recognition for participation. The fact is that capital bears risk when it is loaned and thus it is never given without strings attached. Lack of recognition only eliminates the capability of labor to control in an institutionalized way the pressures exercised by capital.

One more point on this issue. Lack of individual capital mobility (mechanism to stimulate private investments) with managerial prerogatives might affect the mobility of the economic system (generation of new enterprises) which affords existing powerful enterprises to become even more powerful eventually generating organizations of size that might lead to technocratization as defined above, i. e., in reality management monopolizes the decision making process; those who possess the exclusive knowledge make decisions,

¹ See my forthcoming article in *East Europe*, »Yugoslavia on the Cross Roads.«

and relatively uncontrollably so, because of the size of the organization where those representing various inputs will feel significantly divorced from information needed to exercise valuable controls.

The concept of social ownership has been applied to the production assets in Yugoslavia. I would like to speculate and raise the question whether it would not be more suitable to apply it to the natural resources than to the relatively mobile production assets. One of the probably reasons why we witness capital concentration in Yugoslavia is that the social ownership concept is applied to resources which need to be mobile. Air, water and land, however, belong to all and thus to no one in particular. Furthermore, those resources should not be diminished. That is what environmental protection is all about. Social ownership in self-management should be applied in my opinion primarily to these resources and adequate institutionalized representation of their interests should be introduced both on the micro and macro levels.

I tend to believe that the exclusive prerogatives given to labor in Yugoslavia and to capital in the USA are of historical origin. Both exclude other inputs and are experiencing difficulties (capitalism experiencing labor unrest while Yugoslavia is having difficulties harnessing capital). The answer, may I suggest, is to institutionalize the participation of all inputs and thus control them more effectively.

A second significant barrier to self-management as practiced in Yugoslavia is lack of adequate training for the executive group. The worse trained this group, the worse will be the process of decision-making and the higher will be the pressure to eliminate self-management and move to technocrazia. (Failing results and external pressures have throughout history turned democracy into anarchy or dictatorship). Yugoslavia needs to train a new breed of *democratic*, community leaders for its organizations. The function of coordination, organization, planning and organizational structuring inductive to motivation cannot be eliminated. A new theory of management, new executive attitudes, new tools of mobilization and motivation have to be created for adequate self-management. Without it, it is literally a self without management.

In a democracy, it is essential that every citizen be educated as a potential president. In a self-management system, likewise, every worker must be educated as a potential chairman.

RELEVANCY OF SELF-MANAGEMENT

Political democracy without industrial and cultural democracy is out of balance and in danger as the boundaries between subsystems become increasingly »soft«, thus enabling one subsystem to take over the others. The increasing complexity of the system leads to increasing power of the government for the purpose of regulating this complexity. However, this might entail a bureaucratization and technocratization of society which in turn endangers a working political democracy.

The future of the post-industrial society lies in pursuing in a comprehensive way socio-political and economic goals. I suggest that it is dangerously misleading to trust that a system geared mainly to exclusive goal maximization (in capitalism economic growth and in communism social equality)

will be able to set satisfactory comprehensive political, economic and social goals as well.

Self-management is a system designed for comprehensive goal achievement and thus could be of utmost interest for the post-industrial countries.

The need to make systems more responsive to the environment, to retard centralization with its subsequent bureaucratization of society; the need to retard political alienation, the product of unequal distribution of power in society (with its credibility gap by-product) — all these factors have led to a search for more participative systems in developed countries. The search for a system that will lead to accelerated economic growth while simultaneously stimulating the social potential, has also led the developing countries to look into self-management. Do the developing nations have to go through the market model based on capitalism and face later the problems developed capitalist countries are facing? The answer, I believe, is »no«. Nor need they adopt either the centrally planned economic model, and face later on the almost insurmountable problems of statist societies in seeking ways toward the economic-cultural and subsequently political democratization of their system. I strongly believe that the short cut through self-management is the answer.

The answer to totalitarianism of any sort lies in a working democracy which can only be a comprehensive socio-economic and political one, i. e., self-management.

THE ADVANTAGES OF A WORKING AND COMPREHENSIVE SELF-MANAGEMENT SYSTEM

I consider this system to be beneficial since, first, it is by definition decentralized and in an increasingly complex environment decentralization is one way to survival.

Second, it facilitates change because by definition the system discourages any power inherent in fixed roles. Change is, again, a necessity in the turbulent environment facing modern societies.

Third, by definition, self-management means actual capability of members of systems to effectively participate. Thus, self-management necessarily creates a learning environment. One cannot effectively participate unless one knows what one is participating in. The future holds increasing challenges for society to establish learning environments if it wants to adapt promptly to new conditions.

Fourth, self-management by definition precludes monopolization of power by any input and thus the distinction between workers and management as two different groups with unequal prerogatives to decide for each other is eliminated. This in itself has more than a merely humanistic value. In an environment with increasing technological complexity, an ongoing information revolution, increased educational levels of the blue-collar workers, increased exploitation of one's physical environment, the goals of society or of an organization can be no longer the exclusive concern of any elite group but all members of society can and should share in this concern. The responsibility for survival becomes the task no longer of any exclusive social group but of all those that share the space in which they live.

Fifth, self-management enhances capital formation by encouraging higher levels of sacrifice today for higher levels of benefits tomorrow. This is inherent in the system since all participants make the decision democratically and share in the results. A system that enhances capital formation should be encouraged since it is a necessity for developing nations.

Sixth, self-management as a system breaks one of the most disturbing bottlenecks of developing nations. It encourages group entrepreneurship and management when both entrepreneurship and managerial know-how are scarce. Thus, self-management is an »ongoing school«, generating human resources which today are in scarcity in developing nations.

The seventh reason why I support self-management is that the system encourages the search for objective truth. There is no adequate participation without full disclosure of information, and information monopolization leads to inequities in power distribution. Once information is open, full participation necessarily leads closer to truth than would monopolization of that information and its subsequent manipulation by any one group. The search for objective truth away from subjective truth based on inadequately resolved conflicts of interests is, in my opinion, a goal human organizations should seek.

The eighth reason for supporting self-management is fully humanistic in nature. The elimination of class distinctions necessary if each participant is to have equitable shares of influence on decisions as desired by the self-management system necessarily restores in all human beings the sensation of value, of being not only an input for production but a »through-put« as well — of benefiting from the system itself while engaged in it. No one is hired to do a job, over-all subordination is technically eliminated and the development of the individual is enhanced.

SUMMARY

Humanity has long been searching for a true working democracy, for the potentiation of the human being, for the enhancement of his capability to find meaning in his life and to determine his own affairs. »Participation« has become a term of almost mystic connotation expected to open gates to known treasures of social and human experience, a new »Open Sesame«. In this paper I have attempted to present for discussion my understanding of the meaning of self-management and tried to assess the barriers on the path of its effective operation. I tend to believe that part of these barriers is of historical nature, i. e., the point of departure of the various systems. Can the barriers be opened through a comparative analysis of the various systems which might offer *multiple* points of departure for a better understanding of democracy and eventually of self-management?



SOME REMARKS ON POWER, PARTICIPATION AND DEVELOPMENT

THE CONTEXT OF PARTICIPATION

Participation and self-management are usually studied as problems *within* organizations (corporations, universities, political parties, trade unions) or *within* particular nationstates, often disguised as 'social systems'. (types of economic and political systems: democratization). The time-perspective of such studies is rather short-term; they describe and analyse existing situations and advocate improvements in directions seen as desirable.

But these more specific short-term studies might well benefit from trying to see the problems of participation and self-management in the *longer-term context* of the relationship between processes of state and nation formation, increasing international interdependencies and increasing specialization both between and within state societies.

They may have to be seen both in a developmental perspective and in their international context. The problem may then also be widened to include problems of domination and autonomy in the relations between developed and developing nations.

PLANNED AND UNPLANNED PARTICIPATION: A DEVELOPMENTAL PERSPECTIVE

It may also be useful to distinguish between conscious, planned effects to increase the level of participation in decision-making of those for and about whom the decisions are taken (workers in factories, students in universities, citizens in towns or the state, members in political parties or trade unions) and the unplanned process through which the power balances between ruling groups or classes and ruled groups or classes in industrial societies have become less uneven, thus providing the possibilities for increased participation particularly within political systems (emergence of political parties, universal suffrage). But the conditions for participation within industrial societies became more favourable at the same time that the incorporation of colonised societies within the world market system proceeded at an accelerated pace, thus reducing the possibilities for autonomous development of these societies. It may well be that the increasing participation of the working class in industrial societies in national political systems through political parties and trade unions, has adversely affected the possibilities for the Third World countries to make themselves less dependent upon the United States

and Western Europe and more capable of pursuing an autonomous development strategy.¹

Participation and self-management are relatively new terms. As the terms 'nation' and 'democracy' were in the 18th century they are terms of opposition. »Participatory democracy« was, for example, the most important slogan of the American New Left when it first emerged.² They are typically terms that acquire their importance in highly developed societies or in societies, ruled by parties that regard 'development' as the formation of a socialist society. But the emergence of socialist ideologies is itself connected with a particular phase in the development of European state-societies and of the capitalist mode of production.

The concept of participation refers to »acts to influence the behavior of those empowered to make decisions«, as Prof. Županov writes.³ It thus belongs to the category of power-concepts: it refers to a situation in which the power balances between rulers and ruled, between decision-makers and those subject to the decision have become less unequal than they were before. In the feudal era and during the period of rule of the so-called absolute monarchs (during which relatively stable monopolies of violence and taxation emerged, administrated by state-apparatuses penetrating formerly autonomous town and local governments) the power balance between the ruler and his subjects was so uneven, that 'participation' was not even considered. But with the emergence of a strong urban commercial, banking and manufacturing bourgeoisie, that had no say over the way in which tax revenues were used and distributed, the situation changed. It was expressed in ideas like the »social contract« or »popular sovereignty« which indicated that it was no longer acceptable that the king used the state monopolies of violence, taxation and the conduct of foreign policy (mercantilism!) as if they were his private property. In France, the opposition of the capitalist bourgeoisie against the privileges of the state bourgeoisie and court aristocracy ultimately resulted in the French Revolution, which gave participatory ideals — liberty, equality, fraternity — such an important stimulus — though its immediate result was only increased participation in the control over the state monopolies for the bourgeoisie. But with the further development of the capitalist mode of production which stimulated technological development and increased demands for skilled workers and therefore also for an extension of schooling over the whole of the population, though still highly unequally distributed, the nature of interdependencies between social classes and between ruling groups and the ruled continued to change. The continuously increasing differentiation of functions, made entrepreneurs more dependent upon workers; politicians more dependent upon the people (conscription) and the whole of society increasingly »vulnerable«. The power balances in industrial societies became more equal — though still highly unequal. It is this process of *functional* democratisation which created the conditions for *political* democratization in the state: for universal suffrage, for the extension of civil liberties, for the right to form trade unions, etc.

¹ This is Johan Galtung's thesis in his »A Structural Theory of Imperialism«, *Journal of Peace Research*, 1971, pp. 81—117.

² See the influential *Port Huron Statement* of the Students for a Democratic Society (1964), or the cover of which could be read: . . . we seek the establishment of a democracy of individual participation governed by two central aims: that the individual shares in these social decisions determining the quality and direction of his life; that society be organized to encourage independence in men and provide the media for their common participation . . .«

³ Reports, Vol. 1, p. 33

But in order to be effective participation had to be organized, channeled through political parties and trade unions. In most industrial societies it became participation through *representation*. Class struggle increasingly moved from the *factory* level to the *central* level of the state. The process of functional democratization therefore did not only lead to political democratization, it also strengthened processes of *centralization* and *oligarchization*. Apart from the continuing process of monopolization of control over the means of production, which led to the emergence of corporations with worldwide networks of activities (the so-called multi-nationals) and to an increasing gap in living conditions and technological capacity between »developed« and »developing« societies, the increased participation of all social classes in the struggle for control over the state monopolies, strengthened central state, party and trade union bureaucracies. The political system of so-called welfare states is an excellent illustration of the outcome of these tendencies. These opposing tendencies of oligarchization and democratization resulted in new social tensions, which are not adequately conceptualized in terms of class conflict (as the term class refers to only one, admittedly very important, power resource: control over means of production). New opposition movements emerge *within* class-based organizations* (political parties, trade unions) that take up the slogans of participation, self-management, decentralization, social action against *all* forms of oligarchical and centralist rule.⁴ I can therefore not but agree with Prof. Supek that »the truth about Yugoslav workers self-managements cannot shatter the belief in workers self-management (and other forms of democratization and decentralization vdB), but can only raise questions about the modes of its realization«.⁵ It may be asked in that connection, if it is correct to compare contemporary *forms* of participation and self-management, of which the structure may be similar within the organizations in question, separate from their historical and from their contemporary international context. What seems particularly necessary is to establish a clearer view of the relations between planned participation or self-management and the unplanned processes — for example of international economic competition — that determine its »modes of realization«, or non-realization, for that matter.

PARTICIPATION AND COMPETITION

Social inequalities — including differential access to and control over decision-making — result from processes of competition. These processes are subject to monopoly formation: »When in a larger social unit, many smaller units, which form the larger unit because of their interdependence, have relatively equal strength and are therefore able to compete with one another — unhampered by already present monopolies — for the chances to master power over social goods and positions . . . then there is a very great probability that some will win and submit the others. As a consequence of this ever fewer units will have ever greater chances, so that more and more social units will have to stop *participating* (my italics vdB) in the competitive process and become directly or indirectly dependent upon a smaller and smaller number of strong units«.⁶ This »monopoly mechanism« helps us to understand the ge-

⁴ In the practice of trade unions in Holland, for example, there is now a clear movement towards increase trade union activity on the factory level and towards decreased power of the central trade union apparatus.

⁵ Reports, Vol. I, p. 152

⁶ Norbert Elias. *Ueber den Prozess der Zivilisation*. Bern und München, 1969, Vol. II, p. 144

nesis of the formation of (nation) states, of multinational corporations, of imperial powers. But when monopolies are formed, the nature of the competitive struggle changes: the persons or groups that control the monopolies become dependent upon their dependents for the administration of monopolised chances. Private monopolies (for example, the king's monopolies over the means of violence and taxation) become increasingly »public«. But one very important factor in the origin of the establishment of the monopolies of violence and taxation — the function of the king as military leader providing protection from external attack and/or spoils from successful wars — has remained a strong obstacle for the continuing socialization of state power. The fact that states themselves remained involved in competitive processes became an important power resource for governments, state bureaucracies and the military (cf. also nationalism as an ideology obscuring conflicts of interest between social classes), particularly in large states, as parallel developments in the United States and the Soviet Union testify. Rousseau's advice to the government of Poland: if you want to have democratic rule, keep your country small, was quite right.

The dynamics of competition and the monopolization of skills and knowledge about the conduct of 'external relations' between firms also affects the possibilities for workers self-management and its mode of realization. Does workers self-management presuppose a large degree of central control over the competitive process between the productive units? And if so, who controls the central control apparatus?

CENTRALIZATION AND SPECIALIZATION

The foregoing questions arise because the process of increasing functional differentiation and specialization in industrial societies has also made productive units increasingly specialized and dependent upon other productive units, while being at the same time caught up in worldwide competitive processes. In such societies schooling became an increasingly important power resource, decisively affecting the distribution of chances for participation, whether in the context of workers management or in state, political party or trade union decision-making. And a high degree of specialization seems at the same time to demand a high degree of central coordination, which because of the monopolies of violence and taxation, in practice implies oligarchization. Agreeing with Prof. Supek that the *principles* of self-management (»that man as the producer has the right to make decisions about the results of his work; that the state cannot appropriate and dispose of the work surplus; that the right to manage an enterprise is shared by all workers and employees who work in it«⁷ are evidently not wrong for its realization, we may ask whether the structural conditions for it may not be found in a drastic *decrease* in specialization between and within state-societies, i. e. the creation of relatively small, as much as possible autarchic productive units, making use of much simpler technology and thus reducing the need for central coordination and rule. If it is true that specialization and centralization go hand in hand, and severely reduce the chances for human autonomy, should we not try to rethink the problem — particularly in a time when the limits of man's exploitation of his natural environment are becoming increasingly clear?

⁷ Reports, Vol. I, p. 153,

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UNE CRITIQUE DE LA «BUSINESS ADMINISTRATION»

Ce travail a pour objet de développer un ensemble de concepts qui permettent de faire une critique radicale de toutes les théories administratives réunies sous le titre de «Business Administration».

Conscients du fait que cet exposé ne peut être développé que dans ses grandes lignes, il est dans notre intention d'ouvrir une polémique sur les concepts qui sont présentés à travers une analyse historique matérialiste et dialectique.

L'expression «Business Administration» utilisée à des fins pratiques inclut toutes les théories qui ont fourni des instruments et des techniques aux différentes phases historiques du développement capitaliste.

Dans une première partie, seront présentées les principales théories depuis l'Administration scientifique de Taylor jusqu'aux théories modernes de l'Administration de crise, en parallèle avec le développement du capitalisme de sa phase primitive au capitalisme récent de monopole. Dans une seconde partie, seront exposés les fondements du concept d'Administration sociale, alternative possible dans la construction d'une nouvelle société.

Bien que l'Administration, en tant qu'ensemble de techniques et d'instruments ait existé depuis qu'est apparu l'homme sur la terre et soit en réalité le produit d'une séquence logique, c'est depuis l'apparition du système de production capitaliste et plus encore de la révolution industrielle que son étude commence à se systématiser et que des éléments scientifiques sont utilisés dans son application.

Cependant, les répercussions de la révolution industrielle, définie comme le fait qui marque le lent remplacement de la force musculaire par la puissance de la machine, ne sont pas seulement de caractère industriel mais également d'ordre social, économique, technico-intellectuel et politique. C'est la raison pour laquelle certains auteurs, comme Ashton,¹ signalent que l'expression «Révolution Industrielle» est incorrecte: d'une part le terme «révolution» implique un changement rapide ce qui n'est pas une caractéristique du phénomène étudié, d'autre part cette révolution a largement dépassé son contexte industriel.

Afin d'avoir un panorama général de l'évolution de l'Administration, il convient d'analyser tout d'abord les formes de production qui existent pendant la période antérieure à la révolution industrielle.

Il n'existe pas alors d'entreprises au sens moderne du terme. Dans des pays comme l'Allemagne, dans lesquels persiste le régime féodal, le serf tra-

¹ T. S. Ashton «La Revolucion Industrial», Breviarios F. C. E. México, 1959.

ditionnel paie le loyer de sa terre au seigneur féodal en produits agricoles, mais cependant certains serfs commencent à utiliser des produits artisanaux ou textiles en remplacement des produits de leur terre.

Ailleurs, selon Frederic Engels,² les familles laborieuses combinent les travaux agricoles et le tissage dans leur propres foyers. Elles produisent pour un marché plus compétitif et «ne font pas plus que ce qui leur convient afin de gagner suffisamment pour satisfaire leurs nécessités».

Les premières manufactures se présentent sous deux modalités: d'une part, les *organisations décentralisées* qui canalisent le travail d'un grand nombre d'ouvriers qui vivent dans le milieu rural et livrent le produit de leur labeur à un atelier afin de le soumettre à un dernier traitement, par exemple un ultime façonnage et une épreuve de teinture pour les produits textiles et, d'autre part, les *organisations centralisées* qui réunissent sous un même toit un groupe d'ouvriers, réduits à une vie de caserne, soumis à une supervision étroite du travail et à une «austérité monastique» qui se traduit par des horaires de travail précis, les repas, la prière et le sommeil. Le fait de travailler dans une organisation centralisée est considéré comme indigne: il s'agit en effet de réaliser un travail public qui, dans le cas des femmes, équivaut à la prostitution.³

Cependant la forme de production qui compte le plus grand nombre de travailleurs et qui constitue l'institution classique de l'époque antérieure à la révolution industrielle est la «corporation». Les corporations sont des organisations au sein desquelles se regroupent les fabricants d'un type déterminé de produits afin de protéger conjointement leurs intérêts. Leur force devient rapidement considérable puisqu'elles établissent les niveaux et les normes de production, les jours et les lieux de vente, les prix, etc... Elles exercent, en outre, un contrôle strict des fabricants comme le démontre Walter Montenegro,⁴ en se référant à l'exemple suivant pris au Moyen Age «Quand quelques tailleurs français commencèrent à fabriquer des boutons en toile, la corporation de fabricant de boutons en os protesta de façon tellement véhémentement que, non seulement fut interdite la sacrilège innovation, mais encore les personnes qui utilisaient les nouveaux boutons poursuivies et leurs foyers inspectés en vue de rechercher l'objet de leur rancoeur et le brûler publiquement».

Sans aucun doute, les corporations ont eu une grande importance historique: c'est en effet la première fois que s'établissent les relations patron — travailleur qui prévalent encore de nos jours.

Par ailleurs, dans ces corporations, apparaît une structure hiérarchique bien définie: maître — employé — apprenti, avec des différences de salaires nettement marquées et une série d'épreuves de capacités par lesquelles il faut passer avant d'arriver à l'«oeuvre maîtresse» qui confère le grade le plus haut. La fin du système est motivée par ce que l'on pourrait appeler une «sclérose structurelle», c'est-à-dire une paralysie de ceux qui occupent les postes supérieurs et qui considèrent qu'il ne convient pas d'effectuer certains changements; ce symptôme caractéristique de la décrépitude d'un système est le premeice de sa mort.

La période qui précède la Révolution Industrielle se caractérise par une vie rurale paisible et une vie urbaine montrant de lents et rares signes de

² Cité par J. Kuczynki «Evolucion de la Clase Obrera», Mc. Graw Hill 1967.

³ Kuczynki, pag. 22

⁴ Walter Montenegro, «Introducción a las Doctrinas Politico-Económicas, F. C. E., Mexico 1956.

progrès. Par ailleurs, la production est destinée fondamentalement à l'auto-consommation bien qu'apparaisse déjà un début de commercialisation des produits dans les villes proches du lieu de résidence du producteur; le nombre d'employés est réduit, le travail est essentiellement agricole et artisanal et s'effectue dans le contexte familial, le travailleur intervient directement tout au long du processus de production,⁵ ce qui lui permet de s'exprimer et de se réaliser dans son oeuvre. Le crédit n'existe pas et la perception d'intérêts, considérée comme immorale, est condamnée. »La lutte contre la *usuraria pravitatis*« hante l'histoire des églises huguenote et hollandaise du 16ème siècle. Les »lombards«, c'est-à-dire les banquiers sont privés de la communion, souvent pour leur simple qualité de manipula-d'argent. Par exemple, le synode qui se tient en Hollande du Sud en 1574, établit que les »prêteurs d'argent«, même s'ils exercent légalement leur profession, ne peuvent recevoir la communion«.⁶

Enfin, on ne connaît pas le lucre dans sa conception actuelle, comme le montre un traité intitulé »Du Commerce et de l'Usure« établi en 1527 »Dans ce commerce, tu dois seulement te proposer de rechercher une alimentation suffisante; après avoir calculé et pris en compte le coût, l'effort, le travail et le danger, tu dois augmenter le prix de la marchandise afin d'obtenir une récompense pour ton travail et ton effort«.

C'est précisément à cette époque que la vieille morale se détériore et que commence à se réaliser l'accumulation primitive du capital à travers les bénéfices que produisent le commerce et l'usure. En même temps, la vie économique acquiert un grand dynamisme et les modes de production féodaux donnent le pas à la structure capitaliste. Dobb signale une autre conséquence »Dans la mesure où le développement commercial a exercé une influence désintégrant sur la structure féodale et a préparé le terrain pour que croissent les forces qui devaient la débiliter et la supplanter, l'histoire de cette influence peut s'identifier en bonne partie avec le développement des villes qui, en tant que corps organisés, obtinrent selon les cas leur indépendance politique et économique«.⁷ Ce sont les villes qui rompent l'ordre et les valeurs féodales et constituent le terrain fertile sur lequel se développe la bourgeoisie commerçante et usurière. Cependant, comme nous le signalions, le catalyseur décisif est l'avènement de la machine et d'autres innovations techniques, surtout dans certains domaines de production comme celui des tissages qui fonctionnait déjà sous des formes de production capitaliste comme le mentionne Pirenne:⁸ »Il suffit pour cela de lire le testament du riche industriel textile de la ville de Douai, Jehan Boine Broke, pour se persuader des excès de l'exploitation des ouvriers de la grande industrie. La prépondérance du capital urbain dont les petites corporations avaient réussi à se libérer, dominait ceux qui produisaient à plus grande échelle et faisaient pression sur eux.«

L'Administration, à cette époque, est une technique du sens commun, orientée par les valeurs morales en vigueur; son étude n'est pas encore systématisée et n'est pas régie par des principes scientifiques.

⁵ Même dans le travail rémunéré se présentait assez souvent ce fait que rapporte Ashton »Dans la zone centrale et dans les Galles du Sud, le contrat de travail des mineurs incluait non seulement le fait d'extraire le charbon mais également celui de le remonter à la surface et de le livrer au consommateur«.

⁶ Ibid.

⁷ Ibid.

⁸ Estudios sobre el desarrollo del capitalismo, Ed. Siglo XXI, Argentina 1971.

⁹ Historia económica y social de la edad media, Fondo de cultura economica, México 1961.

Lorsque l'Administration atteint son apogée, surgissent de grandes organisations qui commencent à déborder les possibilités d'un seul propriétaire; cela donne naissance à une meilleure pratique d'association et permet d'obtenir l'intégration de grands capitaux. Au début, la responsabilité des associés est de caractère illimité, ce qui implique un risque, en plus des sommes investies, les associés doivent pouvoir répondre, avec leur patrimoine personnel, aux problèmes qui pourront se poser dans leur entreprise. Ceci explique les grandes difficultés que rencontrèrent ces associations, lorsqu'elles cherchèrent de nouveaux associés et qui obligèrent, pendant la révolution industrielle, les patrons à hypothéquer leur usine en payant un intérêt de cinq pour cent à un propriétaire terrien, un avocat, un membre du clergé ou une veuve.¹⁰

Le risque illimité que court celui qui investit son argent dans ces organisations a pour conséquence le fait que l'investisseur se considère propriétaire absolu de la dite organisation. Ce résultat est d'une importance particulière pour l'analyse qui suit.

C'est à cette époque que commence à se répandre, dans le commerce, l'usage du crédit, des intérêts moratoires, des ristournes et en général des activités lucratives. Il faut évidemment ajouter, parmi les innovations financières, la pratique de l'escompte de documents, la croissance quantitative des opérations bancaires et l'amélioration des services rendus par les banques. Ce sont elles qui pratiquent la mobilisation des capitaux à court terme et les transferts de fonds des prêteurs d'une région aux emprunteurs d'une autre.

De même, l'épargne bancaire se fait jour, l'emploi des assurances se généralise et les bourses de valeurs se développent.

Il se produit une rupture des moules éthiques de l'Eglise qui prévalaient jusqu'alors: ce phénomène est attribué à l'épanouissement de la Réforme protestante initiée antérieurement. La thèse intéressante et discutable de Marx Weber¹¹ établit une série de concepts, fruits d'une analyse sérieuse et profonde qui pourraient se résumer de la façon suivante.

Weber cherche à déterminer l'influence des idéaux religieux sur la formation d'une «mentalité économique», c'est-à-dire qu'il étudie l'esprit capitaliste sous un angle de causalité spiritualiste sans renier la possibilité d'interprétations matérialistes comme il le signale à la fin de son oeuvre. Il adopte une position de rejet à l'égard des interprétations partielles ou exclusives parce que, selon son critère, celles-ci conduiraient à croire à «l'unicité de la psyché sociale» et à la possibilité de la réduire à une formule.

Weber déclare évidemment ne pas être d'accord avec la thèse qui soutient que l'«esprit capitaliste» a pu seulement naître grâce à la Réforme, étant donné l'existence d'importantes structures économiques capitalistes antérieurement. Mais il reconnaît cependant le mérite d'avoir créé un climat favorable qui permit d'accentuer quelques-unes des caractéristiques du capitalisme et un état propice à l'expansion de celui-ci. En ce qui concerne l'esprit du capitaliste, il prend pour exemple deux textes de Benjamin Franklin¹² qu'il considère représentatifs de la forme de pensée de l'homme d'Etat américain et il en extrait les phrases suivantes:

¹⁰ Ashton, op. cit. p. 103.

¹¹ «La Etica Protestante y el Espiritu del Capitalismo», Ediciones Peninsular, Barcelona 1969.

¹² «Consejos a un joven comerciante», 1748 — y «Advertencias necesarias a los que quieren ser ricos», 1736.

*»Pense que le temps est synonyme d'argent«
»Pense que le crédit est argent«
»Pense que l'argent est fertile et reproductif«
»Un bon payeur est propriétaire de la bourse de quiconque«
»Rien, dans la vie d'un jeune, ne contribue davantage à le faire progresser que la ponctualité et la justice dans toutes ses affaires«.*

De façon sarcastique, Ferdinand Kürnberg¹³ qualifie les principes antérieurs *»d'articles de foi du peuple yankee«* dans son panorama de la *»culture américaine«* et ajoute que *»des vaches on extrait le beurre et des hommes l'argent«*.

Bien que la thèse de Weber considérant que le développement de l'éthique protestante est un élément d'influence important dans l'essor du capitalisme semble particulièrement idéaliste, son analyse du problème de façon partielle est valable. En effet, la morale catholique avait maintenu une série de préceptes qui s'opposaient de façon impérative au développement du commerce, des prêts et des institutions chargées de l'accumulation primitive du capital; cependant cette morale avait une double finalité: d'une part maintenir la fidélité aux préceptes doctrinaux de base du capitalisme et d'autre part, ce qui est plus important encore, maintenir l'ordre féodal c'est-à-dire les privilèges et positions hégémoniques de la classe dirigeante, tant en politique qu'en économie. Et c'est précisément du résultat du développement des forces productives qui se transforment jusqu'à atteindre le degré capitaliste de production, que surgit la réforme protestante comme un produit de la naissance de la Bourgeoisie qui recherche une justification éthique et la trouve dans la rébellion de Luther et d'une bonne partie du clergé. C'est ainsi que l'Eglise, en tant qu'instrument du service des classes dominantes, s'adapte aux nouvelles nécessités de la bourgeoisie naissante. Il est significatif (et digne d'une analyse plus profonde qui nous dévierait de l'objectif de cet exposé), que la réforme protestante ait gagné plus d'adeptes, et cela de façon moins conflictive, dans les pays dans lesquels le capitalisme primitif se trouvait plus développé, les villes étaient plus nombreuses et la Bourgeoisie plus proche du pouvoir.

Max Weber considère comme l'une des différences fondamentales entre les éthiques catholique et protestante, le concept éthico-religieux de *»profession«*. Le point de vue catholique pourrait se refléter dans les oeuvres de Saint Thomas d'Aquin pour lequel le travail, même désiré par Dieu, appartient à l'ordre matériel et par conséquent n'a pas, comme le fait de manger ou de boire, une valeur éthique. Luther, pour sa part, considère que l'ascèse monastique ne constitue pas une forme de domination morale sinon plus particulièrement qu'elle est le produit d'un manque d'amour égoïste. Pour le réformateur protestant, le moyen de se rendre agréable à Dieu est le strict accomplissement des obligations de l'homme dans son travail. De là l'importance qu'il donne à la profession qu'il n'hésite pas à qualifier d'*»appel divin«*. C'est la raison pour laquelle la sentence *»Le temps équivalait à de l'argent«* atteint un tel degré de spiritualité, étant donné que chaque heure perdue représente un vol de travail au service de la gloire de Dieu. Calvin, de la même façon, rationalise la conduite dans le monde temporel en fonction d'objectifs ultra-terrestres.

¹³ Cité par U. Weber (op. cit).

En ce qui concerne le concept de lucre et l'obtention de bénéfices, l'attitude catholique est également négative, pour les raisons indiquées antérieurement.

L'opinion de Luther à ses débuts est très proche des critères catholiques, ce qui n'est pas le cas de Calvin:

»Les effets du calvinisme déchaînèrent les énergies économiques individuelles, l'ardeur de lucre immodéré¹⁴; l'exemple certainement le plus extrême de l'interprétation spiritualiste qui a été donnée au lucre, est exprimé par le puritain anglais Richard Baxter¹⁵ quand il déclare que »lorsque Dieu enseigne à l'un des siens la possibilité de lucre, il le fait en fonction de certains objectifs; par conséquent *il ne reste d'autre alternative* au chrétien croyant que d'écouter l'appel et répondre à celui-ci.«

Dans sa conception idéaliste de l'analyse du développement capitaliste produit jusqu'à un certain point par l'éthique protestante, Weber laisse entrevoir cependant que la réforme protestante et sa nouvelle éthique avaient plus que tout permis à la bourgeoisie de justifier et rationaliser l'extension de son pouvoir économique et politique. Ainsi comme le signale Weber »l'écrin est resté vide d'esprit¹⁶ puisque le capitalisme, avec ses fondements mécaniques, n'avait plus besoin d'un appui religieux; celui-ci avait seulement joué le rôle d'une première fusée porteuse.

»Dans le pays dans lequel il eut le plus de racines, les Etats-Unis d'Amérique, la soif de lucre, aujourd'hui dépouillée de tout sens éthico-religieux, a tendance à s'associer à des passions purement compétitives, ce qui lui donne un caractère similaire à celui d'un sport. Personne ne sait qui occupera l'écrin vide dans l'avenir, personne ne peut deviner si à la fin de cette extraordinaire évolution surgiront de nouveaux prophètes et si on assistera à une renaissance en force des idéaux et idées primitives ou si au contraire viendra une vague de pétrification mécanisée et une lutte tumultueuse de tous contre tous. Dans ce cas, les derniers hommes de cette phase de civilisation pourront se définir par la phrase suivante: »Spécialistes sans esprit, jouisseurs sans coeur«: ces nullités s'imaginent être arrivés à une nouvelle phase de l'humanité jamais atteinte antérieurement.«

Weber n'est pas le seul à étudier le phénomène de l'esprit du capitalisme à partir du concept de l'éthique protestante. Un auteur américain contemporain, William H. Whyte Jr, le fait également en signalant dans son oeuvre polémique »L'homme Organisation« que¹⁷: »Dans le monde des affaires, il y en a encore beaucoup qui s'attachent résolument à l'éthique protestante et quelques-uns qui sont aussi rapaces que n'importe quel pirate du XIXe siècle«. Le même auteur dans une partie de son livre »La décadence de l'éthique protestante« signale quelques arguments qui détruisent les fondements de la morale protestante et par conséquent de l'esprit capitaliste¹⁸; parmi ceux-ci, le plus intéressant semble le suivant: un des principes-clés de l'Éthique Protestante a été que »le succès ne se doit ni à la chance ni au milieu ambiant, mais aux qualités naturelles de chacun: si les hommes deviennent riches, c'est parce qu'ils le méritent.« Cependant rien de cela n'est arrivé puisque les »survivants« dans l'ascension vers les hauts postes administratifs »n'étaient

¹⁴ Weber (ibid., p. 204).

¹⁵ Cité par Weber (op. cit., p. 224). Une partie de cette citation est soulignée par les auteurs de cet exposé.

¹⁶ Op. cit., p. 259.

¹⁷ H. Whyte Jr. »El Hombre organization« F. C. E.

¹⁸ Op. cit. pp. 20 à 26. (La partie soulignée l'est par les auteurs de cet exposé).

pas nécessairement les plus aptes, sinon, dans la majorité des cas, *ceux qui par leur naissance ou leurs relations personnelles, disposaient de tous les atouts.*

En ce qui concerne la frugalité, on préfère l'ignorer puisque la sobriété et la modération qui se préconisaient se convertiraient en vertus anti américaines en s'opposant aux dépenses exagérées du public, élément caractéristique d'une société de consommation. C'est pour cela que le capitaliste et ses collaborateurs essaient à travers la publicité de donner un «support moral» aux consommateurs afin d'éliminer chez eux tout sentiment de culpabilité que pourraient provoquer l'abondance de messages qui ont pour but de convaincre le public d'acheter de plus en plus de façon irrationnelle.

Il semble qu'en réalisant un bilan entre ce qui était espéré théoriquement et les résultats auxquels on est arrivé, l'«éthique protestante» et l'«esprit du capitalisme» ont souffert de sérieux revers dans leurs principes. «Si quelqu'un pouvait croire qu'en cherchant son propre intérêt il améliorerait automatiquement celui des autres, l'application du travail diligent finirait alors par transformer la terre en un paradis.»

Quelques «capitaines d'industrie» croyaient avoir atteint ce paradis comme le démontre la déclaration suivante, qui distille un orgueilleux ethnocentrisme et *arrive à la limite de conceptions vraiment psychopathologiques*: «Les Etats-Unis constituent le vrai champs d'activité de la race humaine. Ils représentent l'espérance et l'asile des opprimés et des écrasés sous d'autres latitudes. C'est l'exemple sans égal parmi les autres nations de la terre, l'étoile la plus brillante du firmament politique qui permet de supporter le poids de l'aristocratie et promet un esprit démocratique sur toute la terre. C'est certainement le joyau de l'océan auquel tout le monde peut bien rendre hommage. Le mérite est l'unique preuve. La naissance ne compte pas. Les plus aptes survivent. Le mérite est la condition essentielle, suprême, pour atteindre le succès. L'intelligence gouverne le monde: elle est le monarque craint d'un espace sans limites et dans la société humaine, spécialement celle des Etats-Unis, elle brille comme un diadème sur le front de ceux qui figurent aux premiers rangs de l'activité humaine. On reconnaît seulement un ordre naturel de noblesse et son adage, sans écusson ni ostentation de lignée généalogique, est: 'Intelligence et intégrité'».¹⁹

Cette déception de Weber et d'autres auteurs, produit de leur conception et de leur analyse idéaliste de l'éthique protestante en tant qu'impulseur idéologique du capitalisme, et qui est le fondement du développement de la théorie de l'Administration scientifique de Taylor qui sera analysée postérieurement, est magistralement mise en relief par Marx et Engels dans leur description de la bourgeoisie et de ses valeurs²⁰. «La Bourgeoisie a joué dans l'histoire un rôle hautement révolutionnaire. Là où elle a conquis le pouvoir, elle a éliminé les relations féodales patriarcales qui liaient l'homme à ses «supérieurs naturels», les a brisées sans pitié pour ne laisser subsister entre les hommes aucun autre lien que le froid intérêt, le paiement difficile au comptant. Elle a aboli l'extase religieuse, l'enthousiasme chevaleresque, le sentimentalisme du petit bourgeois dans les eaux froides du calcul égoïste. Elle a fait de la dignité personnelle une simple valeur d'échange... En un

¹⁹ Whyte (op. cit., p. 19). Cité à Henry Cleus «Fifty years on Wall Street».

²⁰ El manifiesto comunista, Editorial Progreso, Moscou, 1969.

mot: au lieu de l'exploitation dissimulée sous des illusions religieuses et politiques, elle a établi une exploitation ouverte, directe, brutale et impudique.»

Cette description de Marx et Engels illustre clairement la situation de l'idéologie bourgeoise, ses vrais intérêts, le visage réel que Weber essaie d'occulter et de justifier par son concept de l'éthique protestante comme idéologie du capitalisme et c'est cette idéologie que présentent, comme justification, les théories administratives qu'il est possible de regrouper dans le concept de «Business Administration».

Une autre justification idéologique de la conception du travail en tant que marchandise est une conséquence du libéralisme, qui s'utilise comme un élément de base dans les théories administratives. Le libéralisme se consolide pleinement avec la Révolution Française puisque celle-ci exalte l'individualisme libéral comme une réaction à l'absolutisme et à l'autocratie de la monarchie déchue.

La révolution française est en faveur d'une liberté absolue sous tous ses aspects et détruit tout ce qui se considère comme attentatoire à celle-ci; par exemple, en 1791 est promulguée la loi Le Chapelier qui ordonne l'abolition des corporations, étant donné que les règles que celles-ci avaient fixées dans le travail, la production et commercialisation constituaient de sévères limites à l'exercice de la liberté. Cependant, ce libre jeu d'apparente égalité entre tous étant mené à bout dans un système dans lequel existent de nettes différences entre ses citoyens, tant sur le plan culturel que sur le plan économique, politique, etc., ne conduit pas à la prétendue liberté et fraternité, sinon à ce qu'un auteur appelle «la liberté de mourir de faim» et à une exploitation vile de l'homme par l'homme.

Il est facile de donner une explication à ce qui vient d'être mentionné: le patron a la liberté d'offrir un poste de travail dans les conditions et avec le salaire qu'il considère convenables. Le travailleur a la «liberté» de l'accepter ou de le refuser. Le patron a la liberté de réduire les salaires et l'employé de se plier ou de se retirer.

L'exploitation et les situations d'abus sont prolifiques pendant la Révolution Industrielle. Marx signale que la machine par elle-même raccourcit le temps de travail, mais en fait s'utilise à des fins capitalistes pour augmenter celui-ci.

Les grandes innovations et inventions dont nous parlions antérieurement convertissent l'homme en subalterne de la machine, en dégradant sa condition humaine. Du travail dans lequel s'exprimait la créativité de l'artisan qui intervenait du début à la fin du processus de fabrication, on passe à un travail morcelé dans lequel on lui assigne seulement une partie du processus, on méconnaît l'importance de son effort et on le considère comme l'un des maillons d'une chaîne qui engendre seulement monotonie et fatigue.

On remplace le travail que le patron respectait pour son adresse par l'ouvrier que le patron soumet à des études de temps et mouvements, et à des «standards» précis et rabaisse à un rôle de simple agent exécuteur.

C'est à ce moment-là que naît l'administrateur professionnel en tant qu'instrument du patron pour rationaliser l'exploitation du travail. L'administrateur, qui remplit la fonction d'intermédiaire et de représentant du capital, dépersonnalise encore davantage les relations entre employés et employeurs et se convertit en un filtre entre l'ouvrier et le capitaliste. L'admini-

strateur s'occupe alors de développer en forme subtile et systématique l'exploitation et, apparentant une certaine neutralité et une certaine objectivité, se convertit en un exploiteur plus raffiné mais plus vorace. L'administration utilisant des techniques et des instruments développés de façon scientifique se retourne contre le travailleur en atténuant ses contradictions avec le capitalisme et en augmentant la production grâce à un rythme d'exploitation plus rapide et plus efficace.

On passe d'une économie fondée sur une base opérativo-créative à une structure dans laquelle la base agit tandis que le sommet pense, c'est-à-dire dans laquelle il s'opère tacitement une division entre deux types d'hommes: d'une part une grande majorité destinée à la routine et aux activités physiques, et d'autre part une élite qui s'approprie le droit de penser et de décider.

En conclusion, comme le signale José Trueba Davalos²¹, la situation »maître qui domine la technique« se change en »une technique qui domine l'ouvrier«.

Les employeurs sans scrupules se lancent dans toutes sortes d'exploitation et étant donné que les femmes et les mineurs peuvent être dominés plus facilement, on favorise leur embauche au détriment de celle des hommes. Les enfants sont embauchés à partir de l'âge de 7 ans et représentent une force de travail attractive si l'on en juge par la petite annonce parue le 4 Mai 1820 dans le Rhode Island, dans le journal »Manufacturer's and Farmer's«: »On demande une famille de cinq à huit enfants qui puisse travailler dans une usine de coton«.

L'oeuvre de Kuczynki²², bien qu'elle donne une vision et des conclusions très partiales, contient cependant des informations très importantes sur la situation dans laquelle se développent les relations de travail au cours de la première période du développement capitaliste immédiatement antérieure à l'apparition des premières théories administratives.

Kuczynki rapporte en particulier qu'en 1820 les comtés de Derbyshire, Nottinghamshire et notamment Lancashire, recevaient une grande quantité de mineurs que l'on obligeait à travailler, même avec le fouet: »Ceux qui travaillaient de jour occupaient les lits abandonnés par les équipes de nuit et viceversa. Il y avait une tradition populaire dans le Lancashire selon laquelle les lits ne refroidissaient jamais«.

Logiquement, les enfants ouvriers n'ont pas l'opportunité d'étudier; il plane en effet la menace de renvoi sur les parents qui prétendent les soustraire à leur travail. L'alphabétisation est considérée comme menaçante et il n'est pas rare d'entendre parler de l'»art dangereux« de l'écriture et du calcul. Un membre du Parlement et président de la société royale, Giddy, a même pu exprimer que »bien qu'en théorie ait été plausible le projet d'éducation des classes laborieuses pauvres, en réalité ce serait un préjudice contre leur morale et leur bonheur; ce serait leur enseigner à déprécier leur chance dans la vie au lieu d'en faire de bons serviteurs de l'agriculture et d'autres emplois auxquels les a destonné leur rang dans la société; au lieu de leur apprendre la subordination, ce serait les rendre factieux et réfractaires, comme cela a été prouvé dans les quartiers industriels: cela leur permettrait de lire des pamphlets séditieux, des livres vicieux et des publications contre le

²¹ Sociologia Industrial I. M. E. S. 1972.

²² Cité par J. Kuczynki »Evolucion de la Clase Obrera« Mc. Graw Hill, 1967.

²³ Op. cit.

christianisme; ce serait les rendre insolents envers leurs supérieurs; et dans quelques années, le pouvoir législatif se verrait dans l'obligation de diriger contre eux le bras fort du pouvoir et pourvoir la magistrature de lois beaucoup plus dures que celles qui sont en vigueur actuellement.»

Les premiers pas de l'administration laïque se reflètent dans les mesures d'efficacité que prennent quelques administrateurs et directeurs d'usines en ce qui concerne une utilisation plus profitable de la force de travail des femmes et des enfants. C'est le cas notamment du Colonel Humphreys auquel le Congrès du Connecticut rendait hommage pour «faire bon usage de l'énergie des femmes et des enfants. En récompense, son entreprise textile fut exemptée de tout impôt pendant dix ans.» Et lui-même est arrivé à croire qu'il sauvait les enfants de la misère et d'une possible vie criminelle. L'idée antérieure n'était pas seulement propre au Colonel Humphreys; en réalité elle était assez répandue, peut-être comme une justification morale grossière. En 1825, quand éclate une grève de journaliers dans le Massachussets, les employeurs déclarent qu'un tel mouvement n'est pas fomenté par les véritables travailleurs mais par des étrangers au milieu travailleur; en outre ils sont préoccupés par les «conséquences d'une telle mesure sur la morale et le bien-être de la société», étant donné que les grévistes réclament de nouveaux horaires qui «s'écartaient des horaires en usage depuis des temps immémoriaux »t«, ce qui exposerait les journaliers à de nombreuses tentations et actions imprévisibles dont ils étaient heureusement préservés quand ils travaillaient de l'aube au coucher du soleil.»

Le climat de travail est très tendu; en France, Angleterre, Italie, Suède, Allemagne et Autriche, il existe des ordonnances qui imposent des châtiments punissant le fait de parler pendant les heures de travail, de fumer, rire ou, erreur inexcusable, se peigner avant de terminer son travail, ou encore d'arriver en retard, siffler ou abandonner son travail avant l'heure.

Evidemment une telle situation devait entraîner une série de réactions comme par exemple des actes de destruction des machines que les ouvriers considéraient comme responsables de leurs problèmes. Ce phénomène, rare aux Etats-Unis, se produit fréquemment en Europe où, déjà avant la Révolution industrielle, on trouve des exemples.

La destruction des machines, ces «roues sataniques» comme les appelaient les travailleurs, engendre de sérieux conflits: un des plus célèbres est celui du propriétaire des Rowfolds Mills de Yorkshire qui exerça une répression sévère sur les destructeurs de machines; blessant gravement deux d'entre eux, il les laissa mourir d'hémorragie en leur refusant assistance médicale et même de l'eau parce qu'ils ne voulaient pas dénoncer leurs compagnons.

Mais toutes les réactions ne se présentent pas sous la forme d'agression primitive; certaines sont également idéologiques.

Le fait de travailler en groupe sous le même toit, celui de vivre entassés dans des taudis, les injustices et en particulier leur situation de désavantagés devant les employeurs due au manque de moyens de défense sont quelques-unes des raisons qui conduisent à la naissance d'une conscience de classe.

L'organisation et la prise de cette conscience de classe des travailleurs, les premières manifestations de celles-ci sous forme de résistance et rébellion syndicale constituent un élément qui accélère la transformation de l'administration en discipline. Frédéric W. Taylor est l'un des premiers à analyser

systématiquement le problème et affirmer que l'exploitation aux seules fins d'accroître la production, peut se convertir en un conflit qui se répercute négativement sur la production.

L'exploitation des travailleurs devait devenir plus rationnelle afin d'éviter, ou pour le moins de tempérer le malaise existant au sein du mouvement ouvrier.

C'est ainsi que Taylor, utilisant des expériences personnelles, développe une théorie de la production en fondant son argumentation sur le fait que l'on devrait fixer clairement les règles et les normes de l'organisation et diriger la production en fonction de principes et de lois bien définies. Taylor établit les bases selon lesquelles il faut enfermer l'ouvrier dans un monde encore plus aliénant et le priver de toute initiative personnelle en condamnant l'activité productive à un travail mécanique, routinier et en dépersonnalisant l'ouvrier.

Les concepts de base qu'utilise Taylor et qui reflètent clairement sa conception *utilitariste* et aliénante sont les suivants²⁴:

a) Principe de l'étude du temps

Chaque effort productif selon Taylor doit se mesurer dans le cadre d'un système détaillé de temps et mouvements: le résultat consistera dans le fait d'établir des temps standards pour chaque étape du processus de production. Ceci signifie, selon Taylor, régler et ajuster le rythme de travail de l'ouvrier comme celui d'une machine afin de déterminer la vitesse et les temps nécessaires pour obtenir une maximisation de l'efficacité dans l'exploitation de la force de travail.

b) Principe stimulant

Les rémunérations doivent être proportionnelles à la quantité produite, avec comme point de référence le travail maximal que peut accomplir un ouvrier moyen. Ce principe est directement lié à la problématique issue de l'exploitation sans discrimination et constitue une réponse médiatrice à l'insatisfaction et à l'inquiétude des ouvriers qui commencent à s'organiser, face aux patrons, afin de faire aboutir quelques-unes de leurs revendications. De façon très grossière, Taylor établit les bases de ce qui sera postérieurement le support de nombreuses théories administratives: la motivation, en tant qu'instrument subtil de contrôle du comportement afin d'accroître le degré d'efficacité dans l'exploitation de la force de travail.

c) Principe de séparation entre la pensée et l'action

Il est absolument nécessaire de ne laisser aux exécutants aucune responsabilité sur la préparation et les processus de travail. Ce concept implique une meilleure division du travail avec, à la limite, une aliénation totale. Taylor argumente et justifie théoriquement la dépersonnalisation de l'ouvrier en le ramenant à un simple état de marchandise. »Au fur et à mesure que s'accroît la division du travail, celui-ci devient plus simple. L'habileté de l'ouvrier ne sert plus à rien. Il est converti en force productive simple et monotone...«²⁵

²⁴ Ramon de Luçás Ortueta, *Organización científica de las empresas*, Talleres Accasar, Madrid 1963.

²⁵ Carlos Marx, *Trabajo asalariado y capital*, Ediciones Halcon, Madrid 1968.

d) Principe des méthodes scientifiques de travail

»Celui qui travaille n'intervient pas dans le choix d'une méthode de travail: celle-ci a été étudiée antérieurement, de façon scientifique et mise à l'essai.«

Ce concept se passe de commentaire: il constitue simplement un complément du principe de la division du travail, clé de l'«exploitation scientifique» de la force de travail.

e) Principe du contrôle de la direction

»Celui qui dirige, professionnel de l'Administration, ne doit pas seulement instruire; il doit également être l'objet d'une formation fondée sur les principes scientifiques de la direction et du contrôle.«

f) Principe de la direction fonctionnelle

»Les principes de la direction militaire sont révisés en vue d'une adaptation à l'organisation industrielle, afin d'améliorer et de coordonner les objectifs des spécialistes«.

Ces deux derniers principes justifient théoriquement l'apparition de l'Administration professionnelle, auxiliaire et assistant du capitaliste dans la gestion technique des organisations et agent d'exécution des politiques et de l'idéologie de la classe bourgeoise.

L'administrateur professionnel fait son apparition au moment où le développement historique des méthodes de production atteint un haut niveau de complexité, conséquence logique de la révolution industrielle.

Taylor apparaît ainsi comme le représentant des intérêts bourgeois au moment où ceux-ci assument un rôle historique et, laissant de côté la justification morale de l'éthique protestante, se fixent, de façon obsédante, les objectifs de maximisation des bénéfices et de plus-value. A ce sujet, Marx déclare²⁶: »La bourgeoisie n'a pas de raison d'exister si ce n'est celle de faire progresser incessamment les instruments de travail, ou ce qui revient au même, le mode de production, c'est-à-dire, toutes les relations sociales.«

Si Taylor est considéré comme le fondateur des théories de l'administration scientifique, il ne peut être dissocié de Fayol. Ce dernier perfectionne les concepts énumérés par Taylor, dans le contexte des principes généraux d'organisation.

Taylor met en relief la division du travail et la spécialisation des ouvriers; Fayol complète cela en insistant sur la nécessité d'une définition plus précise de la structure formelle. »Fayol voit l'entreprise comme quelque chose d'organique et de comparable au corps humain,« selon Ortuela²⁷. Taylor développe ses concepts sur la base de la division fonctionnelle et de la maximisation des temps de travail. Son administration scientifique n'analyse cependant pas les interrelations entre les différentes fonctions. C'est Fayol qui étudie précisément ces interrelations et établit les fondements des théories d'organisation à partir des résultats de son étude.

Mais c'est un empiriste qui va en fait donner une grande impulsion au développement des théories administratives, en appliquant les éléments de

²⁶ Op. cit.

²⁷ Op. cit.

l'administration scientifique et les principes de motivation. Henry Ford, avec son grand pragmatisme, commence à appliquer une série de politiques qui font avancer le capitalisme jusqu'à une phase nouvelle, celle de la production en série et de son développement monopolistique.

Ford établit la production en chaîne à partir d'une série de principes administratifs; deux de ces principes semblent constituer les idées fondamentales: d'une part, Ford insiste sur la simplification des procédés de travail qui fut l'objet d'études de la part de Taylor et Fayol, en développant les fameuses chaînes de montage qui simplifiaient au maximum l'armement des automobiles. On atteint ainsi le degré maximal d'aliénation; en effet sur les chaînes de montage, le travail d'un ouvrier se limite simplement à un seul mouvement routinier comme le fait de serrer une vis, ou d'ajouter une pièce à l'ensemble produit.

Grâce à la production en chaîne, les coûts s'abaissent considérablement et la consommation massive de toutes sortes d'articles commence à se développer. Les entreprises qui disposent d'un capital insuffisant pour construire une chaîne de montage pour la production en série, ne peuvent concurrencer les grandes entreprises et les monopoles qui commencent à se constituer et à se consolider.

D'autre part, Ford considère que pour réduire les coûts, arriver à un approvisionnement meilleur et suffisant et accroître la production, il faut posséder ses propres sources de matière première et dominer des entreprises de sous-traitance. Ford arrive ainsi à contrôler un ensemble d'entreprises qui fournissent tout le nécessaire pour construire une voiture. »L'entreprise possède ses propres gisements de minerai, ses plantations de caoutchouc, ses bois, etc... Les matières premières sont élaborées dans des entreprises sidérurgiques ou textiles qui appartiennent à la compagnie. Une flotte de bateaux amène le minerai de fer des Grands Lacs à Fordson« déclare Ortueta²⁸

Les grands consortiums monopolistiques internationaux manifestent un grand essor: grâce à la division internationale du travail, ils continuent à un rythme accéléré d'exploiter les pays du tiers-monde. A cause des nécessités de production de ces grands trusts, le contrôle des pays dépendants se fait encore plus pesant. Le fossé s'élargit entre les pays industriels et les pays producteurs de matière première. Ainsi le bien-être apparent, l'industrialisation et le gaspillage qui se cache sous la consommation en masse des pays développés sont les résultats de l'exploitation rapace des pays dépendants, soumis dans l'ignorance et la pauvreté. L'appareil monopolistique international possède de terribles moyens de répression pour pouvoir contrôler les masses des pays dépendants afin de s'assurer un approvisionnement régulier en matières premières nécessaires. Le moindre sursaut d'indépendance est réprimé brutalement. L'histoire du modèle Ford »T« et de sa production massive est liée aux bains de sang qu'ont subi les peuples du tiers-monde qui luttent pour leur libération; c'est l'histoire de millions d'hommes qui »meurent« de la vente de leur force de travail à l'impérialisme.

Ford décrit ce système comme un produit de l'application, de la constance et de l'effort individuels, comme quelque chose qui est à la portée de la main de n'importe qui. Ford dissimule tout son système d'exploitation raffinée et massive sous des apparences de bien-être total. Il destine une petite

²⁸ Op. cit.

partie des énormes plus-values obtenues grâce à la production en série, à augmenter le salaire des ouvriers, de façon à ce que ceux-ci atteignent un niveau plus élevé de consommation. C'est ainsi que commence l'ère nouvelle de production massive et par conséquent de consommation massive. Cette modification de la production initie une nouvelle étape du capitalisme: l'impérialisme que Lénine considère comme l'étape la plus avancée mais aussi la dernière de ce système économique²⁹: ... »Le plus important des fondements de cette 'Verflechtung'³⁰ est constitué par les relations changeantes de production. Quand une grande entreprise se transforme en une compagnie gigantesque, qui à partir de données exactement établies, détermine l'approvisionnement en matières premières de quantités qui représentent les nécessités de deux tiers ou trois quarts de la population; quand le transport de cette matière première vers les centres de production adéquats qui se trouvent à des centaines et des milliers de milles de distance, s'organise systématiquement; quand tout le processus de production d'un article est réglé dans toutes ses phases par une administration centrale; quand les produits terminés sont distribués à des douzaines et des centaines de millions de consommateurs selon un plan unique, on voit clairement et sans aucun doute que l'on va affronter un processus de socialisation de la production et non un simple Verflechtung.« C'est-à-dire que cette nouvelle étape du capitalisme pendant laquelle la production augmente fortement, est cependant sa dernière phase, sa phase de décomposition; les contradictions internes spécialement entre les tendances monopolistiques et la théorie du marché et de la libre concurrence sont claires. Les théories administratives se perfectionnent afin de s'appliquer davantage encore aux grands consortiums.

Pour organiser cette production massive depuis l'approvisionnement massif en matières premières jusqu'à la distribution des produits terminés, des instruments chaque fois plus efficaces de planification, d'organisation et de contrôle des diverses étapes de la production se font nécessaires. Rapidement les théories de Taylor sont dépassées: elles ne considèrent pas l'organisation comme une structure interdépendante. Elton Mayo est l'un des premiers et des plus connus parmi les théoriciens de l'Administration à s'occuper de cette problématique et à mettre au service du capitalisme les instruments adéquats.

Elton Mayo et son Ecole humano-relationniste ou Ecole de la «Vache contente», développe une série de concepts fondés sur les études et expériences des psychologues relatives aux conditions ambiantes. Tandis que pour Taylor et Fayol, l'accroissement de la productivité se fonde exclusivement sur la rationalisation des fonctions, de caractère purement techniques, Mayo commence à découvrir l'importance des stimulants ambiants sur l'homme. En termes généraux, selon Hutchinson³¹: »Le point de vue ambiant soutient que l'on peut obtenir des changements dans la production en faisant des changements dans les conditions ou dans l'ambiance de travail«. Cependant grâce aux expériences de Hawthorne sur l'impact des effets lumineux sur la production des ouvriers, Mayo et son groupe découvrent qu'en réalité la productivité ne dépend pas principalement des facteurs ambiants, mais qu'elle est

²⁹ El Imperialismo como etapa mas avanzada del Capitalismo, Verlag Marxistische Blätter, 1968, Frankfurt.

³⁰ Lénine se réfère ici au concept allemand qui désigne le processus d'influence et d'inter-pénétration des compagnies et qui à travers le capitalisme financier forme les grands consortiums.

³¹ Teorias de organizacion y administracion, CECSA, México 1969.

liée aux relations personnelles et sociales qui existent au sein du groupe primaire de travail. Ce point de vue est le point de départ des théories fondées sur les interrelations sociales dans l'administration, théories qui vont avoir un succès considérable en sociologie en particulier, en relation avec les problèmes d'autorité, de pouvoir et de leadership, etc... La théorie de Mayo est davantage une théorie sur un style de direction dans l'entreprise qui entraîne comme conséquence une productivité plus élevée, qu'une théorie de l'administration en soi.

L'école humano-relationniste est éminemment paternaliste. Elle ne cherche pas en fait la participation sociale des ouvriers; elle cherche plutôt à les »prendre en considération« apparemment afin que les ouvriers soient plus contents et produisent davantage. L'objectif de la théorie de Mayo est d'accroître la production; pour lui les relations humaines constituent un instrument et la conception qu'il a de celles-ci est totalement paternaliste.

Le mépris vis-à-vis de l'ouvrier, considéré comme une simple marchandise, est évident dans les théories de Taylor et de son école d'Administration scientifique comme dans celles de l'école des Relations humaines: les deux théories refusent à l'ouvrier la participation dans le processus de production et le relèguent au rang de simple objet. Les conceptions de Mayo ouvrent un champ d'action immense aux sociologues et aux théoriciens de l'administration qui s'occupent du groupe primaire, de l'étude du comportement, des attitudes, etc... En un mot, les processus de manipulation se développent puissamment grâce à l'apparition de toutes sortes de techniques et d'instruments de motivation, de sensibilisation, de modification du comportement, et d'études des attitudes devant certains stimulants. Toutes ces théories du comportement des fonctions et des structures ont cependant le même dénominateur: ils constituent des instruments de manipulation au service du capitalisme monopolistique, qui ne cherchent en aucune manière à résoudre les contradictions de base entre le travail des ouvriers et le capital, mais qui, dans leur concept d'administration de crise, essayent de médiatiser et de canaliser ces contradictions vers d'apparentes solutions legalistes. Mayo et les nouvelles écoles qui l'ont suivi ont procuré aux grands consortiums internationaux des instruments de manipulation collective qui, prenant en considération les nécessités sociales et les interrelations dans le groupe primaire, utilisent des stimulants de toutes sortes pour diriger la conduite des ouvriers vers les attitudes et actions prédéterminées par la Direction, en ayant comme ultime but l'augmentation de la productivité et l'accroissement des bénéfices. Les techniques de l'administration se sont peu à peu perfectionnées afin de préparer une armée de »managers« qui contrôlent les grandes entreprises en tant que représentants du capital. Ce courant s'est surtout développé aux Etats-Unis et dans quelques pays dépendants afin de préparer les cadres autochtones dont ont besoin les grandes sociétés internationales; au Mexique par exemple, les étudiants des carrières commerciales et administratives représentent déjà plus de 27% des étudiants de l'enseignement supérieur³². Cela montre l'importance qu'attache le capitalisme au développement des cadres qui permettront son expansion dans sa phase monopolistique. Ce sont ces théories qui se développent actuellement suivant le concept de théories de direction qui ont été regroupées sous le titre de »Business Administration«.

³² Adalberto Rios, Una reflexion sobre la carrera de Administracion, Ponencia presentada en la Reunion Nacional de Administradores en Oaxaca, Mexico, Agosto 1972.

Le développement du «Management» est en même temps, comme le disent Baran et Swezy³³ une des caractéristiques de l'entreprise monopolistique. «Dans ces entreprises le contrôle se trouve entre les mains du »management«... Le »Management« se conserve lui-même. Sa responsabilité devant l'ensemble des actionnaires est de pure forme et chaque génération de »Managers« crée ses propres disciples et laquais à son image.»

Cette nouvelle administration bureaucrate se montre encore plus partisane de l'»exploitation efficace« de l'ouvrier que ses propres maîtres et se consacre à travers ses théoriciens et idéologues au perfectionnement des instruments de soumission dans l'organisation. Fortement influencés par Weber, ces »sociologues de l'organisation« et »scientifiques de l'administration« élaborent un nombre impressionnant de »théories« dont la préoccupation principale est similaire: comment éviter les conflits dans l'organisation de la production. Toutes ces »théories« maintiennent dans son intégralité le problème de la contradiction entre capital et travail, en raison de son interprétation idéaliste, au sens philosophique du mot, contradiction qu'ils déguisent d'une manière ou d'une autre.

Une présentation critique et rapide des principaux représentants de ce courant permettra de jeter les bases des conclusions de ce travail. »L'apparition de la »direction« comme une institution sociale, différente et dominante, est un fait crucial dans l'histoire de la société. Une nouvelle institution de base, un nouveau groupe dominant ont peu souvent surgi avec tant de rapidité que l'a fait la »direction«... Peu de fois dans l'histoire humaine elle s'est aussi rapidement montrée indispensable et une institution nouvelle s'est encore moins souvent imposée avec aussi peu d'opposition ou de controverses«, nous dit Peter Drucker³⁴ dans un élan de simplification qui n'en reflète pas moins l'idéologie cachée derrière ces idées et concepts. Considérer le développement de cette couche de »managers« comme un fait crucial dans l'histoire de la société révèle la pauvreté de ces théories de l'administration; en effet, s'il est bien vrai que le développement d'une couche bureaucratique de spécialistes de l'administration est une des caractéristiques du capitalisme des monopoles et des grands consortiums internationaux, il est également vrai qu'il ne correspond à aucun changement qualificatif et encore moins à un »fait crucial de l'histoire«. La formation de cette »technostructure« comme l'appelle Galbraith³⁵, »c'est quelque chose d'indéniable« dans le cadre d'un système capitaliste qui ne s'en trouve pas changé pour autant dans ses caractéristiques fondamentales du moins.

Un autre auteur, Ernest Keller, propose une analyse qui, plus que simpliste, apparaît en réalité ingénue quand il parle des problèmes des pays »sous-développés«³⁶ »L'Amérique Latine possède plusieurs choses que les nations industrialisées n'ont plus. Par exemple les ressources matérielles, les matières premières dont le monde occidental va dépendre de plus en plus. Elle dispose de personnes, de personnes en abondance, personnes qui peuvent être formées et mises au travail... Les nations latino-américaines ne sont pas sous développées, seulement mal administrées.« Keller semble oublier dans son analyse des aspects aussi importants que le commerce international, la chute des prix

³³ Monopol Kapital, Suhrkamp Verlag, Frankfurt A. M., R. F. A. 1967.

³⁴ Drucker Peter F., »La gerencia de Empresas«, Editorial Sudamericana, Buenos Aires, 1970.

³⁵ Galbraith John K., »The New Industrial State«, New American Library, New York, 1968.

³⁶ »Management in Latin America« in »Preparing Tomorrow's Business Leaders Today«, Engelwood Cliffs, Prentice Hall 1969.

des matières premières et l'augmentation permanente des prix des articles manufacturés, le fait que les investissements américains dans les pays d'Amérique Latine obtiennent un bénéfice de 2 à 4 dollars par an pour chaque dollar qu'ils investissent, ce qui correspond à une décapitalisation réelle de ces pays. Keller «oublie» enfin les conséquences du colonialisme dont ont souffert les pays d'Amérique Latine, puisque pendant longtemps on leur a refusé la participation au processus économique et socio-politique, la déformation des structures économiques due à l'instauration d'une monoculture et l'orientation de la production vers la satisfaction des nécessités des métropoles coloniales. Malgré tout et en dépit de son ingénuité, Keller se rend compte de l'existence de la production vers la satisfaction des nécessités des métropoles coloniales. plus» et de «personnes en abondance qui peuvent être formées et mises au travail».

Il propose à la fin une meilleure administration, ce qui veut dire une exploitation plus efficace des ressources des pays latino-américains en faveur des «nations industrialisées occidentales». Pour une personne comme Drucker, cette meilleure administration signifie «Diriger, diriger les entreprises, diriger les directeurs et diriger les travailleurs dans leur travail».³⁷ ou, de manière plus raffinée, «... la fonction du Manager, c'est de satisfaire les objectifs de l'organisation». Pour cela, il doit utiliser de la manière la plus effective et efficace toutes les ressources à sa disposition, entre autres les plus importantes, les ressources humaines. Dans ce dernier cas, il faut profiter du meilleur de l'homme: «ses bons côtés et non ses mauvais, il ne doit pas aller contre sa nature»³⁸. Ce concept de Mc Gregor est le point central de sa fameuse théorie de l'organisation qui implique que l'on ne doit pas affronter les contradictions pour éviter des conflits encore plus grands, mais seulement éviter les points faibles afin d'aplanir ces contradictions, limiter la conscience qu'en ont les intéressés et essayer de s'adapter à l'expression du conflit pour le manipuler de manière à trouver des solutions superficielles qui ne produisent en fait qu'un retard dans la prise de conscience des travailleurs. Ce que Mc Gregor ne nous dit pas mais qui est implicite dans ses idées, c'est que l'utilisation du «meilleur de l'homme», la meilleure utilisation des ressources, n'a pas pour résultat une bonne utilisation des ressources et ne se fait pas non plus en faveur des ouvriers. Elle se fait en faveur du capital et dans ce cas «bonne utilisation» signifie «exploitation efficace».

C'est alors que les conceptions apparemment «humanistes» de Mc Gregor laissent entrevoir leur vraie signification: «bonne utilisation» est également synonyme de «manipulation du comportement», ceci à travers l'orientation des nécessités sociales des travailleurs vers des activités favorables aux objectifs déterminés par les directeurs. A ce sujet Galbraith nous dit³⁹ «que le pouvoir dans les entreprises sociétales réside dans la technostucture et que c'est elle qui détermine les objectifs de l'organisation: ceci implique que c'est la direction, elle seule, qui détermine les objectifs de l'entreprise tout entière et en est responsable». Il est ici nécessaire de préciser clairement de quel type de pouvoir il s'agit, car s'il est certain que les directeurs disposent de suffisamment de pouvoir délégué pour fixer les objectifs spécifiques de l'organisation, par ailleurs c'est réellement le capital qui dispose du pouvoir dans l'organisation et c'est lui qui fixe les objectifs généraux que

³⁷ Op. cit.

³⁸ Mc Gregor Souglas, «El aspecto humano de las Empresas», Editorial Siana, Mexico 1970.

l'on peut réduire à la formule de «maximum des bénéfiques». Malgré cela le concept de responsabilité n'est pas totalement défini. Si ce que Galbraith entend comme «seule responsabilité» se réfère à celle des directeurs, l'argument est correct si l'on part du principe que la responsabilité de l'organisation existe uniquement par rapport au capital; en effet il est correct de dire que les directeurs sont les seuls responsables de la réalisation des objectifs spécifiques. Galbraith semble oublier qu'il y a beaucoup d'autres éléments dans le processus de production auxquels il refuse une participation dans la définition des objectifs et nie la responsabilité de la direction à leur égard.

Cette détermination des objectifs par la direction correspond à une idée totalement autoritaire et à une répression de l'existence sociale à l'intérieur de l'organisation. Il n'est pas permis à l'ouvrier de se réaliser socialement dans l'entreprise, ni de s'exprimer ou de participer. L'objectif de l'organisation est alors l'objectif du capital exprimé par l'intermédiaire des directeurs et imposé à la majorité de ses membres. La préoccupation fondamentale de l'administration moderne et de la sociologie industrielle se transforme en une obsession: Stabilité et assouplissement des conflits. Mitchell nous dit³⁹ que «ce qui doit être l'objectif principal de la direction, c'est la recherche de la permanence: toutes les fonctions de la direction doivent être orientées en vue de l'atteinte de ces objectifs». Il continue en parlant des «conditions de survivance qui consistent en

- a) la recherche d'une acceptation publique des entreprises privées (considérant l'entreprise comme une institution qui vaille la peine de poursuivre ses activités)
- b) la stabilité interne et une saine organisation
- c) la solidarité du groupe des cadres supérieurs et la satisfaction des objectifs opposés».

Ce paragraphe révèle clairement la préoccupation de l'administration afin de se consolider et de ne pas perdre de privilèges et sa hantise de minimiser les conflits, en satisfaisant selon Mitchell, les intérêts opposés. Il met l'entreprise en jugement quand il parle de chercher «l'acceptation par le public d'une institution qui vaille la peine de poursuivre ses activités», ce dont il ne paraît pas très sûr. Mitchell déclare que maintenir une organisation stable et saine est une condition de sa survivance: c'est exactement le problème crucial qu'analysent et essayent de solutionner les techniciens de l'administration. Ils reconnaissent la contradiction qui existe dans l'entreprise et dans le processus de production; ils n'en cherchent pas la solution mais simplement la minimisation, le contrôle des moments critiques et le retard de la dynamique contenue dans sa propre dialectique puisque l'existence de cette contradiction est à la source de l'obtention des privilèges dont jouissent ces «managers». A ce sujet Galbraith dit⁴¹ que «l'objectif de l'entreprise doit être de produire de grands bénéfiques de manière constante. L'essence de la libre entreprise est la poursuite du bénéfice par tous les moyens qui soient cohérents avec sa continuation». Ce que ne dit pas Galbraith, c'est «à qui vont ces bénéfiques». En effet si le travailleur moderne produit plus de

³⁹ Op. cit.

⁴⁰ Mitchell William M. »El ejecutivo de negocios del Mundo moderno, Editorial Técnico, México 1966.

⁴¹ Op. cit.

valeur et plus de plus-value chaque jour, le salaire qu'il reçoit pour la vente de sa force de travail est chaque fois plus petit, en proportion. Et c'est précisément cette contradiction entre survivre, à travers la concurrence et les tendances corporatives et monopolistiques, qui exige une administration plus efficace au profit du capital. »C'est seulement en vendant meilleur marché que quelques capitalistes peuvent en déloger d'autres et conquérir leurs capitaux. Pour pouvoir vendre meilleur marché sans se ruiner, ils doivent produire meilleur marché, c'est-à-dire augmenter leur force productive autant que cela est possible. Ce qui augmente surtout cette force productive, c'est une plus grande division du travail, la production à plus grande échelle et le perfectionnement de la mécanisation... Ceci explique le développement d'une rivalité entre capitalistes sous tous les aspects pour accroître la division du travail et la mécanisation, et exploiter les ouvriers le plus possible.«⁴². L'instrument pour atteindre ce but est précisément l'administration, la sociologie de l'entreprise, etc... »L'organisation facilite l'administration de l'entreprise et de ses éléments parce qu'elle évite la *duplication du travail*, facilite la délégation des responsabilités, la *classification des postes*, etc. et crée le sentiment de travail en équipe. L'organisation, c'est plus qu'un simple organigramme, c'est le mécanisme à travers lequel la direction dirige, coordonne et contrôle l'affaire.«⁴³. Cette organisation à laquelle se réfère Allen est le modèle en forme de pyramide à travers lequel le capital représenté par les directeurs impose ses objectifs et ses normes au reste des membres. Et cette idée d'interdire au maximum la participation des membres de l'organisation dans le processus de sa propre vie et dynamique, est des plus défendue par les directeurs professionnels qui voient dans la structure autoritaire la possibilité de maintenir ses privilèges. Selon Robert Townsend⁴⁴ au sujet de l'efficacité dans l'organisation, »l'unique organisation qui permette d'obtenir de bons résultats c'est l'organisation linéaire fonctionnelle, dans laquelle on part d'un chef qui a plusieurs subordonnés, qui à leur tour sont responsables de subordonnés inférieurs«. Il semble même que quelques auteurs commencent déjà à repousser les modèles sophistiqués et retournent aux méthodes primitives de l'exploitation directe, autoritaire et sans aucun raffinement.

Dans toutes ces théories aux caractéristiques semblables dont le commun dénominateur est de représenter un instrument d'exploitation plus rationnel et plus efficace, il existe cependant des différences de degrés et de point de vue qui vont du raffinement de Mc Gregor et de l'»humanisme« qu'il prétend défendre quand il propose que l'on donne au travailleur la »sensation de participation«, jusqu'à la poigne énergique de Townsend qui conseille le rétablissement des structures autoritaires quasi-militaires. Parkinson⁴⁵ par exemple voit dans le développement d'une structure administrative macro-céphale un des trois symptômes du déclin d'une civilisation. D'autre part Galbraith considère que de jour en jour la formation d'une équipe de gestion, qu'il appelle »technostructure«, une équipe à la tête de laquelle on trouve un directeur général, devient de plus en plus importante. Leavitt⁴⁶ va encore plus loin quand il affirme que la manipulation comme style de direction »est une

⁴² Marx, op. cit.

⁴³ Alien Q. Louis, *Management and Organization*, Mc Graw Hill, N. Y. 1958. (Les parties soulignées le sont par les auteurs de l'exposé).

⁴⁴ Townsend Robert, »Up The Organization«, Alfred A. Knopf, New York 1970.

⁴⁵ Parkinson C. Northcote, *Parkinson habla*, Ed. Diana, México 1971.

⁴⁶ Leavitt Harold J., *Managerial Psychology*, The University of Chicago Press, 1965.

bonne chose puisqu'elle se fonde sur les émotions et nécessités humaines, qu'elle reconnaît l'être humain, objet de son influence, comme un système complet qui a besoin d'affection, de dépendance, de support, de reconnaissance, etc. et emploie la simulation pour essayer de le satisfaire.» Le système, déclare Mc Gregor, repose sur les pensées suivantes: »Il faut faire en sorte qu'ils pensent que c'est leur propre idée; il faut leur faire croire qu'ils commandent; il faut qu'ils se sentent importants«. Les modèles manipulatifs ont commencé, dit Leavitt, »dans des circonstances où l'usage de l'autorité n'était pas possible. Celui qui les utilise s'emploiera à ce qu'on ne découvre pas son système; il tâchera de créer une relation très étroite avec la personne qu'il essaye d'influencer et utilisera cette relation comme une arme afin d'avoir l'influence désirée.« Le »modèle manipulatif«, comme l'appelle Leavitt, est en réalité un modèle autoritaire qui va plus loin que l'utilisation simple d'une position hiérarchique; en fait il remplace celle-ci par une apparente relation, plus étroite, plus humaine que celle qui est utilisée pour exercer des pressions et une violence psychique sur les membres de l'organisation. Même Mc Gregor qui affirme⁴⁷ que »toute manipulation suppose un manque d'honnêteté« recourt à elle dans la mise en pratique de sa fameuse théorie qui se caractérise (et se différencie des autres) par le fait qu'elle approfondit davantage certains aspects psychologiques du comportement social de l'homme dans une organisation. Cette analyse de la conduite humaine et des attitudes permet à Mc Gregor de mieux prendre en considération les nécessités de l'homme dans l'organisation, mais il le fait avec une finalité qu'il ne faut pas perdre de vue: celle d'augmenter l'efficacité et d'augmenter la production. La formule que propose Mc Gregor consiste dans le fait d'augmenter l'exploitation en donnant à l'ouvrier la sensation de contentement et de bonne aubaine.

Cette formule est développée de manière plus scientifique par Mouton et Blake⁴⁸ dans leur théorie de la »Grille Administrative« qui met en valeur l'existence de deux facteurs qui déterminent le style de direction: l'intérêt pour la production et l'intérêt pour les personnes. La relation d'intensité entre ces deux intérêts définit le style choisi dans la direction. »Un dirigeant efficace«, disent Hersey et Blanchard⁴⁹ »est capable d'adapter son style de direction aux nécessités de la situation et de ses subordonnés.«

Pour terminer cette vision générale qui ne prétend d'aucune manière dresser une liste exhaustive de tous les auteurs intéressés par le phénomène, mais seulement donner une idée des plus représentatifs, il est nécessaire de signaler les travaux de Dahrendorf et Mayntz, d'Etzioni, Mills, Parsons, Bendix, Schelsky, etc, etc, qui en réalité n'apportent aucun élément essentiel nouveau aux théories présentées dans cet exposé.

Dahrendorf⁵⁰ signale que »quand le sociologue s'intéresse à l'analyse de l'entreprise, il faut toujours considérer deux aspects complémentaires: d'une part l'entreprise, système social sans contacts, et d'autre part l'entreprise, union de la concorde active et du conflit latent.

La situation se caractérise particulièrement ainsi parce que l'analyse des tensions est une tâche essentiellement sociologique«, poursuit Dahrendorf. Nous pouvons considérer ce point de vue dans le cadre de la nouvelle

⁷⁴ Op. cit.

⁴⁸ J. S. Mouton, R. R. Blake. The Managerial Grid, Gulf Publishing, Houston, Texas, 1964.

⁴⁹ Hersey Paul y Blanchard Kenneth, La Administracion y el comporta miento humano, Ed. Técnica, México 1970.

⁵⁰ Dahrendorf Ralf, El sistema social de la empresa industrial.

gestion des crises par laquelle le capitalisme monopolistique, conscient de ses graves contradictions internes, cherche à les arbitrer et à les canaliser. C'est ainsi qu'il a embauché toute une armée de sociologues pour développer les instruments appropriés à cette tâche.

C'est ainsi que les contradictions se virent intitulées »tension« ou »conflits« et que leur arbitrage devient »l'atténuation des conflits.« Non seulement ces techniques de la »gestion« des crises se sont vues appliquées au domaine des organisations industrielles, mais plus encore il apparaît qu'elles forment une partie fondamentale de la stratégie contrerévolutionnaire que l'impérialisme utilise dans les pays en voie de développement. Pour définir ce qu'est la gestion des crises, nous ferons appel aux termes mêmes de Dahrendorf alors qu'il évoque les conditions nécessaires à la régulation des conflits dans les organisations.

- 1) »Les conflits dans les organisations ne peuvent disparaître, c'est pourquoi il faut parvenir à une claire compréhension de leur signification et de leur caractère indispensable.
- 2) Alors que les aspects concrets des conflits peuvent être facilement traités, leurs causes fondamentales⁵¹ se trouvent dans la structure même des organisations, et c'est pourquoi la solution des conflits doit se limiter et se concentrer au traitement de leurs expressions concrètes, laissant de côté les causes profondes.
- 3) Si l'on veut parvenir à atténuer les expressions concrètes des conflits, il est donc très important de les canaliser d'une manière formelle.
- 4) Ce processus de canalisation a lieu à partir de la détermination de certaines règles du jeu qui tendent d'une part à empêcher l'apparition de conflits sous une forme violente et d'autre part à promouvoir des formes pacifiques de négociation«.⁵²

Dans ces quatre réflexions, Dahrendorf est tout à fait explicite et nous montre clairement quelles sont les armes administratives qu'actuellement le capitalisme monopolistique emploie pour maintenir son pouvoir. Ces idées constituent le cadre conceptuel de recherches théoriques contre-révolutionnaires comme le tristement célèbre »Camelot«.

Mayntz, à partir d'une conception fonctionnelle et structuraliste se préoccupe aussi des conflits qu'elle place au centre de son analyse, même si elle adopte la perspective des conflits de rôles.

»Si l'on est arrivé aussi loin dans la description des rôles, alors on peut avancer que les conflits de rôles révèlent que dans les organisations il existe une source importante de tensions. Ainsi une des sources les plus fréquentes de conflit réside dans le fait qu'une personne conçoive son rôle, ses obligations et ses droits dans le cadre d'une organisation d'une manière très différente de celle qui correspond à ce qu'on attend d'elle et de son rôle dans l'organisation même.«⁵³

En réalité, ce que fait Mayntz, c'est de masquer les concepts importants. Elle appelle »conflit de rôles« ce qui est en fait l'appartenance à une classe

⁵¹ Ici Dahrendorf fait clairement référence aux contradictions qui existent entre le capital et le travail salarié.

⁵² C'est dans ce contexte que se développe l'action des syndicats, qui, d'organisation de la lutte de classe du prolétariat, se sont depuis transformés. Suite note 52: ... en instrument de canalisation et d'atténuation des contradictions et se sont ainsi mis au service du capitalisme.

⁵³ Mayntz Renate, La estructura de la organizacion.

sociale déterminée et les contradictions et conflits que cela entraîne. De plus elle nie la possibilité qu'auraient les membres des organisations de participer à la marche de ces dernières; en effet elle considère que l'une des causes principales de l'apparition des conflits est le fait même que les membres des organisations veuillent participer à la prise de décision. Ces théories, parmi les plus raffinées de celles développées par les sociologues qui sont au service des grandes sociétés multinationales, ne visent en fait qu'à masquer le fait fondamental de la lutte des classes et cela grâce à l'utilisation de concepts qui sont le pur produit de la sociologie bourgeoise.

Aussi n'hésitons pas à dire que tous ces sociologues et de nombreux autres, que nous n'avons pas considérés dans le cadre restreint de cette étude, ont un point commun: refus d'accepter la participation des membres des organisations aux processus sociaux qui y prennent place. Ils nient également le fait de l'existence sociale, alors que l'on sait que l'homme par ses activités et son comportement dans le cadre de la société, devient à la fois objet et sujet des relations sociales, et de ces dernières reçoit les impulsions vitales dont il a besoin pour son action et son existence sociale même et de plus, ce réseau de relations lui permet de forger les caractéristiques de sa personnalité et d'acquérir les connaissances qui la déterminent.

D'autre part ces caractéristiques et ces connaissances forment les éléments fondamentaux du développement des relations sociales dans le cadre des organisations et de la société elle-même.

LA GESTION SOCIALE

Nous avons passé en revue les différentes théories de la gestion qu'a proposé le capitalisme au cours de ses différents stades de développement jusqu'à parvenir à sa phase actuelle de capitalisme monopolistique et impérialiste; théories de la gestion, c'est-à-dire comment administrer de la manière la plus efficace et aboutir au fameux objectif «la maximisation des bénéfices». Le but de ces théories est d'empêcher la prise de conscience du prolétariat, de manipuler les besoins sociaux des travailleurs, et aujourd'hui, alors que le capitalisme affronte la crise de la décadence, l'obsession des sociologues et des gestionnaires bourgeois est d'éviter les conflits, de canaliser les tensions sociales, en un mot leur but est *d'administrer la crise*. Pour le prolétariat, toutes ces théories avec leurs différents déguisements ne signifient qu'une chose: refus de considération de leur existence sociale, refus de leur participation.

Mais alors on en vient à la question suivante: comment se conçoivent la gestion des entreprises, l'organisation industrielle, la sociologie des organisations dans les pays qui se consacrent à la construction du socialisme?

Pour répondre à cette question il est nécessaire d'analyser le développement historique des révolutions socialistes à partir de l'exemple russe et de définir ainsi les concepts et instruments qui furent utilisés pour organiser et gérer le nouveau mode de production. Cependant cette analyse serait l'objet d'une autre étude et nous écarterait du thème de notre rapport. Malgré tout, à partir de quelques concepts et éléments tirés de l'histoire, nous allons essayer de cerner le contexte qui a vu se réaliser les efforts tendant à la con-

struction du socialisme, contexte qui nous servira de base pour le chapitre final »La gestion sociale«.

Un des problèmes fondamentaux du socialisme consiste précisément dans le développement des modèles qui permettent la participation entière de tous aux processus sociaux, politiques et économiques des organisations et finalement le problème de la participation au système social lui-même est posé. Et nous pourrions avancer qu'une des causes fondamentales du retard dans la construction de la nouvelle société réside précisément dans le fait de ne pas avoir encore trouvé le modèle de participation adéquat. Lénine considérait que la structure organisationnelle la plus adaptée à la phase pré-révolutionnaire, à l'époque de la lutte pour le pouvoir, et enfin au stade de la construction des bases du socialisme, était un parti fortement discipliné qui serait en même temps l'avant-garde du prolétariat et le représentant des intérêts objectifs de l'ensemble de ce même prolétariat. Donc Lénine proposait une organisation fondée sur le centralisme démocratique, ce qui signifie participation totale à la base et décisions prises au sommet. Pour mener à bien cette entreprise, assurer la discipline au sein de l'organisation et le bon fonctionnement du principe du centralisme démocratique, spécialement dans la phase qui a suivi la prise de pouvoir, les bolcheviques ont subordonné les organisations de masse au parti. C'est ainsi que les syndicats et les conseils ouvriers, qui avaient été parmi les plus fermes soutiens de la Révolution de 1917, furent soumis au parti communiste et perdirent leur autonomie. Ce processus de »serrer les rangs« qui était sans doute nécessaire pour affronter la dure tâche qui consistait à transformer une Russie rurale, semi-féodale, en une puissante nation industrielle, charriaient avec lui malgré tout une puissante contradiction qui résidait dans la relation dialectique entre le centralisme démocratique et la participation démocratique. Processus nécessaire sans aucun doute et on peut, à cet effet, remarquer qu'un de ses principaux partisans était Trotzsky, ce même Trotzsky qui peu de temps auparavant, avait combattu durement Lénine à propos du centralisme démocratique et qui en avait analysé d'une manière quasiment prophétique les caractéristiques et les dangers.

Cette »substitution«, comme l'appelait Trotzsky, fut un des arguments auxquels il eut le plus recours afin de défendre son idée de participation. Voyons de que disait Trotzsky à ce propos.⁵⁴

»Les méthodes de Lénine nous conduisent à un schéma de développement de l'organisation du parti tel que dans un premier mouvement une assemblée se substitue au parti lui-même, puis ensuite le comité central aura la réalité du pouvoir, et finalement ce dernier sera concentré dans les mains d'un dictateur. Lénine pensait que se maintiendraient un équilibre et relation dialectique entre d'une part le centralisme démocratique et la discipline et d'autre part la démocratie et la participation, mais ils furent détruits et cela suivant le processus critique qu'a présenté Trotzky et finalement le »substitut« stalinien qui signifie la négation de la participation des masses aux processus économiques et sociaux, remplaça la formule de Lénine.

C'est de cette substitution que date l'apparition d'une couche ou d'une strate bureaucratique qui commencèrent à se réserver des privilèges de plus en plus nombreux et à exercer le pouvoir *au nom des* intérêts du prolétariat. La consolidation et la place croissante prise par cette bureaucratie et les dé-

⁵⁴ Trotsky, *Nashi Politicheskie Zadachi*, cité par Deutscher, *Trotsky: el profeta armado*, Ed. Era, México, 1966.

formations subséquentes que subit le premier Etat ouvrier du monde proviennent essentiellement de la dépolitisation des masses, de l'apathie du prolétariat et du manque de participation des citoyens.

C'est ainsi que l'impératif de la »discipline de parti« entraîna des erreurs monstrueuses comme la liquidation physique de la plupart des leaders de la Révolution bolchevique de 1917 dont entre autres Trotsky. Cette déformation perverse fut également le fait de la plupart des autres pays qui luttèrent pour construire le socialisme au cours des années 30 et 40, et cela à cause de la campagne menée par Staline contre toute opposition et notamment contre le Trotskysme. Cela se traduisit dans les Etats ouvriers par le refus de toute participation de la part des masses et du prolétariat et finalement la gestion et l'organisation de la production restèrent dans les mains des bureaucrates. La gestion des entreprises fut alors interprétée comme un moyen d'accroître la productivité et suivit des voies parallèles à ce qui apparut à cette époque dans le monde capitaliste: le taylorisme et la gestion scientifique. La seule différence résidait dans le fait que le taylorisme était un instrument, une technique au service du capitalisme, tandis que dans les Etats ouvriers la gestion des organisations avait pour but d'accroître la production sociale, mais elle avait le tort d'être totalement mise en oeuvre par la couche bureaucratique qui dirigeait l'Etat.

Dans ce cadre, il existe cependant une nation qui a repoussé l'influence stalinienne et qui a cherché à développer ses propres modèles de participation des masses à la construction de la nouvelle société. Cette nation, c'est la Yougoslavie avec son modèle d'autogestion. L'autogestion yougoslave est née comme une réponse au stalinisme, à l'étatisme bureaucratique.

»Le fait d'avoir mis les moyens de production dans les mains des travailleurs ne signifie pas que le mot d'ordre »les usines aux travailleurs« qui contient tout le programme des relations socialistes de la production, a été mis en oeuvre d'une manière complète et effective. Du point de vue de la propriété sociale, du point de vue des droits et obligations des travailleurs... le bureaucratisme est un des plus grands ennemis du système socialiste, justement parce qu'il s'infiltré dans tous les pores des activités sociales; lutter contre lui, avec l'aide des plus grandes masses, est absolument indispensable.

Les collectifs de travail et leurs conseils, qui participeront à la gestion des usines, auront le devoir très important d'empêcher les méthodes bureaucratiques de gestion.«⁵⁵ L'autogestion en Yougoslavie s'est développée parallèlement à l'intervention de l'Etat dans les sphères économiques et politiques et à une forme modifiée du modèle que constituait le jeu relativement libre des lois économiques comme fondement des organisations.

Le modèle yougoslave représente d'une certaine manière une des positions les plus avancées dans ce domaine, et l'exposé des différentes phases de l'autogestion ne donne pas lieu à la critique antérieure. Pečujlić nous parle de 4 phases:⁵⁶

a) La création d'organisations autogérées qui, lentement, conquièrent le droit de participer à la gestion du travail et à la distribution de la plusvalue qui, en d'autres époques, fut le monopole de l'Etat

⁵⁵ Josip Broz Tito, Exposé sur la loi des conseils ouvriers, de la remise des entreprises à la gestion des collectifs de travail.

b) Le développement dans les organisations, de la situation des gestionnaires qui implique le lent abandon de la division du travail en travail intellectuel et travail manuel. Les fonctions de direction se réalisent donc, sur la base de droits délégués à des personnes responsables renouvelables. La division entre le monopole de la direction aux mains de gérants professionnels et la grande masse des exécutants se termine.

c) L'influx de ces organisations autogérées dans tous les aspects importants de la reproduction sociale permet une participation plus large dans les relations sociales, dans le processus de travail et dans la planification sociale; dans les méthodes et l'emploi de la science et des systèmes d'information, dans le caractère de l'enseignement, etc.

d) Les phases antérieures ouvrent la perspective de la mise en place de bases communes pour toutes les activités sociales, c'est-à-dire, l'autogestion et la répartition selon le travail effectué. C'est le début d'une nouvelle organisation globale de la société.

»Si la phase initiale de l'autogestion doit se caractériser par les mouvements tendant à la décentralisation comme cadre naturel, l'autogestion avancée et développée doit se transformer en un système global et intégral, d'organisation de la société.«⁵⁷

Le modèle yougoslave, bien que présentant de nombreux points critiquables, marque cependant une position avancée et un champ de développement avec d'innombrables perspectives la solution fondamentale aux problèmes d'autogestion selon Pečujlić⁵⁸ »doit se chercher dans un nouvel horizon, en laissant le champ libre aux nouvelles possibilités de la révolution scientifique-technologique«. Indépendamment des critiques qu'il serait nécessaire de faire, mais là n'est pas l'objet de ce travail, l'autogestion yougoslave contient de plus, et ceci est fondamental, les principes généraux du socialisme et de la participation totale de l'homme dans les processus sociaux. La critique du modèle yougoslave devrait être la base pour le développement de modèles plus larges d'autogestion et de participation.

Après une analyse soigneuse, l'on s'aperçoit que les communes chinoises contiennent également ces principes d'autogestion. Cependant, cet aspect est tellement étendu et si peu connu que nous préférons le laisser en dehors de ces considérations, sans pour cela méconnaître son importance et la nécessité de son analyse. De toutes façons, nous considérons que les expériences chinoises ne sont pas arrivées au niveau de développement du modèle yougoslave et c'est pour cela que cette omission n'affecte pas la base de l'analyse pour les objectifs de ce travail. La mise en oeuvre de la gestion sociale comme une réponse aux solutions bourgeoises, est en même temps un instrument de participation des masses aux processus sociaux. La gestion sociale est aussi, pour les sociologues et administrateurs dont les intérêts sont ceux des masses, le défi en vue de perfectionner le modèle autogéré et de le développer afin qu'il grandisse de plus en plus.

Il faut que cela soit clair pour chacun que n'importe quel modèle, n'importe quel instrument de participation prenne en considération les changements dans le processus de production, car, dit Pečujlić: »l'erreur essentielle des théories bourgeoises de la participation (cogestion, coopération, etc.) ré-

⁵⁷ Jovan Dorđević, Actualité de l'autogestion, ébauche pour une recherche théorique.

⁵⁸ Op. cit.

side en ceci: ce ne sont que des adaptations de la société bourgeoise, et elles ne mettent pas en cause la reproduction du capital; elles restent toutes au niveau de la microorganisation, c'est-à-dire de l'entreprise. Elles ne voient pas l'entredépendance entre la structure globale de la société et la microorganisation, elles ne se rendent pas compte que la seule possibilité de réformer radicalement les organisations, c'est de réformer toute la structure globale de la société.»

Cela signifie que les peuples qui, déjà, construisent le socialisme, doivent utiliser ces instruments de gestion dans leur tâche, et ceux qui sont sous la domination impérialiste doivent les considérer comme un instrument de leur lutte pour l'émancipation, et comme une préparation à la phase de construction de la nouvelle société.

Pour terminer, nous exprimerons quelques concepts théoriques qui devraient être à la base du développement de la gestion sociale:

1) Les relations sociales entre les hommes forment la trame de leur existence et de leur action dans la société. Les relations sociales sont le résultat des multiples activités de l'homme, qui les mettent en contact et qui font que l'homme développe son action et sa politique comme un être social.

2) Les relations sociales dans les organisations sont seulement une partie du système global des relations dans la société, mais cependant c'est dans ces relations au sein des organisations qu'apparaît la liaison des hommes jusqu'au système social en sa totalité.

3) Pour la compréhension des relations sociales dans l'organisation, nous partons du fait que la relation entre l'individu et la société est déterminée objectivement. Cette détermination se fonde dans le fait que seul l'homme peut développer ses forces vitales dans la lutte contre la nature d'une part, dans le développement des forces productives d'autre part, et tout cela dans le cadre de relations sociales déterminées.

4) Marx nous dit qu'à travers la production, les hommes sont en relation avec la nature, et qu'ils produisent seulement dans la mesure où ils agissent conjointement; ils entrent alors dans une relation déterminée et ce n'est que dans celle-ci qu'ils trouvent la relation à la nature: la production (Travail salarié et capital — Marx-Engels).

5) Les différents types d'organisation résultent du contenu de chacune d'elles et ce contenu est à son tour déterminé par les intérêts, actes et nécessités des individus qui en font partie.

6) L'analyse des organisations doit nous conduire à mesurer le niveau de coïncidence entre les intérêts des individus et ceux des organisations, et à développer un processus de prise de conscience entre les membres des organisations afin d'arriver à cette coïncidence.

7) La tâche fondamentale que nous devons effectuer dans cette étude des organisations est d'élever le niveau de conscience de tous les membres afin d'arriver à une participation totale dans tous les processus qui s'y réalisent.

8) Les organisations se trouvent structurées par une série de groupes qui ont une position et une fonction spécifiques dans la structure. En considérant cela, les organisations sont un système composé de sous-systèmes ou groupes sociaux.

Le groupe est le lien concret qui unit l'individu à l'organisation considérée comme un tout, et en lui se développent les processus sociaux fondamentaux.

Le groupe joue un rôle très important dans la formation de la conscience sociale dans les inter-relations, à travers lui se développent les processus d'éducation et d'auto-éducation qui déterminent la personnalité des individus.

9) Entre le groupe et les individus, il y a une relation dialectique: donc plus grande est la coïncidence entre d'une part les qualités et les caractéristiques du groupe et d'autre part celles de la société en général, plus grande et plus effective sera l'influence du groupe dans la formation d'une conscience sociale des ses individus et dans la solution des problèmes des organisations.

Avec ces concepts, et considérant les expériences passées, nous voyons notre tâche fondamentale comme la création d'un homme nouveau, gestionnaire, conscient de ses responsabilités sociales, la création de l'ouvrier « combiné ou intégral » de l'« ouvrier collectif » comme l'appelait Marx. Notre problème principal dans cette lutte est d'élever la conscience sociale, la conscience collective. Le point de départ de nos travaux doit tourner autour de la relation entre le niveau de conscience, le degré de capacité, la connaissance et le grade de participation dans les processus sociaux, ceci englobé dans la relation théorie et praxis. Sans connaissance, sans conscience, il n'y a pas de participation, sans participation il n'y a pas de conscience.



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THE WORKS' COUNCIL IN THE NETHERLANDS: AN EXPERIMENT IN PARTICIPATION

1. INTRODUCTION

It is interesting to see how — if at all — different countries have chosen for different forms of industrial democracy. It is very likely that historical, cultural and political factors have had their influence upon the choice of these particular systems. Whereas Germany has put quite some emphasis on participation in the top of the enterprise (especially for the social policy »Arbeitsdirektor«), whereas France and Belgium have laid an accent on the rights of control, the U.S. has expected more from the free play of powers between unions and management, England has promoted the idea of the shop steward (a union member paid by management and serving the interests of the workers exclusively), Yugoslavia has worked out the idea of a self management system, in the Netherlands one of the mainroads along which participation of the workers in management of the enterprise has been realized to a certain extent is the so called Works' Council. In a way it is a unique experiment making use of a form of participation in industry that cannot be found elsewhere.

It is obvious that this experiment reflects the typical features of the Dutch system of industrial relations, which in its turn may reflect the Dutch national character. In addition it is also a consequence of the post war climate that imbued the total industrial world. (The first ideas about the Works' Council were developed around and right after the WW II, the Works' Council Act itself became effective in 1950).

There were at least four significant characteristics of »the« Dutch worker and the Dutch Workers movement that have led to the constitution of this Act (for an elaborate discussion, see f. i. Windmuller, 1969):

- a. Preference of peaceful discussions over hard fights, preference of negotiation over strikes and revolutionary activities. Worker's attitudes and behavior were strongly influenced by the ideological background and religious conviction. These made the worker in the Netherlands easier to accept a given social order, a given organizational structure and a certain authority; it also made him believe more in disciplined behavior of unions than in syndicalistic activities.
- b. The same religious and ideological determinants led to a strongly separated organizational structure of worker- (and management-) organizations along religious lines. Roman catholic, Protestant and Socialist unions worked separately and often with different philosophies and objectives. Recently the differences became less sharp, but the

differentiated and pluralistic nature of the Dutch world of worker-organization is still a reality.

- c. Emphasis on general welfare by all responsible (worker and management-) partners during negotiations, that mostly are carried out on a central level. Impact on the national economy has always been and still is an important restrictive factor with the formulation of demand of any partner, and a strong argument of the government to interfere in negotiations.
- d. This just mentioned heavy influence of government on the economic and wage policy is a fourth feature of the Dutch system, that makes it more or less typical. Wage conditions are negotiated on a national level and this »collective work-agreement« is enforced in all individual enterprises. In addition one finds a very complicated and structured organization (committees, consultation groups, advisory boards) for the establishment, control and enforcement of the wage agreements, reached by representatives of management, worker unions and government. An individual enterprise has a very small degree of freedom in the area of wage policy.

The second determinant of the specific character of the Works' Council Act was the post war cooperation boom. People thought perhaps too optimistically and too idealistically about irenic cooperation and joint reconstruction. Specific interests and needs needed to be made of secondary importance as compared with the primary need of reconstruction of destroyed factories, the shaken economy and social system.

2. CHARACTERISTICS

On May 4, 1950 the Works' Council Act became effective, after having been proposed in preliminary form in 1948. It provided that »the head or manager of an enterprise employing . . . 25 or more employees, is obliged to establish a Works' Council«. The main characteristics were:

a. Cooperation and consultation.

The Works' Council is described as a consultative body within the framework of the individual enterprise, concerned not primarily with the interests of either the employee or the employer, but with the common interests within the undertaking. Its function was to provide a framework for cooperation and consultation with the employer. This view left no scope for decision making powers for the lower employees on the one hand, nor for the idea of promotion of interests on the other.

In addition the Act contained no sanctions, because this would hardly have accorded with the content and the spirit of the proposal. It also did not seem necessary, since expectations and enthusiasm run rather high, both in quarter of authorities and among employers and employees. The development met with goodwill all round, at any rate officially.

b. Tasks and Competences.

In general this task was described as »to contribute to an optimal functioning of the enterprise, with acknowledgement of the independent position of the employer«.

The competences were as follows:

- to deal with objections, desires and remarks, relevant for the position of the employees;
- to consult together about holidays, worktimes, shiftsystems etc.;
- to control conditions of employment and work;
- to participate in management of funds for personnel;
- to advise on possible technical and economical improvements.

In a matrix of different forms of participation in which the two dimensions direct versus indirect participation, and hierarchical versus power equalizing participation (see table 1) are represented, the Works' Council clearly belongs in the hierarchical indirect quadrant.

It is a representative form (the members are chosen from candidates that have been nominated partly by unions, and partly by non unions members of personnel), in which management tries to involve in its decision lower layers of personnel, without making questionable the existing distribution of power and authority.

Table 1. **Forms of participation and examples**

		Direct	Indirect
hierarchical	→	job enrichment	Works' Council
power equalizing	→	direct democratic system	industrial parliament

3. RESULTS AND EFFECTS OF THE WORKS' COUNCIL

The development of this consultative body has not been as many had hoped and expected initially. In many firms it took longer to set up the council than would have seemed necessary. Many other firms asked to be exempted or just disregarded the Act. All too often the established consultative council proved virtually stillborn.

A few figures:

- at 1/1 '58 preliminary Works' Councils: 39%
- definitive Works' Councils: 27%
- at 1/1 '60 definitive Works' Councils: 37%
- at 1/1 '68 definitive Works' Councils: 48%

(concerning 80% of the total workerpopulation).

A lot has been said and written about the Works' Council phenomenon, the publications at first being limited almost entirely to expressed opinions, points of view and individual experiences, but later on being complemented with results of social research (see Drenth, 1970).

A few facts and relationships became clear rather soon: Size of the firm was positively connected with quality of the Works' Council; especially the economic strength was determinant; there are differences in branches with regard to the quality of the Works' Council (f. i. metal better than textile). On the part of the individual worker also several factors were found to be related to the attitude towards the Works' Council: age, length of service and union membership were positively related; the white collar worker showed a more negative attitude, lesser desire for participation and more lack of interest in the Works' Council than any other group. It was also noteworthy that the longer the Works' Council existed, the better it worked and the more positive attitudes to and expectations of its function were found.

Some of the analyses have especially paid attention to the possible reasons why the Works' Council did not meet the original expectations.

For our purpose it might be interesting to try to analyse the possible reason for an insufficient functioning of the Works' Council.

A few of the difficulties and problems may be summarized as follows:

a. Discrepancies in views on the Works' Council.

According to the government and the initial intention of the Act the Works' Council was to be an irenic cooperative body, advising management and considering the fortunes of the firm as a whole. Everybody was expected to identify himself with the organization, without there being any discrepancy between personal or group interests and the interests of the organization.

According to the employee the Works' Council is a place where his interests ought to be promoted, where decisions are to be made and where Works' Council members represent his interests. The consultations should have a strongly negotiating character, even though this need not necessarily lead to unpleasant and hard wrangling. Additionally, the unions should have a big say in what ought to be discussed and decided upon in the Works' Council.

The employer agrees with the Act insofar that he has no use at all for the idea of interest promotion. He wants also no trade union influences on the Works' Council ('no politics in his firm'), nor does he want any decision making powers for the council. Consultation, which he favors, will often merely concern rather peripheral matters. In his view, the mediocre level, poor knowledge and (according to some) also the mentality of some of the discussion partners limit possibilities of such consultation about central issues.

b. Relationship of the elected Works' Council member and represented workers.

The position and appreciation of the Works' Council member were far from ideal and hardly justified the expectation that the Works' Council would develop into a truly trustworthy representative body for the total organization.

In our investigation (Drenth and v.d. Pijl, 1966) the two aspects judged most negatively were:

- mental equipment, level of information and discussion skill of the Works' Council member;
- communication of information to the employees.

Things are not easy for the Works' Council member. The rank and file who elect him feel that he ought to represent their interests. According to the Act and the view of the employer he should serve »the interest of the firm as a whole«. When he tries this he soon finds that by far not all the problems of the »firm as a whole« are discussed with him, since management in most cases does not consider him qualified enough and even sometimes lacking the right mentality to take part in a genuine discussion of issues and problems of central significance for the organization.

The role of the Works' Council member turned itself into:

- submissive acquiescence and apathia, or
- aggressively trying to achieve (minor) successes for the workers, or
- identification with management and estrangement from his electorate.

None of these three roles could lead to an authentic form of participation as was the original objective of the system.

In this connection it is interesting to consider the work of Mulder and his co-workers (Mulder and Wilke, 1970) on the effect of participation on power equalization. His theory is that when large differences exist in the expert power of group members, the participation process will provide the more powerful persons with greater opportunities for using their expert power with the result that their effective influence on the less powerful will increase. This theory has been confirmed by a good deal of empirical evidence.

He also shows that in the Works' Council - situation a lot of indications can be bound for the assumption that such a difference in expert power does exist, and that participative consultation here also leads to an increase of effective power on the part of the representative of management (who chairs the Works' Council meetings). This means that in order to achieve at least some equalization of power (as some see as objective of the Works' Council - system) the partners should have, or should be given the opportunity to obtain sufficient expertness (knowledge, motivation, personality).

c. A third source of difficulties can be found in the distinction between representative and direct participation, as illustrated in table 1. It is a remarkable fact, that very often Works' Council consultation shows a tendency towards an emphasis on issues and problems that basically belong to the area of direct participation. Different forces induce this shift towards topics like job situation and workplace, leadership on the shopfloor, specific workconditions etc. In the first place there is a decreasing interest on the part of the workers in problems of a more central organizational significance. We have found this in our own investigation. On a scale ranging from »decision without consultation« (1), via »decision after consultation (2) to »codetermination« (3), we found average »participationscores« for the following problem areas as indicated in table 2.

Table 2. **Participation scores for several problem areas**

Business organization	0.75
Technical affairs	0.91
Staff management	1.06
Social benefits	1.18
Wage questions	1.40

(N = > 1000)

This same kind of results have been found by many other investigators in and outside our country, and also in Yugoslavia, see Arzenšek (in Rus, 1971, p. 159). Among the labourers the desire for a say in management was least in matters concerning the entire firm as such, and increased as the problem concerned them more personally.

In the second place also the Works' Council member shows an inclination to deal with specific problems in the worksituation and workplace rather than general workconditions and industrial climate. He feels more »at ease« with these problems, his electorate expects results from him in this specific field and he also perceives (and rightly so) management as more willing to let him participate in these matters.

In the third place, as has been said, also management is all too eager to deal with problems in the Works' Council meetings, that belong to the normal direct leadership competence on the shopfloor. By doing so participation remains truly hierarchical, there is less danger of interference with decisions of really central significance and there is less power involved (with a chance to loose some of it).

It is obvious that this way the Works' Council sacrifices something of its primary objective and unfortunately becomes a correction of rather than a complement to the normal executive communication lines.

d. A fourth real difficulty is the ambivalent attitude of labour unions to the Works' Council.

Already at the very beginning there was quite some disagreement. The unions desired the right to select and appoint the Works' Council members, but this was not accepted in view of large numbers of »non organized« labourers. The unions finally achieved the right to nominate a certain percentage of the candidates, to be selected by the total personnel.

Later on also internal differences became apparent. Some unions considered the establishment of the Works' Council a worthwhile result, but others were only inclined to look favorably to the Works' Council as a step on the way to further participative structures, f.i. some kind of selfmanagement.

Another difficulty stems from the ambivalent attitude that unions took (had to take) towards the Works' Council phenomenon. Their dilemma is basically: A weak Works' Council becomes a tool in the hands of the employer that is easy to manipulate, which is of course detrimental to the benefits of the worker, as seen from the perspective of the unions. A strong Works' Council at the same time is a strong competitor of the unions, and adopts quite a few functions that the centrally organized and often centralized working unions consider to be or hope to become their functions.

This dilemma is the reason why the unions were not one hundred per cent enthusiastic about and cooperative in improving and enforcing the legal bases of the Works' Council (see hereafter). This might also be the reason why some unions recently moved from the centralized platform into the local scene (proposals and activities related to the idea of the English shop steward) by-passing the Works' Council in the particular firms.

4. A NEW ACT

In view of these difficulties and problems it became clear that the original Act, being a result of the typical post war philosophy and expectations, needed a second look, if one wanted to continue the Works' Council experiment. This last condition was not accepted by everyone. Different proposals were made, such as an industrial parliament, a system of more governmental control on the social system within the firm, a choice of the Board of Commissioners by workers and employers together, a Worker-Member of the Board of Commissioners, a system of shopstewards etc.

In 1971, however, a new Works' Council Act was passed by parliament, in which some minor and some major changes were realized.

In the first place some technical aspects: every organization with more than 100 employees is required to establish a Works' Council, which means that this time also hospitals, cultural organizations etc. fall under this law. The new Act also includes legal sanctions. Government has the right and possibilities to enforce the Act.

Secondly, some changes in working procedures and communication conditions are noteworthy: Works' Council members are allowed to ask advice from experts (paid by management). Members from the Board of Commissioners may be asked to be present at Works' Council meetings. Works' Council members are allowed to follow training and developmental courses, and may communicate and consult with other workers during working hours. The Works' Council member is also better protected, at least in terms of formal measures and procedures.

In the third place, the most important changes concern the competences of the Works' Council's. The Works' Council has the right for co-decision in matters like pensions, profit sharing, savingsplans, worktime and holidays, safety and health measures, and the like.

In addition, management is obliged to ask advice from the Works' Council in vital questions like organizational changes, relocation of the plant, merges or cooperation with other firms, major changes in personnel etc. The foregoing is only restricted by an estimation of possible damage of vital interests in the organization.

Such a restriction does not apply for advices concerning matters like trainingmeasures, appraisal systems, tariff systems, promotion- and discharge-policy etc.

New in this revised Act is therefore a more protected and backed position of the Works' Council member, increased competence of the Works' Council, and acknowledgement of both aspects: joint consultation and promotion of interests of the workers.

5. CONDITIONS FOR AN EFFECTIVE WORKS' COUNCIL

At this moment it is too short since the new Act became effective to find a sufficient body of experience or research evaluating the results and consequences of the new Act. It seems, however, that the following conditions for a good functioning of the new Works' Council might be formulated:

- a. Whether or not the Works' Council, both as a factual participative body and as a legal system, shows sufficient flexibility to reflect changes and developments in society. I am thinking specifically at thoughts and attitudes regarding the in our country certainly dynamic democratizing process. The Works' Council and the Act should react flexibly upon demands and expectations as a function of a general development towards more democracy outside and in the industrial world.
- b. Whether or not different partners are willing to give the Works' Council as it is a fair chance, even if the ultimate objectives of different partners (management, individual workers, unions) might diverge till quite some extent.
- c. Whether or not the Works' Council is able to cope with the indeed stronger dualistic character of being an organ for on the one hand consultation with management, and on the other representation of the workers and their interests. With other words whether the Works' Council is able to find a working compromise in which own interests of the workers are placed within the framework of the interests of the total enterprise. The worker should realize that the problems of the firm are his own problems as well, and that these require some restrictions to unlimited demands. Management should more appreciate that an enterprise compromises groups with their own specific interests which need not always run parallel to those of other groups. This means that some bargaining is certainly being introduced, but this may well have a constructive effect. It is far better to reach a reasonable agreement on vital issues after firm discussions than to appease, browbeat, create apathy and have sham discussions or bickering over problems which are in fact unimportant.
- d. Whether there is a sufficiently elaborated and accepted system of participation in the direct worksituation. In order for the Works' Council participation to become truly a complement to the normal hierarchical lines of leadership and communication, the direct participation should be realistic and effective. The workers should have the feeling that management takes it seriously. At the same time management should not have the rationalization for dealing with problems that really belong to the normal competence of line-leadership.
- e. Whether or not the unions and the Works' Councils will be able to divide the tasks among themselves, and are able to specify in a mutually acceptable way the particular problem areas and objectives of their activities.

There are true differences between union and Works' Council competences. The Works' Council remains a body within an individual organization, and remains working within the framework of the organizational objectives.

The unions work primarily on the branch-level and are less restricted by the goals and economic possibilities of specific firms. The unions can also emphasize much more strongly the representation of interests of the workers and take a more bargaining role than the Works' Council, whose activities always remain consultative. The unions can also provide a good background for the Works' Council actions, in terms of giving opportunities for training of the members, giving expert advice on certain issues, forming a general backing and supporting force as it were »on the backseat«.

Things are getting confused if Works' Council becomes an exclusively bargaining and interest promoting body, and if the unions take over the consulting, advice and co-decision role within the firm, bypassing the Works' Council.

The title of this paper was: Works' Council in the Netherlands, an experiment in participation. We could point to many aspects in which this experiment has failed or did not find a workable way of realizing its ideals and goals. This does not mean that the original idea (adapted to newer insights and newer developments) is not workable. But even if it works out according to its true meaning, one could question (and in fact one has done so) the democratic character of this experiment. To my opinion this issue runs the risk of becoming a semantic question. If one defines democracy as total power equalization, then, indeed, this Works' Council idea is not very »democratic«, although it sometimes can work into this direction. If one defines it broader in such a way that any participative structure becomes a form of democracy (see table 1), then it is not difficult to define the Work's Council experiment democratic. If one wants to bring about revolutionary changes, however, another starting point and another line of thinking seems necessary. Whether or not this is needed or desirable is, of course, a question to be answered by politicians and social philosophers rather than social scientists.

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ORGANIZATIONAL SELF-MANAGEMENT:

Governmental and Political Change Implications of Non-Hierarchical Forms of Work Organization

A viable organization, by definition, is self-managing in that it must effectively and continuously control itself in relation to its environment. Hence, even bureaucracies are, on the organizational level, self-managing. We will use the term, however, to describe a new way of designing and developing organizational components. In this sense, self-managing work groups, for example, imply a whole new mode of organizing productive systems that contrasts sharply with the bureaucratic mode. Our basic proposition is that individuals who work in a self-managing mode which requires both their active control of work processes, continuous skills learning, and personal development will over time become more potentiated and participatory in other parts of their life, especially politics. This assertion rests on the assumption that political and organizational life are increasingly inter-dependent. If so, this inter-penetration has important implications for public administration.

I. PERSONAL PARTICIPATION, ORGANIZATIONAL SOCIALIZATION AND DEMOCRATIC CITIZENSHIP

Participation has long been a central concern in social thought but only recently have we begun to consider the relation between organizational and political life as connecting around the issue of participation. Today if we look at such important socializing institutions as the family, school, and work as social organizations we see essentially the same pattern of bureaucracy repeated. Clearly, in terms of authority structure, for example, they are almost identical — most participants are relatively powerless. Hence, for the mass of people in society at large, the social cost of bureaucracy are reinforced at home, in learning, and on the job. Correspondingly, as this social organization perspective would suggest, the political life of most people is characterized by apathy, ignorance, and intolerance. To be more technically precise, bureaucracy in social organizations is associated with elitism in politics. As Bob Denhart concludes in his useful study of bureaucratic socialization, the bureaucratic form of organization is one »in which existing structures of power are maintained through depressive socialization practices.«¹ Yet as Meade's recent review of the participation thesis in public administration concludes, we have been

¹ Robert B. Denhart, »Subcultural Differences in Bureaucratic Socialization« (paper presented at the 1971 Southern Political Science Meetings), p. 22.

largely non — or at least anti-participation in the internal governance of public organizations.²

Least public administration perpetuate oppressive organizational structures, we need to consider what design and development alternatives might be available to conduct the public's business in a democratic means as well as toward a democratic end. In short, our failure to democratize authority relations in public agencies leaves us more as part of the problem than part of the solution.

Much of this critique has already been advanced by what has been called »New« Public Administration but it achieves additional impetus in the context of democratizing social change that has been developing in family life, schools, and the work place. Recent attacks on the patriarchal family structure and the closed classroom illustrate this trend. What we are missing in public administration are new concepts of democratic organization. Even if one wanted to democratize a public organization from the ground up one hardly knows where to begin. Hence, our chief concern will be to explore socio-technical systems—a relatively recent approach to non-bureaucratic work organization. It has immediate implications for public administration as a form of work organization which is at once non-bureaucratic, democratic, and productive.

Our essential argument will be that individually potentiating, personal participation can occur in organizations designed as open systems based on semi-autonomous, self-managing, work groups and that this democratization in traditional bureaucratic authority structures will be associated with increased political involvement. We begin by contrasting two different conceptions of organizational democracy and relate these to the current literature on participatory management and planned change. Then we explore personal participation in socio-technical open systems theory as illustrated in the as yet little known Norwegian Industrial Democracy Project.

Finally, we assess the implications of this new form of organizational democracy for American public administration.

II. THE SIGNIFICANCE OF ORGANIZATIONAL PARTICIPATION IN BUILDING PARTICIPATORY DEMOCRACY

The idea of making organizations more participatory and more democratic is hardly a new one. Since early this century there has been much consideration given to industrial democracy. Since the famous Hawthorne experiments and the subsequent emphasis on human relations there has been much talk about employee participation and participatory administration. More recently, with the rapid growth of applied behavioral science and planned organization change in the field of organization development a whole participatory process technology has emerged. Undergirding all of this literature is a fundamental issue about the nature of democracy in organization under modern, »post-industrial« conditions. Two different studies by well known theorists concerned with organization and democracy, one by Robert Dahl and the other by Carole Pateman, illustrate the issue and its significance. Both of these re-

² Marvin, Meade, »'Participative' Administration: Emerging Reality or Wishful Thinking?« *Public Administration in a Time of Turbulence*, Dwight Waldo, editor (Scranton, Chandler Publishing Co., 1971), pp. 169—187 at pp. 175—6.

cent analyses independently focus on the 20 year old Yugoslav nationwide experiment in organizational democracy. Both are concerned with its relevance to a society like contemporary America and both come to very different conclusions.

The differences between them symbolize an important contemporary debate around the issue of participation. On one side, the classical theory of democracy rested on what Pateman summarizes as a »participatory society«, in which public policy assumedly flows from the reasoned understandings of well educated, politically informed, and actively responsible citizens. On the other side, as Pateman shows, several decades of social science research have amply documented wide-spread political ignorance, intolerance, and uninvolvement among the mass of citizens. From this view, political apathy is interpreted as useful in preserving the stability of the political system. What democracy exists is less a function of the mass of citizens than of the democratic norms of political elites. Hence, this theory, of which Dahl is a well known spokesman, is called »democratic elitism«. Those critical of this view tend to propose, as does Pateman, a more participatory politics.

In part, the two sides of the debate speak past each other. Political sociologists point to the unmistakable evidence that most citizens (90% plus) simply do not actively participate in politics and build their theory and research around that fact. Dahl and Pateman, though both concerned with the same problem and relying on the same data, argue quite different cases.

Dahl is primarily concerned with developing new modes of corporate governance. Although impressed by the Yugoslav worker self-management efforts he doubts their applicability in a society as technologically advanced, affluent, and complex as contemporary America. Given the success of American industry and the consequent material gains of workers they tend not to be concerned with politics. Rather, »affluent American workers, like affluent workers in many advanced countries and the middle class everywhere, tend to be consumption-oriented, acquisitive, privatistic, and family centered.³ Therefore they would be no more active in corporate citizenship than they are as political citizens. »After all, in polyarchies and primary democracies a great many citizens are indifferent toward their opportunities to participate.«⁴ In passing, he does note that if workers were to

discover that participation in the affairs of the enterprise . . . contributed to their own sense of competence and helped them to control an important part of their daily lives, then lassitude and indifference toward participation might change into interest and concern.⁵

but warns that these are probably »excessive expectations«. He offers as an alternative, »interest group management«, in which all parties with significant interests at stake such as employees, clients, officials, etc., would have representatives on the board of directors. In short, consistent with democratic eli-

³ Robert Dahl, *After the Revolution: Authority in the Good Society* (New Haven, Yale University Press, 1970), p. 135.

⁴ *Ibid.*

⁵ *Ibid.*

tism, Dahl's »top down« approach to organizational democracy, to broaden representation at the policy level, facilitates the articulation of elites rather than the active involvement of workers. In admitting that this approach »is a long way from the sort of structural change that would reduce the powerlessness of the ordinary employee«,⁶ Dahl again typically agrees with the normative direction of participatory theorists without following it.

In short, the democratic elitism approach to organizational democracy follows the contemporary theory of democracy which requires only competing national leaders for whom citizens can periodically vote. Thus it defines organizational democracy as a problem in building appropriately representative structures; assumes that given opportunities to participate, the mass of workers will continue to choose apathy or privatization rather than participation; and defines democratization as a process emanating from the top of an authority structure. The participatory approach, as illustrated in Pateman's argument, differs in its definition of democracy and with each of these assumptions.

Pateman reviews classical theories of democracy (Rousseau, J. S. Mill, G. D. H. Cole) to show the central importance of a »participatory society in building a participatory politics.«¹⁰ From this perspective, the experience of individuals in the authority structure of many different kinds of social institutions is of crucial importance to their political behavior. Moreover, according to a wide range of recent empirical evidence that Pateman systematically relates to classical democratic theory, men can learn to participate. She extensively analyzes studies of political socialization to demonstrate the political importance of early learning experiences in non-governmental settings.

Similarly, she reviews the literature in organization theory to show that participation at work can be meaningful and effective. She is careful to define three types of participation: pseudo, partial, and full (pp. 68—71). The former, a means of persuasion to facilitate worker agreement with decisions already made by management, requires no fundamental change of authority structures. Critics of participatory management contend that much of that literature falls in this category.¹¹ The latter two types of participation require varying degrees of change in authority relations in the direction of power equalization but to different degrees at different organizational levels. Partial participation means the capacity for exerting meaningful influence either on matters directly related to work processes or for the whole organization, but not to the extent of making the final decision. Full participation means power equalization. With the impact of even pseudo participation on worker morale, job satisfaction, etc., Pateman's line of reasoning suggests that even partial participation, in disaggregating traditional bureaucratic authority structures, may be sufficient to train individuals in democratic skills.

The analysis of participation in the industrial context has made it clear that only a relatively minor modification of existing authority structu-

⁶ *Ibid.*, p. 139.

¹⁰ Carole Pateman, *Participation and Democratic Theory* (Cambridge, England, Cambridge University Press, 1970), Ch. 2. She, of course, is not alone in her concerns. Other contemporary political theorists such as Christian Bay, Lewis Lipsitz, and Sheldon Wolin have called attention to the problem of developing more of a democratic character among citizens at large. See, for example, Lewis Lipsitz, »If the State Functions as a Religion, What Are We to Do Then to Save Our Souls?« *American Political Science Review*, 62: 527—35 (June, 1968).

¹¹ See for example the summary overview in George Strauss and Eliczer Rosenstein, »Workers Participation: A Critical View«, *Industrial Relations* 9 (2): 197—214 (February, 1970) and William Gomberg, »The Trouble with Democratic Management«, *Trans-action*, 3(5): 30—35 (July-August, 1966).

res there may be necessary for the development of the sense of political efficacy. It is quite conceivable, given recent theories of management, that partial participation at the lower level may become widespread in well-run enterprises in the future because of the multiplicity of advantages it appears to bring for efficiency and the capacity of the enterprise to adapt to changing circumstances.¹²

We will suggest that such training can begin in the work place if work organization were based on self-management rather than bureaucratic supervision. From this perspective, work need not be just something a person does for most of his waking hours but can be a »vital training ground« for men to learn how to participate. Pateman suggests that further research be conducted on »lower level« (i. e. shop floor) participation as a basis for better understanding the conditions under which workers »could be expected to take up the opportunities offered in a democratized system.«¹³ She concludes noting that the

*major difficulty in a discussion of the empirical possibilities of democratizing industrial authority structures is that we do not have sufficient information on a participatory system that contains opportunities for participation at both the higher and lower levels to test some of the arguments of the participatory theory of democracy satisfactorily.*¹⁴

By synthesizing a substantial amount of previously unrelated scholarship Pateman makes an important contribution to understanding the political and social consequences of a more democratic organizational authority structure. She is clear about the research needed but apparently unaware of a new approach to organizational democracy at the shop floor level that directly supports and extends her argument.

III. A NEW APPROACH TO DEMOCRATIC ORGANIZATION: SELF-MANAGING OPEN SYSTEMS

Pateman's failure to analyze a new approach to organizational democracy developed the last decade in Norway and precisely along the lines she suggests is a major omission.¹⁵ The oversight is understandable because, with one or two exceptions, the relevant materials, despite wide, popular attention in Norway, have not been published in English. Hence the connection between this national political effort and the development of socio-technical systems theory at the Tavistock Institute during the 1950's is not readily apparent. A brief overview of these developments is in order.

¹² Pateman, *op. cit.*, p. 105. In the conclusion of another study one of the few expressly on work life and political attitudes, Lipsitz makes a similar argument. Lewis Lipsitz, »Work Life and Political Attitudes: A Study of Manual Workers«, *American Political Science Review*, 58 (4), pp. 961—2 (December, 1964). See also Robert Blauner, *Alienation and Freedom* (Chicago, University of Chicago Press, 1964).

¹³ Pateman, *op. cit.*, p. 107.

¹⁴ *Ibid.*, pp. 106—7.

¹⁵ Fred Emery and Einar Thorsrud, *Form and Content in Industrial Democracy: Some Experiences in Norway and Other European Countries* (London, Tavistock Publications, 1969); Einar Thorsrud, »A Strategy for Research and Social Change in Industry: A Report on the Industrial Democracy Project in Norway«, *Social Science Information*, 9(5), pp. 65—90; Fred Emery, »Democratization of the Work Place«, *Manpower and Applied Psychology*, 1 (1968), pp. 118—129; and Fred Emery and Einar Thorsrud, »Small Group Organization: A New Look at Industrial Democracy« (Paper given at 15th International Congress of Applied Psychology, Ljubljana, 1964, TIHR Doc. Ho. T. 408 (12 p.)). See also note 22.

The Norwegian Industrial Democracy Project, created in 1961 under the joint sponsorship of the Norwegian Confederation of Employers and the Norwegian Confederation of Labor (later joined by the government), initially studied the effects of worker representatives on the boards of directors of selected Norwegian industries and other countries such as Yugoslavia. This study concluded that the representative approach to organization democracy did seem effective. Worker representatives were caught in a bind. If they actively represented their constituents they decreased their leverage with other members of the board. If, however, they worked too closely with the board, their constituents perceived them as failing to advance the interests of workers. Moreover, even if this role conflict were surmounted, the representative approach to organizational democracy had relatively little impact on the day to day work life of the typical employee. In short, as Eric Trist notes in his review of the Norwegian Project in that phase, it

*showed that very little happened except at the symbolic and ceremonial level. There was no increase in participation by the rank and file, no decrease in work alienation, no increase in productivity.*¹⁶

There followed a series of socio-technical experiments at the shop floor level to identify »the conditions making for increased personal participation in the concrete work setting.«¹⁷ The Project built creatively on a series of field research studies by the Tavistock Institute on new forms of work organization.¹⁸ Essentially the Tavistock researchers developed an approach to organization that accounted for technological processes (a key element in the »scientific management« approach to organization that grew from the work of F. W. Taylor) and social processes (a key element in the »human relations« approach to organization that grew from the work of Elton Mayo) on the theory that an effective organization required the joint optimization of both social and technical processes — hence socio-technical theory.

Linking this insight with open systems theory as a means of not just organization analysis but organization design led to what might be termed open socio-technical systems theory,¹⁹ and demonstrated that the social structure of work organization need not be deterministically bureaucratic. Socio-technical theory created in the words of Trist, *et al.*, »organization choice.« Moreover, and this is the point most relevant to the Norwegian experiments, the organizational design choices emerging from socio-technical analyses of

¹⁶ Eric Trist, »A Socio-Technical Critique of Scientific Management.« (mimeo) delivered to the Edinburgh Conference on the Impact of Science and Technology, Edinburgh University, 24–26 May, 1970. A recent review symposium on the achievements and current state of industrial democracy around the world suggests the conclusion that direct participating benefits to workers themselves are few and far between. See »Workers Participation in Management: An International Comparison.« *Industrial Relations*, 9(2): 117–214 (February, 1970), especially articles by Milton Derker and George Strauss and Eliezer Rosenstein.

¹⁷ Emery and Thorsrud, *op. cit.*, p. 89.

¹⁸ Trist, E. L. and K. W. Bamforth, »Some Social and Psychological Consequences of the Long-wall Method of Coal Getting.« *Human Relations*, Vol. 4, 1951; Rice, A. K., *Productivity and Social Organization* (London Tavistock, 1962); and Eric Trist, G. W. Higgin, H. Murray, and A. B. Pollock, *Organizational Choice, Capabilities of Groups at the Coal Face Under Changing Technologies — The Loss, Rediscovery, and Transformation of a Work Tradition* (London, Tavistock Publications, 1963).

¹⁹ Fred E. Emery, »Characteristics of Socio-Technical Systems.« (mimeo, Tavistock Document No. 527, 1959); Fred E. Emery and Eric Trist, Proceedings of the 6th International Meeting of the Institute of Management Sciences, (Oxford, Pergamon Press, 1960), *Management Sciences Models and Techniques*, Vol. II, pp. 83–97, and P. G. Herbst, *Socio-Technical Design: Strategies in Multidisciplinary Research* (unpublished manuscript, Work Research Institutes, Oslo, 1970); more generally P. F. Driggers, *The Open Systems Model of Organizations* (Assen, Netherlands, Van Gorcum & Co., 1967) and Fred Emery (ed.), *Systems Thinking* (Middlesex, England, Penguin Books, 1969).

different production technologies created options for increasing worker control, personal growth and self-management.

In effect, this implies a fundamental redesign of jobs and work organization as Lou Davis among others has argued.²⁰ Specifically, work is redefined to meet the following minimal psychological requirements which include not only day to day work but continued learning and personal growth needs:

1. *the need for the content of a job to be reasonably demanding in terms other than sheer endurance and yet providing a minimum of variety (not necessarily novelty);*
2. *the need for being able to learn on the job (which implies standards and knowledge of results) and go on learning. Again it is a question of neither too much nor too little;*
3. *the need for some minimal area of decision-making that the individual can call his own;*
4. *the need for some minimal degree of social support and recognition in the workplace;*
5. *the need to be able to relate what he does and what he produces to his social life;*
6. *the need to feel that the job leads to some sort of desirable future.*²¹

Often these goals can be best realized in the form of work organization called an »autonomous work group« rather than a bureaucratic, supervisor-worker form. The goal, as Trist's comment implied, is not only to decrease work alienation and its attendant troubles but to increase productivity. Recent but still largely unpublished (in English) accounts of experiments with self managing work groups and open systems development indicate that these goals are being achieved in Norway.²²

Autonomous work groups are a key element in redefining work organizations as open systems. Hence it is important to be clear about the concept. Although there have been numerous case studies of autonomous work groups,²³ until recently there was little empirical consolidation and systematic theory building. A still unpublished study by Gulowsen, however, fills the gap.²⁴ He

²⁰ Louis E. Davis, »The Coming Crises for Production Management: Technology and Organization,« *International Journal of Production Research*, Vol. 9, No. 1, 1971 and citations therein.

²¹ Per H. Engelstad, *Technology and Social Change in the Work Place: An Experiment in Industrial Democracy*, in cooperation with Fred E. Emery and Einar Thorsrud (Report No. III of the Norwegian Industrial Democracy Project, Work Research Institutes, Oslo, published in Norwegian by Tanum Publishing Co., Oslo, 1970, English manuscript version dated 1971), Chapter 1, Section 3, Part B. See also Emery and Thorsrud, *op. cit.*, Appendix V (»Some Hypotheses about the Ways in Which Tasks May Be More Effectively Put Together to Make Jobs«), pp. 103—105, from which Engelstad's work grows.

²² *Ibid.*; E. Trist, »Critique of Scientific Management,« *op. cit.*; E. Thorsrud, *op. cit.*; Per Engelstad, *op. cit.*; Julius Marek, Knut Lange, and Per H. Engelstad, »Industrial Democracy Project: Wiremill of the Christiania Spigerwerk: The Industrial Democracy Project Paper No. 2 on Phase B.« (1965) TIHR Doc. No. T807 (440.); Lars Odegaard, »A Brief Summary of the Third Field Experiment within the Industrial Democracy Project, Phase B,« Institute for Social Research, Trondheim Technical University of Norway, n. d. (12 p.); and Einar Thorsrud, »Field Experiment III: The Electric Heater Department,« Work Research Institutes, Norway, n. d. (31 pp). See also note 15.

²³ A. K. Rice, *op. cit.* (1958); Trist et al., *op. cit.*; (1963); P. G. Herbst, *Autonomous Group Functioning* (London, Tavistock, 1962); T. J. Hegland and B. Nylehn, »Adjustment of Work Organizations«, in *Contributions to the Theory of Organizations* (Copenhagen, Munksgaard, 1968); Maxine Buchlow, »A New Role for the Work Group,« *Administrative Science Quarterly* (1966) 11:59—78; and Aaron Lowin, »Participative Decision-Making,« *Organization Behavior and Human Performance* 3:68—106 (1968).

²⁴ Jon Gulowsen, »A Measure of Work Group Autonomy« (20 pp. manuscript of excerpts translated by the author from a larger study in Norwegian entitled *Autonomous Work-Groups*). See also Gerald

reviews case studies of eight work groups and the theoretical work of other socio-technical researchers to derive 10 criteria of work group autonomy and demonstrate their inter-relationships as a Guttman scale:

1. Group members determine individual production methods.
2. The group decides on questions of internal leadership.
3. The group decides on questions of recruitment.
4. The group determines the internal distribution of tasks.
5. The group decides on questions of production method.
6. The group decides when it will work.
7. The group decides what additional tasks to take on.
8. The group decides on questions of external leadership.
9. The group has influence on its quantitative goals.
10. The group has influence on its qualitative goals.

None of the eight groups met all 10 criteria; three groups met only the first four criteria. While the high level of technology and other factors in the American plant make the direct application of all these criteria problematic, the work groups to be studied are clearly at the beginnings of autonomy. Gulowson, in conclusion, suggests that there are important differences between groups at different stages of autonomy primarily between the most autonomous ones (where the work group regularly negotiates, almost like a sub-contractor, with management to do a certain amount of work within a certain time and enjoys almost complete independence from direct and continuous supervision for the course of the project) and the least autonomous ones (where the work group's »autonomy relies completely on the attitudes of the management.«²⁵). He therefore concludes that the designation »autonomous work group« be used only for »groups that negotiate and operate under contracts which impose obligations on both parties for a certain time period,« and that other groups be called »relatively autonomous.«²⁶ Sussman makes a similar distinction between »democratic« and »independent« work groups.²⁷ We will follow Gulowson in referring to relatively or semi-autonomous work groups.

In short, according to current socio-technical theory and research, it appears that industrial work can indeed resemble Pateman's »vital training ground« for participation. Organizations are possible and feasible in which authority even at the lowest levels rests on autonomous groups; rewards are based on learning and participation; and individuals exercise control over the conditions of their work. The key, however, to the Norwegian approach to organizational democracy is not simply the change in authority structures but as Pateman concludes, the broad social and political consequences of this new form of work organization. If work were organized in such a way that individuals were rewarded for participating, learning, and self government rather than following orders, being passive and closely controlled then similar consequences perhaps would follow in society supporting participatory rather than elitist democracy. The key, however, is not theory but practice. What viability has self management in America?

I. Sussman, »The Concept of Status Congruence as a Basis to Predict Task Allocations in Autonomous Work Groups,« *Administrative Science Quarterly*, 15, (2): 164—175 (1970).

²⁵ *Ibid.*, p. 20.

²⁶ *Ibid.*

²⁷ Sussman, *op. cit.*, p. 175.

For reasons quite different than in Norway, American industry, basically concerned about growing blue collar discontent in times when worker satisfaction may be a critical variable in maintaining the efficiency of increasingly complex work processes, has been experimenting for several years with new forms of work organization.²⁸ Many of these efforts fall under the category of job enrichment and job enlargement which entails no modification of basic organizational authority patterns, but at least several systemic, plant-wide self-management efforts have been reported.²⁹ In addition, several rather large industrial corporations are known to be making substantial investments in new, non-bureaucratic organizational forms but description of and data on these efforts have not yet been published.

The issue of devolving authority is important because it relates to new patterns of participation (increased control over one's work flow); authority (from a hierarchical to a peer base); and leadership (from supervisory to consultative). Taken together, these imply a new concept of participative or democratic organization and, in the longer term, a new appreciation of the social consequences of a more democratic work place.

The importance of the broad social and civic consequences of open systems increases as the organization begins to operate as a fully open system. We know from the experience (not as yet systematically studied) of other plants within this company that over time important changes occur in the non-plant, personal life of the workers. For one of these open systems plants (in operation approximately four years), McWhinney and Elden, for example, found a »striking« social impact:

(There) has been increase in activities outside the workplace. The most visible involvements had to do with community racial troubles. Following major disturbances in the small city a number of workers organized the black community to directly deal with the leaders of the community and its industry. Activity in other areas of concern has grown as well. Two blue collar workers were elected to the school board; two left to form businesses of their own; one highly regarded technician left to be trained for para-medical service; another took a management position using his new skills in inventory management; there was a significant number of apparently therapeutic marital separations among the women employees. Other indicators such as increased joining of social clubs and political organizations seems to have resulted from the open systems work.³⁰

Clearly a change in the structure of work organization and authority of the magnitude required to go from a bureaucratic to an open systems organization has potentially profound though not yet well understood off the job social change implications.

²⁸ Harold Sheppard and Neal Herrick, *Where Have All the Robots Gone?* (New York, Free Press, Macmillan, forthcoming, 1972).

²⁹ Fred K. Foulks, *Creating More Meaningful Work* (New York, American Management Association, 1969) and Fred K. Foulks, »Overview of Current Efforts to Meet Work - Related Problems of Contemporary Workers«, in Sheppard and Herrick, *Ibid.*, pp. 358-375 of manuscript version from the Upjohn Institute for Employment Research (Washington, D. C., 1971).

³⁰ Will McWhinney with Jim Elden, »Not Industrial Democracy but Reticular Society,« paper presented at the Center for the Study of Democratic Institutions, Santa Barbara, October 1971.

IV. SUMMARY AND IMPLICATIONS: THE CHALLENGE OF DESIGNING AND DEVELOPING NEW PUBLIC ORGANIZATION

To recapitulate, our analysis of the differences between Dahl and Pate-man defined an important political issue: the feasibility of modifying organizational authority structures from being bureaucratic, hierarchy-based to being self-management, autonomy-based and the implications of such a modification for political life. Our brief perusal of the Norwegian Industrial Democracy Project illustrates one large scale attempt to achieve greater social democracy through developing systems of worker self-management on the shop floor. Organizationally similar experiments in America, flowing largely from the impact of technological change in industry, present an opportunity to study the development of worker self-management in this country. Our review of the devolution of authority in building semi-autonomous teams in an experimental plant here illustrated the difficulties of developing self-managing systems but revealed substantial progress which will be tracked over time. The implications of this new form of organization and new context for organizational socialization research alone are substantial.

Whether this new form of organization design and development portends a new direction for public organizations remains to be seen. As Meade observes,

On the whole . . . so far as internal governance is concerned, public administration theory and practice has provided little support for participative or democratic administration. On the contrary, interwoven into the traditional public administration doctrine are several strands of thought which are distinctly antiparticipation in character. As Dwight Waldo has clearly indicated, 'orthodox' public administration ideology has held tenaciously to a value orientation which conceives democracy as a political principle external to the professional field of administration and alien to the administrative process itself.³¹

Dwight Waldo has also argued that public administration theory and practice are in large part derivative of the values and beliefs of those who shape the direction of the field. Of late with the rise of new public administration, we have seen emerge a set of values which I have elsewhere characterized as substituting »equity for efficiency, participation for elitism, and democracy for bureaucracy.«³² Perhaps, therefore, we can expect that organizational self-management, to the extent it proves viable in the American context, to lead to new forms of organization and management in the public sector.

To the extent this develops, we can begin to anticipate important practical problems. What would semi-autonomous work groups imply for position classification systems? To what extent could public organizations be designed to reward participation, learning, and self-management? Is self-management consistent with public accountability? Can it help develop what Don Schon

³¹ Meade, *op. cit.*, p. 175, citing Dwight Waldo, »Development of the Theory of Democratic Administration«, *American Political Science Review* Vol XLVI (March, 1952), p. 85.

³² James Elden, »Radical Politics and the Future of Public Administration in the Post Industrial Era«, in *Public Administration in a Time of Turbulence*, Dwight Waldo, editor (Scranton, Chandler Publishing, 1971) pp. 19—42 at p. 38. See also Frank Marini editor, *Toward a New Public Administration: The Minnowbrook Perspective* (Scranton, Chandler Publishing, 1971) especially H. George Fredrickson, »Toward a New Public Administration«, pp. 309—331.

calls »government as a learning system«?³³ These are but illustrations of the practical questions we need to ask. Perhaps the most we can say at this point is such questions need to be raised. We hear on all sides the pressing need to develop new organizational forms in more effectively delivering governmental services. Care must be exercised lest these new forms unnecessarily perpetuate patterns of powerlessness, passivity, and dependency.

³³ Donald A. Schon, *Beyond The Stable State* (New York, Random House, 1971), especially Chapters 5 and 6.

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FOUNDATIONS OF POLITICAL ECONOMY

*In this essay we shall be primarily concerned with the organization of work in the basic »working unit« of the economy, the firm. First we trace the development of various important relevant ideas through classical writings and their successors up to some notable recent contributions. We also argue that the mainstream of political economy has ended to focus on irrelevant problems, due to misunderstanding or simply lack of economic theory. We note a beginning change of orientation in political economy and we shall attempt to provide some rigorous foundation, on the basis of modern economic theory, of an adequate political economy of the firm. We also enter the extensive modern debate on the positive economics of the firm. We offer a new synthesis of the main conflicting schools, and use this as a foundation for our normative political economics of the firm and work organization.**

HISTORICAL SKETCH

The best known philosophical discussion of labor and production is in the early writings of Marx¹, though the basic notions were taken over from Hegel, whose ideas on production and selfrealization are summarized by Schacht: »Through the »forming« activity of production, therefore, I both secure for myself an objective domain of property in which my freedom can be exercised, and give objective expression to my personality. Thus there is for Hegel an essential connection between production and the actualization of personality«.²

Contrary to the common view, »Marx even retains the Hegelian emphasis upon the importance of property. . .«³ Rejecting a »crude communism« which would simply abolish private property, the early Marx urges the »genuine appropriation«⁴ and the positive *Aufhebung* of private property«⁵. Of course, Marx's later focus is on the misuse of property, under the organizational form of capitalism, which we discuss below.

Hegel also refers to the »contract for wages« in which »I can give someone else the use of my abilities.«⁶ »He may then direct my activity as he

* This Research was financed by the Deutsche Forschungs Gemeinschaft.

¹ Karl Marx, (FS) *Frühe Schriften*, ed. H. J. Lieber, P. Furth, Stuttgart, 1962. (B) Early Writings, ed. and trans. T. B. Bottomore, London 1963.

² Richard Schacht, *Alienation*, Allen and Unwin, 1971, pp. 75—6.

³ *Ibid.*, p. 77.

⁴ Marx, *op. cit.* (FS, 591/B. 153), quoted by Schacht, *op. cit.*, p. 77.

⁵ *Ibid.* (FS 593/B155), quoted by Schacht, *op. cit.*, p. 77.

⁶ G. W. F. Hegel, *Philosophy of Right*, quoted by Schacht, *op. cit.* p. 89, trans. T. M. Knox, Oxford, 1942, § 67.

sees fit. My labor thus reflects his interest rather than my own«. ⁷ From this, Marx developed his theory of alienation of labor, a theory which has given rise to an extensive sociological and philosophical literature, ⁸ but been largely neglected by economists.

In his later work Marx uses the Smith-Ricardo labor theory of value to analyse the »exploitation« of labor in capitalist production. Much of this analysis, taken literally, is not particularly illuminating. It explains market equilibrium prices only with constant returns and one non-produced input, ⁹ and does not in general provide a method of rational planning or resource allocation either. ¹⁰ Samuelson ¹¹ has summed up the century long debate, which has been rather fruitless because Marxist economists have usually understood neither Walrasian general equilibrium theory, nor the alternative, less literal interpretation of the labor theory of value. This alternative is »not concerned with the price of labor as a commodity, but whether or not labor should be a commodity at all«, as Ellerman ¹² put it. »Bourgeois« economists have of course also ignored the latter question, which, however, is our main concern here.

Actually there is a humanist, libertarian tradition in which Ellerman's question is a natural starting point for political economy. This tradition dates back to the Enlightenment; writers such as Rousseau, Wilhelm von Humbolt, Bertrand Russel, and currently, Noam Chomsky, envisage »a free and humane society«, whose goal is to liberate the creative impulse (of man), not to establish new forms of authority ¹³. The creative impulse can scarcely flourish under the wage contract, where »someone else . . . may then direct my activity as he sees fit«, so an alternative evolved in the classical labor theory of property which formed a possible unifying basis for the libertarian socialist and anarcho-syndicalist movements.

Hegel had already observed that the most fundamental way of acquiring property is by »forming things« ¹⁴, and Ellerman's »normative property theory. . . is essentially a modern treatment and generalization of the classical labor theory of property (or natural rights theory of property) ¹⁵. The »natural right« here is the right to the whole (net) product of labor, including the choice of product and activity.

This »laborist« position has not traditionally emphasized that the right to the whole product only makes economic sense *after* all factor payments have been made, *including* rental payments for capital services. Thus as Ellerman emphasizes, it is not material capital as a commodity which »laborism« should reject, but (human) capital as a commodity, or labor's alienation of its »moral responsibility« or right to the product of its »forming activity«. In modern terminology, labor as a factor of a production function should

⁷ Schacht, op. cit., p. 89.

⁸ eg. B. Ollman, *Alienation: Marx's Critique of Man in Capitalist Society*, Cambridge U. Press 1971.

⁹ K. J. Arrow and F. Hahn, *General Competitive Analysis*, Holden Day, 1971, pp. 45—6.

¹⁰ See C. C. von Weizsäcker, *Steady State Capital Theory*, Springer—Verlag, 1971.

¹¹ P. A. Samuelson, »Understanding the Marxian Notion of Exploitation: A Summary of the So-Called Transformation Problem Between Marxian Values and Competitive Prices«, *Journal of Econ. Lit.*, June 1971, pp. 399—431, and P. A. Samuelson, »The Economics of Marx: An Ecumenical Reply«, *Journal of Econ. Lit.*, March 1972, pp. 51—7.

¹² David Ellerman, »Introduction to Normative Property Theory«, *Review of Radical Political Economics*, IV, 2, Summer 1972, pp. 49—

¹³ Noam Chomsky, *Problems of Knowledge and Freedom*, Barrie and Jenkins, London, p. 47.

¹⁴ See Schacht, op. cit., p. 15.

¹⁵ Ellerman, op. cit., p. 51.

be the residual claimant to the *net* product, after all material factor payments, because it is the residual claimant's natural right to »direct activity« of all other factors, and thereby »liberate the creative impulse« which distinguishes human from other capital.

That the natural right theory of property has been so consistently ignored by economists needs some explaining. In an economy of family firms capitalism and laborism coincide, so it may have been this idealization which led a writer such as J. S. Mill, who had considerable libertarian sympathies, to consistently defend capitalism. In the succeeding neo-classical tradition a production function which is linear homogeneous, at least at equilibrium, has been frequently used. In this case, factor payment at competitive equilibrium prices and wages exhaust the whole product, by Euler's Theorem, so there is *no* residual. This leads Samuelson to say »that in a perfectly competitive market it really doesn't matter who hires whom; so have labor hire 'capital'«. ¹⁶ In practice competition is seldom perfect, and production functions may be »badly« behaved, which are two reasons for the existence of a residual; uncertainty is a third.

Since the residual claimant has the right to »direct activity« of other factors, the difference between »who hires whom« in the real world is the difference between industrial democracy and capitalist hierarchy.

As Ellerman puts it,

»From the view point of normative property theory, the characteristic feature of (private enterprise) capitalist production is not »the private ownership of the means of production« nor the market determination of prices, but it is the fact that the legal right to the whole product and to the management of production are not guaranteed to the work force in an enterprise but are treated as separate property rights, usually attached directly to capital.« ¹⁷

Marxian political economy, has, by and large, thus missed the characteristic point of capitalism, partly, in a vain attempt to maintain a »literal« labor theory of »value«. Perhaps Marx's major negative legacy has been the overemphasis of »commodity fetishism«, in the famous first chapter of »Das Kapital« whose market exchange is portrayed as a basic alienated relationship in capitalism, in contrast to human relationships as in the family. While labor-management is a viable, libertarian alternative to the »wage-contract«, in a large and interdependent society the only alternative to the market for coordinating individual decisions seems to be a command economy with a centralized bureaucratic hierarchy. However, as Yugoslav and other writers¹⁸ have emphasized, such a state-socialism, or better, state-capitalism, contradicts the libertarian, humanist tradition to which Marx, and not only in his early writings, certainly made notable contributions.

In a remarkable recent paper Marglin¹⁹ has given a new rationalization for the origins of the hierarchical organization of the capitalist firm. Instead

¹⁶ Paul A. Samuelson, »Wage and Interest: a modern direction of Marxian economic models«, *AER*, Dec. 1951.

¹⁷ Ellerman, *op. cit.* p. 58.

¹⁸ See Branko Horvat, »Yugoslav Economic Policy in the Post-War Period: Problems, Ideas, Institutional Developments«, *Am. Econ. Rev.*, 61, 3, Supplement, June 1971, pp. 71-169, and Chomsky, *op. cit.*, for many references.

¹⁹ Stephen A. Marglin, »What do Bosses do? The origins and function of hierarchy in capitalist production«. Discussion Paper Nr. 222, Nov. 1971, Harvard University, Cambridge, Mass.

of the accepted technological imperatives, Marglin adduces considerable historical evidence for a hypothesis he calls »Divide and Conquer«.

In the pre-manufactory stage of capitalist production, the »putting-out« system, »the workman's task . . . became so specialized and minute that he had no product to sell, at least none for which there was a wide market, and he had therefore to make use of the capitalist as intermediary to integrate his labor with the labor of others and transform the whole into a marketable product.«²⁰ Division of labor thus increased the capitalist's monopsony power, and by reducing potential competition on the (finished) product market, his monopoly power as well. Marglin argues against Adam Smith that 'intertemporal' instead of interpersonal specialization could » . . . obtain the economies of reducing set-up time A workman . . . could have proceeded from task to task, first drawing out enough wire for hundreds or thousands of pins, then straitening it, then cutting it, and so on with each successive operation, thus realizing the advantages of dividing the overall production process into separate tasks«.²¹

However the workman would need working capital or credit until he could sell his product on the market, while those who did have the means would find it more profitable to enter capitalist production themselves.

Smith's commentary on the division of labor he deemed essential for high productivity is worth quoting at length:

»In the progress of the division of labor, the employment of the far greater part of those who have by labor, that is, of the great body of the people, come to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are formed by their ordinary employments. The man whose life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for difficulties which never occur. He naturally loses, therefore the habit of such exertion and generally becomes as stupid and ignorant as it is possible for a human creature to become . . .

It is otherwise in the barbarous societies, as they are commonly called, of hunters, of shepherds, and even of husbandmen in that crude state of husbandry which precedes the improvement of manufactures. In such societies the varied occupations of every man oblige every man to exert his capacity, and to invent expedients for removing difficulties which are continually occurring. Invention is kept alive, and the mind is not suffered to fall into that drowsy stupidity, which, in a civilized society, seems to benumb the understanding of almost all the inferior ranks of people.²²

In the putting-out system the workman still controlled his own time. Since the early factories often used little machinery, their rise was rather due to capitalists striving for complete control of the work process and monopolization of all decision making components. The institution of rigid

²⁰ Marglin, *op. cit.* p. 7.

²¹ *Ibid.* p. 15.

²² Adam Smith, *The Wealth of Nations*, (Cannan Edition), Random House, New York, 1937, pp. 134—35. Quoted by Marglin, *op. cit.*, pp. 11—12.

working hours, which remains today a major unfreedom of all 'free-market' economies, served to increase the supply of labor; each worker has only the choice between unemployment and full time work. Thus the average wage is depressed below the unconstrained equilibrium wage, where workers adjust labor time to equate marginal utility of leisure and the 'joint product' labor-consumption.

A revealing contemporary comment on early cooperative enterprise shows that the hirers were in no doubt about the importance of »who hires whom«: »The Rochdale experiments showed that . . . associations of workmen could manage . . . all forms of industry with success, and they immensely improved the conditions of the men, but then *they did not leave a clear place for the masters. That was a defect . . .*«²³

Marglin²⁴ observes that the existence of a factor of production »entrepreneurial effort« violates the assumptions of perfect competition. This factor can increase its marginal product by monopolizing information and decision making functions in the firm, and is in any case »not traded on the market«. Even if there is perfect competition on all other factor markets, hierarchical organization of production may thus lead to monopolistic inefficiencies.

In fact such an organization provides a strong incentive for these who »direct activity« to decrease the scope of competitive markets by expanding their domain of bureaucratic control. Inside this domain they can then organize production to minimize the marginal productivity of labor, (thus maximizing that of the entrepreneur). This organization also serves to minimize the threat of new competition by minimizing labor's participation in the essentially entrepreneurial skills.

THE MODERN CORPORATION

Without having done justice to Marglin's important paper we now turn to the corporate organization of today. A hundred years after the Spectator's report (above) on the success of cooperatives, there have been innumerable experiments of this type in capitalist market economies, ranging from the radically egalitarian Israeli Kibbuzim firms²⁵ to the minimal »co-determination« in West Germany's otherwise traditionally authoritarian run steel and coal industry. This industry's labor relations record has been among the best in post war Europe. As Vroom notes in a masterful survey of experimental literature in industrial social psychology:²⁶

» . . . decentralized structures have an advantage for tasks which are difficult, complex or unusual, while centralized structures are more effective for these which are simple and routinized.«²⁷

²³ *The Spectator*, London, May 26, 1866, p. 569, quoted by Marglin, op. cit. p. 20, with emphasis added.

²⁴ Op. cit. p. 9.

²⁵ Seymour Melman, »Industrial efficiency under managerial vs. cooperative decision making«, *Review of Radical Political Economics*, 2, 1, 1970, pp. 9-34, finds the Kibbuzim more efficient under usual criteria than competing capitalist managerial firm in the same branch of industry in Israel.

²⁶ Herbert Gintis, »Alienation in Capitalist Society«, in R. C. Edwards, M. Reich, T. E. Weisskopf, *The Capitalist System*, Prentice Hall, 1972, p. 280.

²⁷ Victor H. Vroom, »Industrial Social Psychology«, *The Handbook of Social Psychology* V, 2nd ed., ed. G. Lindzey, and E. Aronson, Addison Wesley, 1969, pp. 243. Quoted by Gintis, op. cit., p. 280.

»That is, given that the corporate unit is based on centralized control, the most efficient technologies will be there involving routinized dull and repetitive tasks. In a decentralized environment, the exact reverse would be true.«²⁸

The unanimity of the empirical findings on cooperative non-hierarchical work organization throughout the course of industrialization is remarkable. »When workers are given control over decisions and goal setting, productivity rises dramatically.«²⁹ In a survey of the literature Blumberg concludes »There is scarcely a study in the entire literature which fails to demonstrate that satisfaction in work is enhanced — or . . . productivity increases accrue from a genuine increase in worker's decision making power. Findings of such consistency, I submit, are rare in social research . . . the participative worker is an involved worker, for his job becomes an extension of himself and by his decision he is creating his work, modifying it and regulating it.«³⁰

The potential benefits of participation, both to workers and to productivity as usually measured, as well as actual costs of hierarchy and alienation, seem to be on the increase. Recent articles in »Le Monde«³¹ trace the growing dissatisfaction among conveyor-belt operatives in several countries, traditionally the most alienated workers, as Blauner³² showed. »Too Many U. S. Workers No Longer Give a Damn«,³³ is the title of a recent report which continues » . . . the traditional work ethic of the U. S. is showing signs of senility . . . What's to be done? 'I think the key is involvement in work', says Arnold Judson, an organizational behavior specialist with Arthur D. Little Inc. 'This ranges from keeping the worker informed of what's going on to actual participation in decision making. It's a lot of crap to say that workers are slothful and indifferent today. It's just the opposite; they want to do satisfying work.«

In a similar way Republican Senator Charles H. Percy writes, »Today 60 percent of the work force has a high school education compared to 30 percent 30 years ago. As a result, employee attitudes are changing. Even as jobs have become more and more standardized and routinized, the idea is taking root that work must be a fulfilling, personally rewarding experience.«³⁴

The strategy of »Divide and Conquer« thus seems to have been pushed so far, that, by consensus over a very wide political spectrum, it has become counter productive for capitalism. To Percy's explanation of increased schooling might be added the beginnings of a spread of »Consciousness III«³⁵, particularly among younger workers. There remains a major problem for the neo-classical theory of the firm; why have not involvement and participation been extended to increase productivity, though of course not so far as to »leave no place for the masters?«

One answer is suggested by the managerial theory of the firm. Writers³⁶ since Adolf A. Berle and Gardner C. Means, 1933 Classic »The Modern Corpo-

²⁸ Gintis, op.cit., p. 280.

²⁹ Ibid., p. 280.

³⁰ Paul M. Blumberg, *Industrial Democracy: the Sociology of Participation*, Constable, London, 1968, Schocken Books, New York, 1969. Quoted by Gintis, op. cit. pp. 280—81.

³¹ Jean-Pierre Duinont, »Les O. S. Victimes des Cadences«, *Le Monde*, Paris, 5, 6, 8, Feb., 1972.

³² Robert Blauner, *Alienation and Freedom*, Chicago, 1964.

³³ *Newsweek*, April 24, 1972, p. 35.

³⁴ *Fortune*, May 1972, p. 139. See also Judson Gooding's articles in *Fortune*, »Blue—Collar Blues on the Assembly Line«, July 1970., and »The Fraying White Collar«, December 1970.

³⁵ See Charles Reich, *The Greening of America*, New York, 1970.

³⁶ R. J. Larner, »Ownership and Control of the 200 largest Nonfinancial Corporations, 1929 and 1963«, *Am. Econ. Rev.*, Sept. 1966, 56, 777—87, J. K. Galbraith, *The New Industrial State*, Boston, 1967; Robin Maris, *Economic Theory of Managerial Capitalism*, London, 1964.

ration and Private Property» have suggested that management are the real »masters«, not stockholders. Thus if any increase in worker's participation reduced management's utility, however defined, then it would be rational for management, »the masters« who »direct activity«, to oppose participation as strenuously as they are in fact observed to do in all hierarchical systems, whether capitalist or socialist. And this despite welfare and efficiency gains which would benefit both workers and stockholders.

However the managerial thesis has come under increasing professional criticism recently, and thus cannot be accepted before we have examined this criticism and the debate on the goals of the firm in more detail.

Berle and Means had observed that the modern large corporation typically has many small stockholders, none of whom seem to have a controlling majority. Further, the management appear to be a self-propagating oligarchy, which is only infrequently overruled by stockholder interests in major decisions. While the facts are not in doubt, there is an alternative explanation to managerial autonomy which is equally consistent with them, and also with new empirical evidence which casts strong doubt on autonomy.

Thus widely spread stockholdings may actually enable a minority holding to exert effective control over management, and infrequency of conflict could simply be explained by management's conforming, by and large, with controlling stockholder's interests. As Dooley puts it in his valuable survey, »Both the Berle and Means and the Larner studies may simply indicate how little stock is required to control a large corporation, rather than how many large corporations are management controlled.«³⁷

Dooley adds »The trust departments of the major banks are often the principal stockholders of the largest corporations, because they gather together the wealth of many individuals. Consequently they gain representation on the board of directors of other corporations.«³⁸

The importance of credit for investment financing in the supposedly financially independent large corporation, and frequent interlocking directorships with large banks, are emphasized by Dooley. »... the total liabilities of non-financial business approach one-half trillion dollars, ... about one-third of the assets of the 200 largest non-financial corporations are financed on credit, ... these 200 corporations interlock 616 times with the 50 largest bank and life insurance companies alone.«³⁹

A very detailed study of the American corporate power structure and the influence of banking interests has been made by Chevalier, who finds, »En fait, il semble que la théorie du contrôle interne ait été construite sur des informations très insuffisantes; on peut douter qu' elle ait correspondu à la réalité. A l'heure actuelle, du fait de l'accumulation des actions auprès des institutions financières, elle paraît s'éloigner encore de la réalité.«⁴⁰

If stockholder's interests and their representing financial institutions can exert significant influence on management, then one would expect this to be reflected in the structure of top management's compensation. Lewellen and Huntsman have tested the correlation of the top executives compensation

³⁷ Peter C. Dooley, »The Interlocking Directorate«, *Am. Econ. Rev.*, 59, June 1969, p. 316.

³⁸ *Ibid.*, pp. 318—19.

³⁹ *Ibid.*, p. 322.

⁴⁰ Jean-Marie Chevalier, *La Structure Financière de l'Industrie Américaine*, Editions Cujas, Paris, 1970.

with »sales and profits in »very large« firms, and find that »sales seem to be quite irrelevant«,⁴¹ while »... profits appear to have a strong and persistent influence...«⁴². However »since the companies in the sample have grown over time, the simultaneously decreasing of the profit coefficients (in the regression equations) supports our earlier expectation that the compensation vs. profit relationship is concave downward«.

These results do clearly support the evidence we cited earlier on the control of management by stockholding interests, though with some degree of increasing management autonomy with increasing firm size over time. Personal income is, however, only one factor of management's utility; what Berle called »... the highest concentration of economic power in recorded history«⁴³ is also likely to be a major part of their »job satisfaction«, even when ownership and control are far less »separated« than Berle and others thought. Now if a very large firm is obviously controlled by a major stockholder who is also chief executive (e.g. Ford) one would expect the owner's job satisfaction to be the exclusive determinant of policy, his consumption being scarcely limited by pecuniary constraints. This is not necessarily the case even for high earning top management who are not major stockholders.

It is thus of some interest to note that several studies »provide no evidence to support the position that manager controlled firms perform differently in terms of profits than do owner controlled firms.«⁴⁵

Although these studies leave much to be desired, particularly with respect to their specification of management »control«, and there are also conflicting studies,⁴⁶ it would still be surprising if really significant systematic differences were to be found in future work.

To summarize so far, instead of complete managerial autonomy in large corporations we have found considerable, but of course variable, constraints on top management imposed by stockholding and banking interests. Top executive's financial motivation conforms with stockholder's equity value maximization, and management of large corporations not dominated by a single owner do not seem to use their greater *degree* of autonomy to pursue goals different from these of owner-dominated corporations.⁴⁷ Finally, it must be remembered that the chief constraining influence on management uncovered by Chevalier and Dooley⁴⁸ consists of executives of the major banks sitting on corporate boards. But these executives again belong to the top management of their own large corporations.

Thus what Marglin calls »the manager's multi-dimensional concern with tenure, power, and prestige...«⁴⁹ is shared by the bank officers representing the considerable stockholdings in their trust departments. This view makes a more sophisticated »managerial thesis« plausible. Unless equity maximization was precisely the optimal path for all other »manager's multi-dimensional

⁴¹ Wilbur G. Lewellen and Blaine Huntsman, »Managerial Pay and Corporate Performance«, *Am. Econ. Rev.*, 60, Sept. 1970, p. 719.

⁴² *Ibid.*, p. 718.

⁴³ *Ibid.*, p. 708.

⁴⁴ A. A. Berle, »Economic Power and the Free Society«, in A. Hack (ed.) *The Corporate Take-over*, New York, 1964, p. 102, (writing on the power of the largest 500 corporations in the U. S.).

⁴⁵ David R. Kamerschen, »Large Industrial Corporations and Asset Shares; Comment«, *Am. Econ. Rev.*, 61, March 1971, p. 161.

⁴⁶ See Kamerschen, *op. cit.* for references.

⁴⁷ R. Shaenhan, »Proprietors in the World of Big Business«, *Fortune*, June 1967, estimates 150 out the top 500 are owner dominated.

⁴⁸ *Op. cit.*

⁴⁹ *Op. cit.*, p. 76.

concern«, we would expect both corporate and banking management as well as owner dominated corporations not to single mindedly maximize equity alone, which is the sole interest of small stockholders who are not also officers. Now these small stockholders certainly have no control over management on their own, so management as well as controlling owners are unlikely to give up any of their power at the top of the pyramidal corporate hierarchy for the benefit of small stockholders. Thus we have an explanation for the extreme reluctance of management to increase productivity by extending worker's participation in »directing activity«.

ON BUREAUCRACY

Our managerial thesis can be given some more support by a brief look on the structure of bureaucracy typical for the modern corporation.

Since Max Weber, most writers on bureaucracy have been sociologists or political scientists, concerned only with state bureaucracies. Economists like Milton Friedman⁵⁰ who have criticized the latter in the spirit of 19th century 'laissez-faire' liberalism make no mention of the corporate bureaucracies which employ the majority of the working population. Their loss of freedom under corporate hierarchy is no less than in a state bureaucracy, and it is the corporate bureaucracies which have effectively expropriated the self-employed who formed the majority of the work-force before the industrial revolution.

A recent economic model of bureaucracy⁵¹ uses the fact that income seems often to rise a constant percentage for each step up the hierarchy to obtain a Paretian macro-income distribution. Since the chances of promotion to the next level are inversely proportional to the number of subordinates supervised by each superior in the hierarchy, the income differential should increase with this number. Only then will conformity to the organization's goals be reinforced by a positive von Neumann-Morgenstern expected utility of future increased income. Also, of course, the income of the chief executive at the top of the pyramid rises with the number of levels of hierarchy he supervises.

Now if the size of the supervizing hierarchy was reduced, say by increasing workers autonomy and participation in decision making, then it might be difficult under accepted organization theory, to maintain the chief and other executives income at the previous levels. Neo-classically speaking, the marginal productivity of top-management's decision making would fall if the scope of their decisions were reduced, together with the rights to monopolize key information.

Thus suppose a chief executive can justify to stockholder »paying himself«, say, a fixed percentage of profits (or main value of equity) annually in a given organizational structure. Then with increased worker participation and reduced hierarchy profits may rise, but the chief executive may only be able to justify a smaller percentage as his compensation. Similarly change is likely to be resisted all down the line of the hierarchy. Bank directors are

⁵⁰ See his *Capitalism and Freedom*, Chicago, 1963.

⁵¹ Martin J. Beckmann, »Klassen, Einkommensverteilung und die Struktur Bürokratischer Organisationen«, *Kyklos* 24, 1971, pp. 660—66.

in a basically similar position, and are thus unlikely to use their influence on corporate boards to increase worker participation. Finally, controlling owners of large corporations are probably more concerned by habit and inclination with the exercise of economic power than in increasing stockholders equity at the cost of their authority and domination.

It might be argued at this point that perfect labor markets and control of management in the interest of outside stockholders would lead at least to a Pareto-efficient — if not an equitable — allocation of resources, as in general equilibrium theory. All workers alienation and lack of autonomy and participation would have to be compensated for by higher wages. Even assuming all external effects to be internalized, and neglecting dynamic educational effects, there remain two serious flaws in the model, which arise from the failure to include organizational structure and contingent informational problems.

Lack of information and time would essentially prevent outside stockholders with independent occupations from controlling management; even outside directors are thus handicapped. »But if inside directors are not independent enough to represent stockholders or the public effectively, outsiders' on the board often lack the necessary knowledge«⁵²

Bendix points out that »In his discussion of bureaucracy Max Weber⁵³ noted one major obstacle standing in the way of accountability: the tendency of officials to increase their intrinsic superiority as officials by keeping their knowledge and intentions secret«.⁵⁴

There is an equally fundamental and logically inescapable conflict implicit in the wage contract, though we have seen no explicit references. Since owners are the residual claimants in capitalism, and since some disutility is inescapable in most productive work, there is in general a conflict between workers motivation after contracting for a wage, and owners interest in maximizing the residual. Too much supervision of workers is certainly counter productive and contrary to owner's interests, among other reasons because in the long run higher wages must be offered to compensate for high disutility of labor. However reducing supervision too far, increasing autonomy and workers participation in decision making, ultimately transforms the wage contract into a sort of inverse blank-cheque. When there is too little supervision check on the »creative impulse« there may be too little intrinsic motivation for workers to produce any »residual« at all. Fixing terms of productivity in the wage contract on the other hand, reduces autonomy, and necessitates hierarchical supervision.

Thus the rational organization of supervision in a bureaucracy is the necessary consequence of capital or the state hiring labor, as Marglin argued at length in the historical context. The steadily increasing proletarianization of the labor force under corporate capitalism has correspondingly increased the corporate supervisory bureaucracy. Melman observes that »Little attention is paid to the possibility that alternatives to managerial control may compare favourably in economic efficiency and / or be desirable on other grounds.

⁵² Peter Vanderwicken, »Change Invades the Boardroom«, *Fortune*, May 1972, p. 158.

⁵³ »Bureaucracy«, in *From Max Weber: Essays in Sociology*, ed. and trans. by H. H. Gerth, C. Wright Mills, Oxford U. Press 1946, p. 233.

⁵⁴ Reinhard Bendix. »Bureaucracy«, in *International Encyclopaedia of the Social Sciences*, Macmillan, 1968, Volume 2, p. 214.

Yet, in American industry the number of administrators has risen steadily, per 100 production workers, from 10 administrative employees in 1899 to 38 by 1963.⁵⁵

It follows from these arguments that when organization and information are considered, having »capital hire labor« brings a dead weight less in resources necessary for administrative supervision, which can only be mitigated up to a point, but not eliminated, by increasing participation and »job satisfaction« to a certain extent. On the other hand, if labor hires capital workers as residual claimants are intrinsically motivated and »The conclusion is that the labor-managed productive organization comes the closest to, and may even surpass a self employed individual with respect to the attainment of an optimal balance between income on the one hand, and effort (i.e. duration or quality of work) on the other«.⁵⁶

The basic reason for the costs of supervision necessary to enforce the wage contract seems to have escaped the notice of »economists of both the Left and Right persuasions«.⁵⁷

This is surprising because the most spectacular manifestation of these costs, the »labor conflicts« incipient in industrial society, are of major concern. Only when the wage contract is concluded with representatives of an all-powerful state bureaucracy can these conflicts be repressed by authoritarian and pervasive supervision of the whole social fabric, which is then called »dictatorship of the proletariat«. Demsetz is one of the few economists to mention explicitly »... the cost that arises from the tendency of men to shirk when their employer is not watching them«. And also »... man's preference for shirking and leisure are costs of production that must be economized...«.⁵⁸ However while urging the creation of various property rights, Demsetz does not realize the significance of man's property rights to their residual or net product for essentially eliminating the concept of »employer« and hence reducing the costs of supervision to the minimum necessary for coordinating a partnership.

A CONSTITUTION FOR INDUSTRIAL DEMOCRACY

Business leaders have long emphasized their social responsibility. Sixty years ago J. P. Morgan and Company partner Georg W. Perkins explained that »the officers of the great corporations instinctively lose sight of the broadest, most enduring interest of the many.«⁵⁹ However these officers have strenuously resisted attempts to constrain their autonomy by establishing accountability to their larger constitution.

At about the same time, Bertrand Russell had observed the »extreme similarity between the Bolshevik commissary and the American Trust magnate... both... imbued with the importance of mechanism for its own sake, and of their position as holders of the key to the clockwork.«⁶⁰ Chomsky adds:

⁵⁵ Seymour Melman, *op. cit.*, p. 10.

⁵⁶ Jaroslav Vanek, *The General Theory of Labor Managed Market Economies*, Cornell U. Press, 1970, p. 393.

⁵⁷ Kenneth J. Arrow, *Social Choice and Individual Values*, 2nd ed., Yale, 1963, p. 83.

⁵⁸ Harald Demsetz, »Information and Efficiency: Another View Point«, *Journal of Law and Economics*, 12, April 1969, p. 7.

⁵⁹ Quoted by Chomsky, *op. cit.*, pp. 54—5, from James Weinstein, *The Corporate Ideal in the Liberal State: 1900—1918*, Boston, Beacon Press 1968, p. 10.

⁶⁰ Quoted by Chomsky, *op. cit.*, p. 53.

»Even at the ideological level, the similarity of doctrine is impressive. The vanguard party declares itself the repository of all truth, the authentic representative of the interest of the masses.«⁶¹

Russell had also stated that »There can be no real freedom or democracy until the men who work in a business also control its management«.⁶² Yet still today, »There is a common agreement that, whatever else its duties are, the board has one basic function: it must select and evaluate the company's chief executive«.⁶³ While some hierarchical structure is undoubtedly necessary in large organizations, the decisive feature of labor-management is that the chief executive is accountable to and selected by all the members of the organization. Since they are in the best position to judge performance, this is also the best approach to Weber's accountability problem. The major difficulty is of course to find a satisfactory collective decision rule to »select and evaluate . . . the chief executive«.

From the point of view of much of our previous discussion labor-management can be interpreted as replacing the wage contract by a partnership contract. However this can only be defined operationally when a decision rule or method for arbitrating disagreements among a possibly large number of partners is specified. Vanek⁶⁴ and other writers on industrial democracy do not discuss this point or go beyond traditional demands for »democratic« decision making.

The usual »one-man, one-vote«, or method of majority decision has the virtues of simplicity and familiarity, but really no others. A majority can always exploit a minority, and there is no provision for differing intensity of interests, say between someone about to leave an enterprise, and another intending to spend many years in it. There seems to be no unique candidate for entirely satisfactory collective choice,⁶⁵ a fact which provides a major argument against industrial democracy, and in favour of authoritarian judgments according to some (one's) technological rationality.

We now outline a simple Pareto efficient collective decision rule, as an example rather than a prospective »blue-print«. First, define the net income of a partnership as revenues minus material costs and capital costs. Well functioning capital markets with a wide variation of interest rates or bond yields to cover different degrees of risk are important here. A partnership contract might specify a certain share in *all* future net income, or simply in future net income up to the termination of the contract; that is, the ownership of a certain number of »shares« in the partnership, in return for certain activities of labor services, subject to the constraints of whatever hierarchic administration existed at the time of signing the contract.

Contracts are counter-signed by the chief-executive, who has the right to »direct activity« up to the limits laid down in the contracts of all partners. (Other than the chief executive himself). All these contracts may be said to define the *constitution* of the enterprise or partnership, and should be renegotiable upon the election of a new chief executive before their dates of expiry.

⁶¹ Ibid., p. 53.

⁶² Quoted in Chomsky, op. cit., p. 52.

⁶³ Vanderwicken, op. cit., p. 158.

⁶⁴ Op. cit.,

⁶⁵ See Amartya K. Sen, *Collective Choice and Socia: Welfare*, Holden Day, 1971.

It is most important that the office of chief executive be »open«, that is anyone should have the right, and means, to present himself for election to chief executive at, in principle, any time. A pragmatic period of grace for newly elected chiefs might however be in order. This implies that the chief executive should have no rights or means to keep his »knowledge and intentions secret«, otherwise freedom of entry to the position would be impaired.

Now for the decisive process of election itself. A new candidate for chief executive presents his platform — simply new constitution — over the well defined information channels which must be freely available. The new constitution proposes in principle, a renegotiation of all running contracts, including, say, their holder's shares (in future net income), rights, and duties. Note that the constitution thus automatically defines the chief executive's income as the residual after all (other) partner's shares have been paid, as well as his rights to direct partner's activity, and his specific duties.

There should be a free market for shares in future net income, like a stock exchange in which only non-voting stock is traded. Then a partner can, at any time during his contract, capitalize his claim to future income by selling his shares at the market price. (Net income may be paid regularly to shareholders, partners or not, like dividends.) This disposes of the objection to labor as residual claimant being less capable of bearing the risk of residual fluctuations than equity owners. Each partner can sell his shareholding initially, at the known market price on the date of signing, and thus avoid all risk, without »alienating« any of his partnership rights. The »moral hazard«⁶⁶ of »shirking« may now arise again, but since shirking is now at the cost of all partners and fellow workers there are likely to be strong informal pressures and social sanctions against one worker thus »exploiting« his peers. The otherwise inescapable conflict between labor and management — »them and us« — is removed.

The major risk for labor in the wage contract is also avoided when »labor hires capital«; that is, the risk of being fired at short notice by the employer. A free market for partnership contracts should allow each individual to obtain his optimal balance between security of tenure and freedom from long term commitment.

Suppose now that an alternative constitution **A** to an existing constitution or status quo **B** is presented by a new candidate for chief executive. Under the existing arrangement **B** the present market value of an individual partners *i*'s contractual share in net income is V_i^B , while V_i^A is the expected value of his new share of the new net income expected under **A**. Suppose *i* prefers **A** to **B**; then he should be able to name the largest sum a_i he would be willing to pay in order to ensure, and still prefer his new contract under **A**. Thus if his new expected share were only $V_i^A - a_i$ then *i* would be just indifferent between **A** and **B**.

Similarly if partner *j* prefers the status quo **B** to **A**, then b_j is the maximum he would pay for his contract **B**. An expected value $V_j^B - b_j$ for **B** would make *j* indifferent between **A** and **B**. Now adding an equal sum to two indifferent alternatives should not destroy indifference, so if **A** provided $V_j^A + b_j$, this should be indifferent to **B** with its unadjusted value V_j^B .

⁶⁶ See Demsetz, op. cit., for discussion of this term.

Of course, the renegotiation options under **A** should include opting out of the enterprise altogether, while both **A** and **B** should include the expected terms under which each partner can renew his contract after normal termination.

Consider now the sums

$$a := \sum_i a_i, \text{ and } b := \sum_j b_j.$$

If $a \geq b$, then proponents of **A** can compensate the proponents of **B**, with amounts b_j , so that *after* compensation all partners prefer **A** (strictly speaking, do not prefer **B**). Thus, when alternative **A** is modified by means of monetary transfers, an unanimous decision in favour of **A** can be reached by all partners.

Similarly, if $a < b$, an unanimous decision for maintaining **B** can be reached, after compensation payments a_i to those i preferring **A**.

This decision procedure is Pareto-efficient over any number of alternatives; however its viability depends crucially on the validity of the compensation payments a_i and b_j . If someone expects to be on the losing side, it is actually rational for him to exaggerate his »loss« or necessary compensation. When uncertainty and expected utility is introduced formally into a similar decision model⁶⁷ this difficulty can be overcome, but only at the cost of introducing an a priori probability of success of an »issue«, which is difficult to interpret satisfactory. Actually the partnership situation in a labor-managed enterprise provides a favourable climate for encouraging honest claims. If all contractual details and compensation payments are public and subject to formal or informal discussion, it would be difficult for individuals to exploit their fellows by claiming excessive losses and compensation under alternative constitutions. Informal social sanctions are likely to befall anyone with a reputation for dishonesty, while competition between enterprises provides an ultimate check.

CONCLUSION

A recent book on participation by a well known economist begins: »The quest of men to participate in the determination and decision making of the activities in which they are personally and directly involved is one of the most important sociopolitical phenomena of our times«⁶⁸. The basic criticism of capitalism and state socialism which gives rise to the »quest... to participate« is summed up by another economist. »L'homme a des besoins, les uns matériels, les autres que l'on pourrait appeler 'besoins de créations', (ce terme étant entendu au sens large), or il apparait que le capitalisme favorise une multiplication indéfinie des besoins du premier type, tandis qu'il est incapable de satisfaire les besoins que ne se traduisent pas par une consommation de biens ou de services.«⁶⁹

We have outlined some historical background to the »quest« from the libertarian tradition. We have seen that the modern theory of bureaucracy

⁶⁷ See Earl A. Thomson, »A Pareto Optimal Group Decision Process« in G. Tullock, ed., *Papers on Non-Market Decision Making, I*, 1966, University of Virginia.

⁶⁸ J. Vanek, *The Participatory Economy*, Cornell, 1971, p. 1.

⁶⁹ J.-M. Chevalier, op. cit., pp. 216—17.

can explain the very slow spread of the many isolated but highly successful experiments in participation. Furthermore, the costs of bureaucratic supervision are likely to remain high as long as labor's income is determined in the wage contract, while owners are residual claimants. The problem of »accountability« can also only be solved if a workable organizational framework for »workers to elect their management« can be found. Finally we have given some decision theoretic hints for such an organization.

It is not by oversight that we have made so little use of the traditional discussions of political economy. Although as Vanek observes »...the distinction between labor-managed and non-labor-managed is far more significant than the distinction between socialist and non-socialist. While the former involves a whole way of life bearing on every hour of a man's active day, the latter, from an individuals point of view, may not mean much more than a different distribution of wealth or income.«⁷⁰

However the European tradition has largely concentrated on questions of »private ownership of the means of production«, and the apparant alternative, »public«-operationally stateownership.

This is clearly imputable to the influence of Marx and some change in emphasis in his works. »In his early writings Marx saw the cause of alienation in the division of labor and in specialization, ... they prevented man from realizing all his potentialities... Like Hegel, Marx sees in all round creativity the main instrument of total self actualization.«⁷¹

However in *Das Kapital* and »... later writing, this idea is, under the influence of the classical economists, reduced to the loss of a part of the price. This is derived from Adam Smith's concept of the natural prices. The payment of rent and profit was a consequence of private property. Marx considered this private property and the rent and interest paid to its holders or exploitation of the worker, who should receive the entire price.«⁷²

Since rental payments for land and capital use are necessary for efficient allocation of resources both in decentralized market and in centrally planned economies, it has been easy for »bourgeois« capital theorists from Böhm-Bawerk to Samuelson and von Weizsäcker⁷³ to criticize the inadequate economics of the Smith-Ricardo »literal« labor theory of value. What is remarkable is that both bourgeois critics and Marxian defenders of the faith have been so preoccupied with the »literal interpretation« of the labor theory. The less literal interpretation, resurrected by Ellerman as a »natural right« of labor to the whole *net* product or residual, is a natural economic way out of early Marxian alienation, and provides a building block for »one of the most important socio-political phenomena of our times«, as well as a candidate for Marx's »positive Aufhebung« of private property. The decisive question is »whether labor should be a commodity at all«, and not the various uses of the commodity labor which have been the bone of contention among »economists of both the Left and Right persuasions.« More concretely, we preferred an explanation for the very slow spread of productivity-increasing worker's participation consistent with modern empirical studies on corporate ownership and control. Most importantly, we argued that if owners are resi-

⁷⁰ Vanek, op. cit., p. 103.

⁷¹ Walter A. Weisskopf, *Alienation and Economics*, Dutton, New York, 1971, p. 67.

⁷² Weisskopf, op. cit., p. 69.

⁷³ Op. cit.

dual claimants, then productivity, as measured say by return on owner's equity, will only rise to a certain extent with increasing worker's autonomy and participation. Because of the »natural tendency of men to shirk when their employer is not watching them«, a considerable supervisory hierarchy, and consequent limitations on worker's autonomy, is necessary under any system of wage contracts.

On the other hand, if labor is the residual claimant, and ownership of means of production is simply a contractual claim to rent or interest payments, then it is in the common interest of all partners in an enterprise to reduce »shirking« among their fellows. Thus complete participation, with management being elected by all partners, offers a practicable possibility of considerably reducing supervisory bureaucracy and other dead-weight losses due to conflicts of interest between labor and management.

While we have discussed the microeconomics of labor-management, Vanek, von Weizsäcker⁷⁴ and others emphasize the macroeconomic implications, particularly the fact that prices should be more flexible downwards. Thus when demand declines the labor-managed firm should reduce prices rather than lay-off workers and maintain prices by reducing output as in the usual oligopolistic reaction. Cost-push inflation would also vanish when labor is the residual claimant.

The reasons advanced by Vanek are inadequate; he simply suggests that a labor-managed firm would be unlikely to lay off its own members. Von Weizsäcker only observes that the much larger residual net income »makes it much easier for firms to reduce prices if demand declines...«⁷⁵

Now as pointed out in our review⁷⁶ of Vanek's books, when demand temporarily declines, constant output will reduce earnings, so leisure becomes cheaper. Thus it is plausible that, say, the working week might be shortened for all workers in the enterprise with a corresponding reduction in output. How far prices also fall would depend on elasticities and the demand for leisure.

However if prices did not then fall, earnings per unit time would remain roughly constant if capital costs were small compared to labor »costs«, so that reduced capacity utilization did not cause decreasing returns to scale. Then leisure could not be cheaper, in contradiction to the reason for reducing work time and output in the first place. Thus some fall in prices really is plausible in a recession.

Since firm-size should be essentially plant-size under labor management, there is good reason to expect a much more competitive macro-economic structure, in addition to the removal of managerial monopolies in information and decision making discussed above. Thus anti-inflationary monetary policy should have much better chances for success. In a forthcoming paper⁷⁷ it will be argued that instituting adequate markets for information can provide a more efficient allocation of R and D resources than the patent system, as well as removing a major source of monopoly and inflationary tendencies. Access to relevant information through a well functioning market is in turn essential for efficient planning by individual firms not coordinated under a

⁷⁴ Carl Christian von Weizsäcker, *The Political Economy of Stability in Western Countries*, Wicksell Lectures, Stockholm, May 1972, Working Paper No. 1, IMW, Bielefeld.

⁷⁵ von Weizsäcker, *op. cit.* p. 29.

⁷⁶ Felix FitzRoy and Hans G. Nutzinger, *Kyklos* 1, 1972, pp. 195–202.

⁷⁷ F. R. FitzRoy, *Economics of Information*, forthcoming.

conglomerate bureaucracy. Thus there is considerable scope for solving macro-problems by structural change on the micro-level. The welfare importance of these latter changes in catering for man's »besoins de créations« is likely to far exceed any improvements in the allocation of the limited range of resources usually considered by economists.



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CRITICAL FACTORS IN THE POST-WAR ECONOMIC GROWTH OF NATIONS

Review of Empirical Studies and Implications for Participative Organization

Empirical studies of factors which might affect national economic growth are reviewed. None of the material and human factors often considered important can be shown causally and critically related to rates of national economic growth. However, aspects of cultural and individual motivation which support hierarchical control appear strongly to favor rapid growth (some 50% explanation of variance). Insofar as economic growth is a major goal of nations, there are likely to be pressures for the growth or maintenance of authoritarianism in economic and other organizations. This tendency may be moderated by participative organization, which for at least one nation has proven compatible with a high rate of economic growth.¹

INTRODUCTION

This paper reviews my own and others' studies of factors thought to explain differences in rates of national economic growth. It seeks to determine by empirical comparison which factors might have been critical to national economic growth in the period since World War II. The factors viewed are measures of capital investment, quantity and quality of population and labor force, and entrepreneurial and bureaucratic tendencies, all but the last of which have been treated as determinants of growth by economists (e.g., Hagen, 1968, Part II). The paper then discusses implications of the economic findings for attempts to broaden the participation of individuals in their economic organizations and societies.

A variety of factors is necessary for the production and use of goods and services. However, in a given historical period, only some of these factors are likely to be in short supply and thereby to limit or control rates of economic growth. These are defined as »critical« factors.² Critical factors can be identi-

¹ Much of the work reviewed was done at the Management Research Center, University of Rochester, with the encouragement and help especially of Dr. G. V. Barrett and Dr. B. M. Bass.

² The distinction between »necessary« and »critical« factors may be clarified by a biological example: For the physical growth of children, air, water, and food are all necessary. Yet it is primarily the amount of high-quality food available that explains differences in growth rates of children (cf. Belli, 1971). Of the three factors in physical growth, only food is frequently limited and thus »critical«.

fied by demonstrating statistical relationships of their national availabilities to national rates of economic growth.

In all of the studies examined, regression (correlation) analysis was employed at the national level of aggregation. To allow tentative causal inferences, sequentiality is tested by the (multiple) cross-lagged technique for cross-sectional studies and by the lagging of the dependent growth variable in longitudinal studies. In order to lessen the likelihood of chance or artifactual results, relationships determined by one analysis are verified where possible by another, sometimes employing different procedures as in the longitudinal checking of cross-national results or the analysis of individual or organizational as well as national data.

REVIEW OF EMPIRICAL STUDIES

Factors thought important for economic development can be classified broadly as material capability, human capability, and human motivation. Specific factors considered here are: Capital investment (material); growth of population and labor force (quantity of human capability); provision for nutrition and education (quality of human capability); and »entrepreneurial« and »bureaucratic« tendencies in the culture, organization, or individual (human motivation). The main dependent variable is growth of national product (gross or industrial), usually on a per-capita basis (viewing the economic measures as important primarily in relation to the human population).

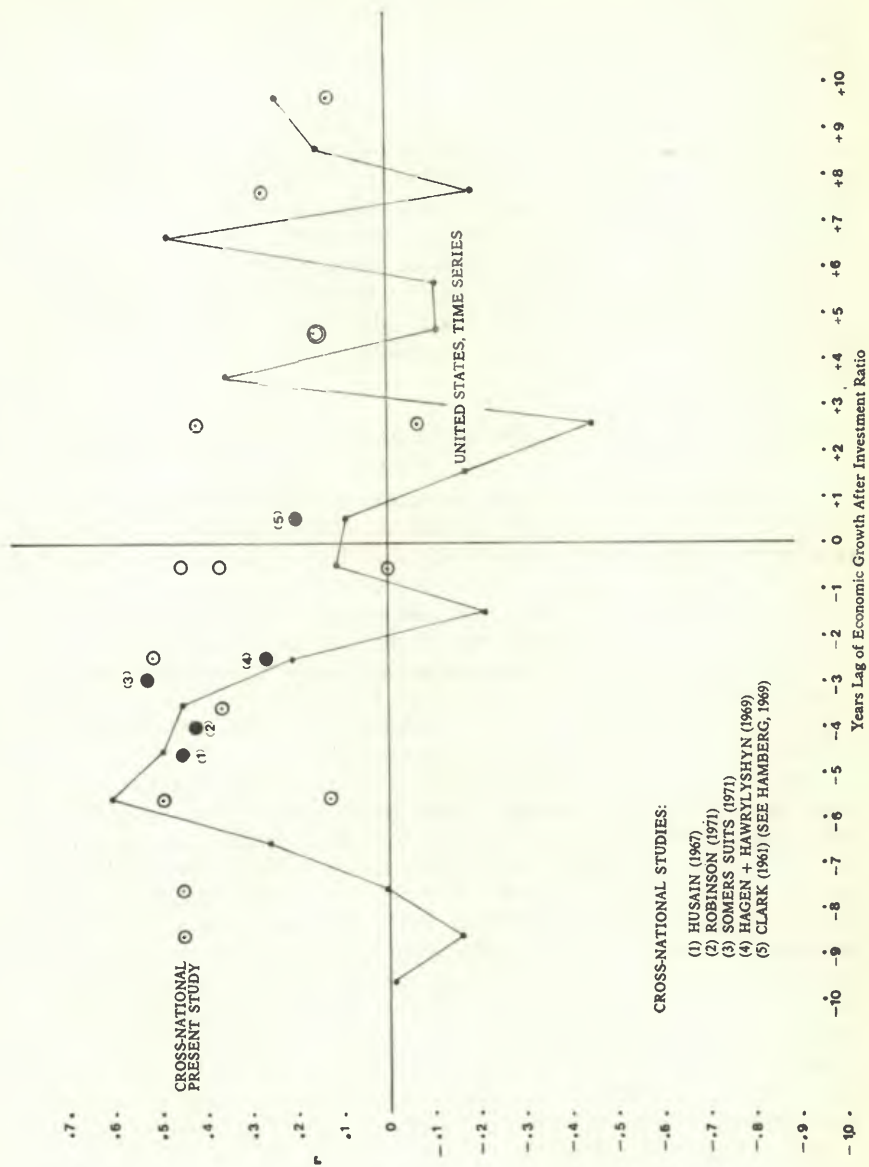
Material Factors: Capital Investment³

Examination of literature treating the post-war period reveals two sets of empirical findings regarding the effect of capital investment upon national economic growth. In the first set, Hamberg (1969) appraised eight groups of cross-national data and one of longitudinal data, finding no consistent or significant relationships of growth of GNP or GDP to gross investment and other investment ratios for up to 29 nations. Johnson and Chiu (1965) found similar lack of relationship across 44 nations. Hamberg's conclusion was that there seems »little connection between investment ratios and growth rates« (Hamberg, 1969, p. 473). Directly contradicting these results are four recent crossnational studies employing post-war data and large samples (34 to 67 nations), which consistently show significant positive relations between investment and growth rates (Husain, 1967; Hagen & Hawrylyshyn, 1969; Robinson, 1971; Sommers & Suits, 1971). My analysis of the data for COMECON nations, provided but not analyzed by Sommers & Suits (1971), also shows a positive and significant relationship ($r = .8, p < .05$).

Explanation of the conflicting results lies in the consideration of sequentiality, a prerequisite for demonstration of causal relationship. The effects of temporal positions are shown in Figure 1, where investment-economic growth correlations are plotted against mean time lags of growth rate after investment ratio. Correlation coefficients represented by solid circles are for the cross-national studies cited above, while open circles are for our own correla-

³ Based on Franke & Barrett (1972a); measures of capital investment are »investment ratios«, expressed as percent of gross national product or gross domestic product.

Figure 1 CORRELOGRAM OF GROWTH IN NATIONAL PRODUCT WITH INVESTMENT RATIO, Cross-National and Longitudinal¹



¹ Source: Franke, R. H., & Barrett, G. V. Economic growth and investment: A cross-national analysis of the post-war period. Manuscript in preparation, 1972.

tions across some 70 nations. Most of the significant cross-national correlations, and the only consistent pattern, are seen to be over the »backward« time lags, showing merely that higher rates of economic growth can lead to higher investment ratios. (Studies relating successful economic periods to subsequent high investment are compiled by Evans, 1969, p. 104.) These cross-national findings are verified longitudinally for the post-war United States, with correlation coefficients after correction for serial correlation represented in Figure 1 by connected points.

For both cross-national and longitudinal analyses in Figure 1, the lack of a consistent pattern of correlations of economic growth with *previous* investment ratio suggests that capital investment is not generally a critical factor in post-war economic growth. Those findings that stressed the importance of higher rates of capital investment to economic growth thus appear to be artifactual. Where relationships were shown, the studies inadvertently had investment rather than growth as the lagged (dependent) variable. Although capital investment is necessary for production, it seems that in general it can be neglected as a *critical* factor in national economic growth during the post-war years.

Quantitative Human Capability Factors: Growth of Population and Labor Force⁴

One factor which is often considered as an inhibitor of rapid growth in per-capita product, especially for less developed countries, is high rate of population growth. This seems reasonable from the more or less mechanical point of view that absolute gains in product are reduced in per-capita terms by population increase. However, the empirical analysis of Hagen (1968, Figure 12—4) shows no correlation of per-capita economic growth with population growth roughly concurrently for 44 less developed nations. Only a »backward-lagged« correlation presented by Russett (1964, Table B. 1; of 1958—61 population growth with 1950—60 economic growth) provides a negative correlation, of -0.44 ($p < .01$) across some 60 nations.

Furthermore, if economic growth were measured some twenty or more years after population growth, when those who were born then had become old enough to contribute to their economies as part of the prime labor force, a more positive correlation might be expected. This sort of lag for population is approximated by concurrent regression of GDP growth on labor force growth (Hagen and Hawrylyshyn, 1969, Tables 12 A and 12 B). Nevertheless, their regressions showed no significant coefficients of economic growth with labor growth across 33 and 42 less developed nations for 1955—60 and 1960—65, even though the measure was of labor actually employed rather than that available, and the growth in number employed might be expected to correlate concurrently and artifactually (as an aspect rather than a cause) with economic growth. This may have been the case for the positive correlations that were obtained when more developed countries were included in their samples. Finally, Clark (1967, Diagram VII.A) showed little correlation of growth of labor force with growth of productivity using long-term concurrent growth measures.

Neither growth in population nor growth in labor force appears to be a critical factor in post-war economic growth differences, at least among the less

⁴ Based on Clark, 1967; Hagen, 1968; Hagen & Hawrylyshyn, 1969; and Russett, 1964.

developed countries where population growth is most rapid. But perhaps quality of population and labor force is more important to economic development than is mere quantity. In the following sections, the effects of physical and educational contributions to human capability are considered.

Qualitative Human Capability Factors: Physical⁵

Childhood malnutrition due to scarcity of proteins and other nutrients has been shown to result in small size, frequent illness, and reduced mental development (see literature review of Belli, 1971). However, since those sections of populations which are most likely to suffer malnutrition tend also to be those who are of least importance to the functioning of their economies, there is some question whether malnutrition affects national economic growth (though it has been shown to affect individual economic achievement). If level of nutrition does have an effect upon national economic growth through its effects upon childhood development, economic results could be expected after a lag of some twenty years or more (when the children affected have become old enough to be part of the prime labor force).

The relationship is examined across 25 to 36 nations in Figure 2, where correlations of protein availability with pre-capita economic growth are plotted against time lag of economic growth period after nutrition period. Economic growth is lagged from -18 to +33 years after protein availability. Nations below the mean protein level of 75 grams per capita per day are viewed separately in Figure 2, since malnutrition seems unlikely to be a critical factor in nations even moderately rich in protein availability.

Figure 2 shows that for the entire sample of nations there was little relationship of national economic growth to protein availability. However, for the protein-poor nations four out of eight correlations were significant, but none of these was positioned with a »forward lag« that might indicate childhood malnutrition to be important to economic growth. All significant relationships were »backward-lagged« or roughly concurrent, suggesting that protein availability was aided by economic growth rather than the reverse. Thus malnutrition, usually of the very poor, does not appear to be a critical factor in determining national differences in rate of economic growth.

Qualitative Human Capability Factors: Educational⁶

One of the most thorough empirical investigations of possible effects of education upon national economic growth is that of Hagen and Hawrylyshyn (1969, Table 12B). Economic growth rates of 56 and 67 nations (and of 33 and 42 less developed nations) were regressed upon levels of enrollment in primary and in secondary education five or ten years earlier. No significant relationships of economic growth to previous levels of education were found.

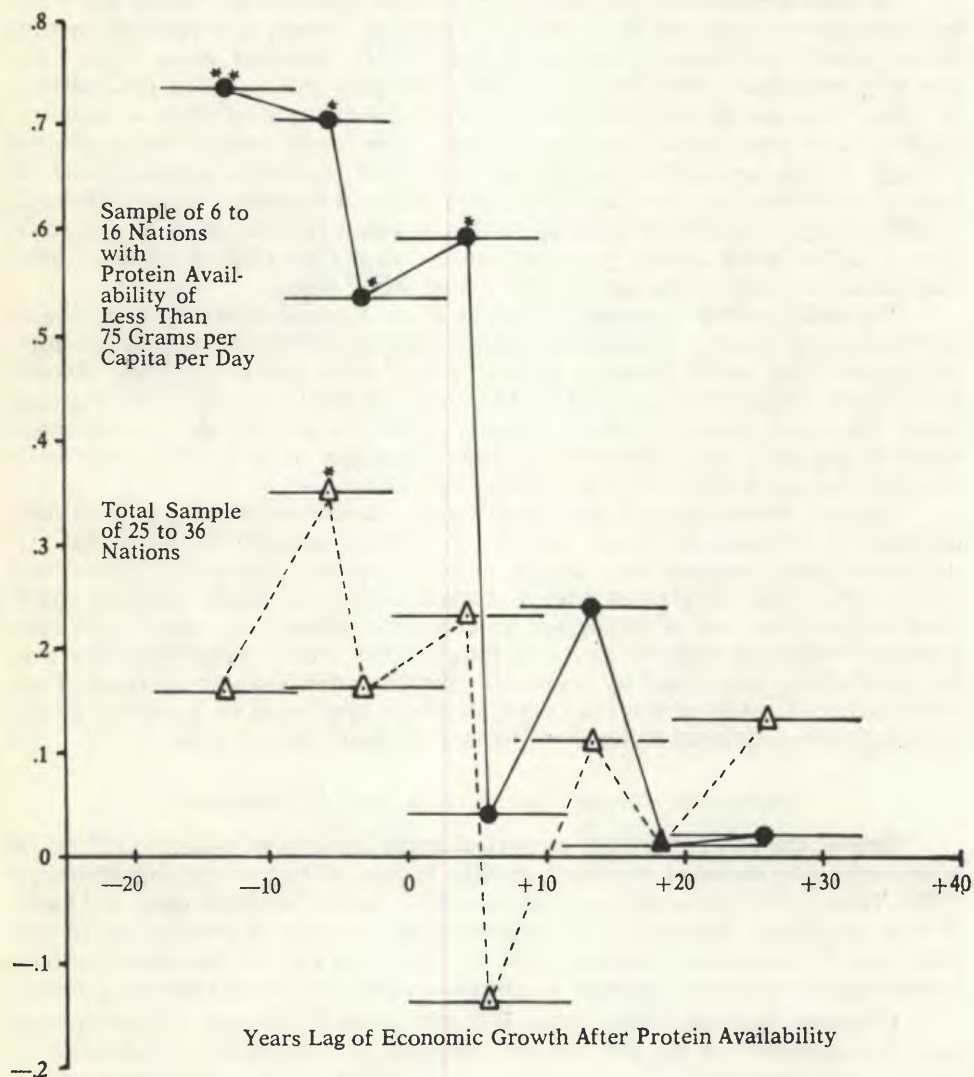
However, Russett (1964, Table B.1) did show significant »backward-lagged« correlation ($r = .42$, $p < .01$) of economic growth with enrollment in primary and secondary education from 0 to 10 years later, across some 60 nations. As for capital investment, population growth, and nutrition, the factor of education appears to be dependent upon economic growth, rather than being a critical determinant of it.

⁵ Based on Franke and Barrett (1972b).

⁶ Based on Hagen and Hawrylyshyn (1969) and Russett (1964).

Figure 2

CORRELOGRAM: GROWTH OF NATIONAL PRODUCT OR INCOME PER CAPITA
WITH TOTAL PROTEIN AVAILABILITY PER CAPITA, CROSS-NATIONAL¹



¹ Source: Franke, R. H., & Barrett, G. V. More on the economics of malnutrition. Manuscript submitted for publication, 1972. (Data from Table 2.)

* $p < .05$, ** $p < .01$.

Human Motivation Factors: Entrepreneurial⁷

The remaining factors concern human motivation rather than capabilities. The work of McClelland *et al.* (e.g., 1961, 1969) suggests that appropriate child-rearing practices (as well as training of adults) can lead to motivation to achieve material and competitive success, and ultimately to entrepreneurial and other striving behavior in adults. »Achievement« motivation and behavior is thought to lead to economic success of individuals, as well as to the economic growth of organizations and societies where there is cultural support for achievement motivation or where achievement-motivated individuals are in control. (See reviews of the literature in Atkinson, 1958; Franke, 1972b; McClelland, 1961.) Measures of achievement motivation are obtained by the Thematic Apperception Testing of individuals, or by the related content analysis of written material produced by a society, organization, or individual.

One example is the content analysis of inaugural speeches by Donley and Winter (1970), which provided measures of achievement and power motivation for all U. S. Presidents inaugurated in the twentieth century. Crosslagged correlation analysis of the relations of Presidential achievement motivation with the just preceding and the just subsequent four years of economic growth shows no significant relationship in either direction (Franke, 1972a). Similar lack of positive relationship has been found between children's achievement training and level of development attained in preindustrial societies (Barry *et al.*, 1959, 1969), and between children's achievement training and post-war growth of national product when the children had grown old enough to enter the prime labor force (Franke, 1972b).

Since achievement motivation has been shown related to entrepreneurship (McClelland, 1965), which in turn is supposed to be important for economic development, it is puzzling that positive relationships are not confirmed at the societal or national level. There are at least two possible explanations: First, as indicated by Alexander (1967), Bell (1969), and Glade (1967), there appear to be large numbers of potential candidates for entrepreneurial activity, the extent of which is controlled by economic growth rather than the reverse. If this is the case, entrepreneurial motivation and ability would not be a critical factor in economic growth. Second, individuals who have been outfitted motivationally as entrepreneurs — for activities such as organizing a firm, decision-making, and risk-taking — may be ill-suited for submission to the control by others and by the organization that is required of most men in industry. The observations of Redlich (1963) suggest that entrepreneurial personalities often do not fit organizational requirements for coordination and discipline. In any case, the three sets of empirical analyses reviewed above indicate that entrepreneurial or achievement motivation is not generally a critical factor in national economic growth.

Human Motivation Factors: Bureaucratic⁸

In their studies of preindustrial societies, Barry *et al.* (1959, 1969) found childhood training for compliance rather than independent achievement to be related to economic development. Similarly for modern managers, Miner (1965) showed that training in the exertion and acceptance of hierarchical control is positively related to individual advancement and performance. Others (Tan-

⁷ Based on Franke (1972a).

⁸ Based on Franke (1972a).

nenbaum, 1968; Kavčič, Rus, & Tannenbaum, 1971) showed high exertion of total control to be positively related to organizational performance for a variety of U. S. and Yugoslav organizations. A related measure of motivation at the national level has been provided by McClelland's content analyses of children's readers for power motivation, defined as concern »with the control of the means for influencing a person« (McClelland, 1961, p. 167, cf. Miner, 1965, pp. 53—54, 93).

In the study utilizing the motive scores of U. S. Presidents⁹, power motivation was found to be positively correlated ($r = .5$, $p < .10$) with subsequent but not with previous economic growth (Franke, 1972a). The partial correlation coefficient, holding achievement motive constant, was about .7 ($p < .025$) for power motive with economic growth over subsequent four-year periods, after correction for serial correlation of the time-series data. Thus, the motivation of United States Presidents to exert themselves in managerial control rather than in entrepreneurial fashion appears to benefit the nation's economic growth.

A further measure is suggested by the observation of McClelland (1961) that nations which assumed authoritarian forms of government had earlier provided childhood motivation high in power and low in affiliation motivation (the latter defined as concern »over establishing, maintaining, or restoring a positive affective relationship with another person«; McClelland, 1961, p. 160). Authoritarian motivation or susceptibility appears to develop where power motive is unchecked by affiliation motive. A single measure of authoritarian or »control« motivation may be obtained by taking the ratio of power to affiliation motive. The control motivation of children in 1925 (calculated from the data of McClelland, 1961) is shown to correlate .44 ($p < .05$) with 1950—68 growth of per-capita GDP for 25 nations. Across 17 nations for which industrial data are available, 1925 control motivation of children explains 50% of the variance ($r = .71$, $p < .01$) in per-capita growth of industrial production from 1950 to 1968, when the children trained in 1925 had grown up to become part of their nations' prime labor forces at ages of some 33 to 53 (Franke, 1972b).

A statistical summary of this review is presented in Table 1. For each of the »independent« variables, column 1 contains the (mean) backward-lagged relationship with economic growth, column 2 the concurrent relationship if any, and column 3 the forward-lagged relationship where there is a sufficient time lag to allow an effect upon economic growth by the independent variable. In brief, none of the material or human capability factors considered is seen to be a critical determinant (forward-lagged) of national differences in post-war rates of economic growth. Similarly, entrepreneurial (achievement) motivation is not shown to be a critical determinant of economic growth. Instead, a control motivation syndrome of high power and low affiliation motivation is shown positively related to subsequent economic growth rates. Some social implications of these findings are explored in the final sections of this paper.

IMPLICATIONS FOR PARTICIPATIVE ORGANIZATION

The above review indicates that authoritarian or »control« motivation is valuable for national economic development. Insofar as economic growth

⁹ See page 113.

Table 1

Statistical Summary of the Review

Factor	Coefficients of Relationship with Rate of Economic Growth			Notes
	»Backward« (economic growth preceding factor)	Roughly Concurrent Relationship	»Forward« (economic growth after factor)	
Material Factors				
Capital Investment (see Figure 1)	$r \cong .45^{**}$	$r \cong .25^*$	r's erratic, gen. non-sig.	X-ntl. & longitud.
Quantitative Human Capability Factors				
Growth of Pop'n. (Labor Force)	$r = -.44^{**}$ (Russett)	negligible (Hagen, LDC)	b's erratic, t's non-sig. (Hagen & H., LDC)	X-ntl.
Qualitative Human Capability Factors: Physical				
Nutrition (tot. samp.)	$r \cong .27$	$r \cong .19$	$r \cong .05$	X-ntl.
Nutrition (prot.-poor) (see Figure 2)	$r \cong .71^{**}$	$r \cong .56^*$	$r \cong .12$	
Qualitative Human Capability Factors: Educational				
Prim. & Sec. Educ'n.	$r = .42^{**}$ (Russett)	—	b's erratic, t's non-sig. (Hagen & H.)	X-ntl.
Human Motivation Factors: Entrepreneurial				
Achievement Motive (ser.coor. uncorrected)	$r = -.05$ $\rho = -.02$	—	$r = .19$ $\rho = .39$	Longitud.
Achievement Motive (ser. coor. corrected)	$r = —$	—	$r = .26$ $p_p = -.39$	
Human Motivation Factors: Bureaucratic				
Power Motive (serial coor. uncorrected)	$r = -.22$ $\rho = -.24$	—	$r = .50^*$ $\rho = .55^*$	Longitud.
Power Motive (serial coor. corrected)	—	—	$r = .64^*$ $p_a = .68^*$	
Control Motive	$r = .24^a$	$r = -.47^*, -.16^b$	$r = .44^*$	Longitud. X-ntl., GDP or NI growth X-ntl., Ind. growth
Control Motive	$r = .28^c$	$r = .38, -.13^d$	$r = .71^{**}$	

(*) $p < .10$, * $p < .05$, and ** $p < .01$.

NOTES. -- Economic growth of gross product or income, except growth of industrial product as indicated; growth rates per capita except in the studies of Hamberg (1969), Hagen & Hawrylyshyn, (1969), Husain (1967), and Robinson (1971) in Figure 1 and elsewhere as noted. r = product-moment correlation, ρ rank-order correlation, p_p = partial correlation with power motive constant, and p_a = partial correlation with achievement motive constant. a = 1950 motive with 1925-50 growth, b = 1925 motive with 1925-50 and 1950 motive with 1950-68 growth, c = 1950 motive with 1928-50 growth, and d = 1925 motive with 1928-50 and 1950 motive with 1950-68 growth.

is a major goal of nations, there are likely to be pressures toward establishing or maintaining authoritarian social patterns. Such tendencies may be shown, as one example, by an apparent shift in developmental goal by U. S. political scientists from democracy to institutional order over the past decade (O'Brien, 1972). One problem in an authoritarian approach to economic development is the danger to individual liberty which it poses, as suggested by McClelland's (1961) finding that control motivation tends to lead authoritarian government. This danger was noted by Blau (1956), who believes that effective coordination of large-scale tasks, requiring disciplined performance of workers and managers, is necessary to acquire and maintain high living standards. He warned that »if we want to utilize efficient bureaucracies, we must find democratic methods of controlling them lest they enslave us« (Blau, 1956, p. 118).

A pertinent question, then, is whether bureaucratic authority can be channelled to serve economic functions without dominating individual and social life. Blau (1956) suggested that individuals join smaller self-governing organizations to gain experience in democratic participation, and that they use these organizations to exert influence upon the community and nation. In support, it was shown by Lipset (1964) in his investigations of the Cooperative Commonwealth Federation Party in Saskatchewan as well as the International Typographical Union in New York City that these large democratic organizations were based upon members' experience gained in smaller organizations. »In essence,« Lipset concluded, »both studies advance a 'theory' of political participation and democratic organizational government which suggests that conducive to these are situations in which a constituency is required . . . to take part in a large number of organizations, the membership and leadership of which are limited to people in similar occupations; in which there is a relatively small gap in status and background between leaders and followers; in which there are easy intragroup communication channels; in which the basic units are relatively small . . .« (Lipset, 1964, p. 105).

Participative organization of economic units seems a step in this direction. One major experiment in participation has been carried out — in Yugoslavia's economy since 1956. Here, because of the primary financial responsibility of workers' councils, the potential exists for participants to influence directly the economic progress of their enterprises as well as of themselves (see Fein, 1970, and Strauss & Rosenstein, 1970, regarding the importance of material reward to worker motivation and participation). One question that should be asked is whether participative organization is consistent with economic growth, or whether a decline in (formal) hierarchical control leads to economic inefficiency. In response, there is some evidence at the organizational level that greater participation is accompanied by more successful performance¹⁰ (Tannenbaum, Možina, Jerovšek, & Likert, 1970). Evidence at the national level is also encouraging: Yugoslavia has experienced economic growth of 8.3% per year per capita from the introduction of self-management in 1956 up to 1970.¹¹ An explanation for this economic success, consistent with the implications of the review above, may lie in an increase of total control in participative organizations, to which more effective performance has been

¹⁰ Causation and direction of causation not indicated; most studies have been concurrent.

¹¹ Calculated using data from Federal Institute for Statistics, 1972, p. 49; Horvat, 1971, Table 4; and United Nations, 1971, Table 4.

related in both Yugoslavia and the United States¹² (Rus, 1970; Tannenbaum, 1968).

A second, related question is whether participative organization in Yugoslavia has provided workers with the experience of participation and increased their influence in and beyond the factory. Here the answer seems less positive. Power equalization has apparently not accompanied the legal introduction of self-management (Mulder, 1971; Obradović, French, & Rodgers, 1970; Rus, 1970). Nevertheless, an expansion of worker influence may accompany the expansion of the total amount of control (Možina, Jerovšek, Tannenbaum, & Likert, 1971). And even in the absence of current fulfillment, aspiration to participate (Obradović, French, & Rodgers, 1970) and expectation of power equalization can be important in the establishment and support of democratic norms.

CONCLUSION

This study suggests that material and human factors often considered important for economic growth have not been critical factors in the period since World War II. That is, for most countries, rates of economic growth seem not dependent upon levels of investment, population growth, nutrition, education, and entrepreneurial motivation. Motivational factors supporting bureaucratic control, on the other hand, were strongly and positively related to subsequent economic growth. In light of these findings, perhaps the major goal for participative organization should not be that of promoting productivity, but that of moderating the discipline which seems necessary for effective industrial organization. Participative organization — which has not proven inconsistent with rapid economic growth — may prove useful in limiting the extent and effects of bureaucratic control.

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¹² See footnote 10.

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DOMINANCE AND PARTICIPATION: THE INTERPLAY OF PERSONALITY AND SOCIAL STRUCTURE

INTRODUCTION

Dominance and participation, as indeed other working arrangements, depend on the social structure and on the personalities involved. This truism of everyday experience is frequently obscured in social science literature, because sociologists tend to concentrate on the former and psychiatrists and some psychologists on the latter. In consequence, the interplay of these two dimensions, though important in practice, receives little attention in theory and not enough in investigations.

Due to the separate development of psychological and structural investigations which has well served its purposes in many fields, we are inclined to discuss organizations and also dominance and participation in them in two (or more) separate compartments: one compartment dealing with social structures and disregarding the impact of personalities; the other compartment dealing with character and personality and disregarding the impact of social structures and environments.

This separation is understandable because the collection of data and their analysis is usually quite different and carried out by different types of specialists for one compartment than for the other.

In any practical situation confronting administrators or advocates of participation, however, the two aspects have to be faced and examined together.

The purpose of this paper is to illustrate the interplay of social structure and personality through a few examples and to demonstrate that in most situations both have to be investigated simultaneously and in their mutual interrelatedness. It draws attention to practical problems which arise from this interplay and which have to be considered in the design and revision of participatory arrangements.

These problems will be discussed in the following order:

- I. Dominance and Leadership**
- II. Dangers and Objectives of Participation**
- III. Relevant Personality Differences and Methods of Participation**
 1. Attitude to one's own work
 2. Interest in the work of others

3. Members of committees
4. Administrative Skills
5. Human Relations Skills
6. Mental Health and Moral Maturity
7. Selective Information and Selective Participation

IV. Leadership and Equality

1. Participation in small sub-units
2. Participation in larger groups
(general meetings)
3. Participation and other social processes.

I. DOMINANCE AND LEADERSHIP

Dominance, at various levels of organizations, arises partly from the hierarchic structure, partly from the personalities involved.

(a) Some leaders, executives and supervisors, are content to control their subordinates' work according to the needs and rules of the organization, but do not wish to dominate them.

(b) Others constantly attempt to dominate their subordinates far beyond the needs of the organization, and sometimes to such an extent that organizational needs are subordinated to their own lust for power and the initiative of their subordinates is thwarted.

(c) Yet other executives do not control their department and subordinates sufficiently, and consequently fail to exercise fully the authority and responsibility attached to their office.

Although all three types operate in the same or similar organizational structure, their impacts, both on their subordinates and organizational objectives, are quite different.

The three different types just mentioned may be called:

- (a) Morally and mentally mature (responsible and considerate).
- (b) Sadistic, exploitative, domineering.
- (c) Masochistic, submissive.

These personality orientations can be distinguished as fundamentally different types; although many individuals will have a mixture of all three orientations, one of them will be predominant. These three types will also occur among all the other members of the organization who occupy less responsible positions.

Moreover, if a sadistic leadership has been institutionalized from the top, there will be an inclination to select, for the hierarchy, individuals who are sado-masochistic, that is to say, who can show blind obedience to their superiors and, at the same time, give vent to their lust for power in their inconsiderate or even cruel treatment of their subordinates.

If, on the other hand, morally mature leadership emanates from the top, more mature individuals may be — but *not necessarily* — selected for the hierarchy. This is so because mental health and moral maturity are not sufficiently examined in most selection procedures.

II. DANGERS AND OBJECTIVES OF PARTICIPATION

If advocates of participation aim at restricting dominance, they must not only try to reform existing organizations which facilitate sadistic domination, but also guard against the danger that participatory arrangements themselves may be misused by sadistic individuals for establishing their own dominance inside the participatory structure. And also against the second danger, that the existing dominance in corporations is maintained and increased because the new »participatory« arrangements provide a cover and an excuse: for it may be claimed (as indeed it has been claimed in different places) that, as participatory arrangements protect the rights of each member of the corporation, these need not be considered in day-to-day executive decisions.

The third real danger is the following: If through bad design and/or incompetent execution, participatory arrangements seriously hamper the attainment of institutional objectives, many morally mature people (not only sado-masochistic types) will turn against these arrangements because they will regard them as obstacles to the discharge of their duties.

These three dangers highlight the importance of the following considerations:

1. Participation has to aim both at appropriate participatory structures and at selecting morally and mentally mature individuals for the key positions in these structures.
2. Participation has to be organized in such a manner that it does not hamper but enhances the attainment of organizational objectives. It has to be economic, efficient and avoid wasting the time of members on ill-prepared and too numerous meetings (as is frequently the case).
3. Participatory structures alone are not sufficient for protecting the rights of individuals. The consideration of these rights has to be incorporated into the day-to-day activities of the organization. This can be achieved only if a common ethos permeates both the hierarchy and the participatory structure: both have to be dedicated to organizational objectives and efficient implementation, and both have to show in practice, their consideration of the needs and rights of individual members; both have to attempt to reduce the influence of sadistic individuals by examining the mental health and moral maturity of persons selected for key positions.

All this is more easily said than done. It would, however, be a great step forward if people at least became aware of the dimensions and complexities of the problem.

III. RELEVANT PERSONALITY DIFFERENCES AND METHODS OF PARTICIPATION

Some people believe that each organization has to develop its own participatory arrangements unpolluted by the experience of other organizations. Yet others insist that if you have the appropriate model of participation,

all types of people can be assembled like machines according to your blueprint and all will be well.

In point of fact, systemic models may have some usefulness, provided they are adapted (and revised after some experience) to the relevant personality differences that exist among the people who are to be members of the participatory arrangement.

Consider a group of 25 to 200 people which we shall call *department* to indicate that it consists of a number of sub-units and is, itself, a part of a complex organization which comprises several or many departments. Think, for instance, of the teaching staff of a secondary school; or the medical staff of a teaching hospital attached to a university, the nursing staff, the clerical staff, the technical staff, the medical trainees of the same hospital; all these different staffs together; or a part of the teaching staff of a university. Assume that this department has a considerable amount of autonomy but at the same time is subject to the regulations of the complex organization to which it belongs. Assume that the department under discussion has the right to work out its own participatory arrangements. Which personality differences will have to be considered if adequate arrangements are to be made?

1. Attitude to One's Own Work

For our purposes, it will be convenient to distinguish three categories though, of course, in practice, there will be many more. The categories are the following:

- 1A Those interested only in remuneration. They work for instrumental reasons.
- 1B Those interested just to do their routine work.
- 1C Those interested in constant improvements of their own work and striving after excellence.

If, for instance, the majority of the department members consisted of Type 1A, participatory arrangements would be chiefly used for defending and extending all kinds of financial and other personal benefits, while the small minority of 1C would require institutional safeguards against interference by the majority in order to preserve their own striving after excellence — which may serve the main objectives of the organization and of the community.

Such safeguards have sometimes been provided by the administrative hierarchic structure of the organization but in other cases the administrative hierarchy may have been oblivious to the striving after excellence or have paid only lip service to it.

This example shows that sometimes a proper protection of legitimate interests is not provided by »participation«, but by regulations which *safeguard minority interests* that are vital for the department, the organization and the community.

An enlightened method of participation would elaborate and incorporate such regulations in order to protect the striving after excellence.

2. Interest in the Work of Others

The following categories can be distinguished:

2A Interested only in their own work and nobody else's.

2B Interested in their own work and the work of one or two persons who work directly with them.

2C Interested in the work of the sub-unit in which they themselves work.

2D Interested in the work of the department.

2E Interested in the work of the whole organization.¹

If the majority of the department consisted of Categories 2A, 2B and 2C, departmental meetings would not be very fruitful. Departments would be better served by one or more small committees consisting of Types 2D and 2E. The interests of Types 2A, 2B and 2C can be safeguarded through Selective Participation (see III, 7 and IV, 2 below).

3. Members of Committees

The need for small committees arises not only from the above mentioned distribution of types, but also from many other fairly well known causes which need not be discussed here. But the type of person who is, or should be selected and elected for committees, and especially for administrative functions, merits discussion here.

The distorted ideology of democracy and participation tends to confuse equal rights of all citizens — which they deserve and which should be upheld — with equal abilities to serve the community or department — which, in point of fact, people do not have. Furthermore, some people wrongly believe that if only the proper participatory climate and environment are created, these will transform people's abilities and personality traits. Although people are affected by their environmental climate and can learn by imitation of others and from their own experience, some personality traits are very resistant to change. Consequently, in the selection of departmental officials and committee members, personality traits and abilities of individuals deserve careful scrutiny. Some of these have been examined in 1 and 2 above; others will be discussed below.

4. Administrative Skills

Administrative skills imply the ability to imagine and understand the whole organizational system and the relationship between its various parts and functions; to plan, program, organize work; to coordinate the activities of different members.

From the point of view of this essay, there is no need to elaborate these skills about which so much has been written. What matters here is to emphasize that some people excel in this field; others have the skills or can acquire them in a competent manner; yet others cannot.

In numerous participatory arrangements individuals have been selected for administrative functions who are devoid of these skills — with disastrous consequences for participation and the effectiveness of the organization.

¹ One could, of course, distinguish degrees of intensity of interests in each sub-group and different mixes of these categories.

Moreover many people engaged in participation confuse administrative skills and human relations skills, although there are individuals who possess one, but not the other.

5. Human Relations Skills

These presuppose a comprehension of the motives governing the behaviour of different people and the ability to coordinate the motivational goals of different individuals with each other and to integrate diverse individual goals with organizational tasks and objectives.

Two forms of these skills merit differentiation because their impact on organizations and participation is quite different.

5A One is exemplified by Yago in Shakespeare's Othello. He understands human weaknesses, and can play on, and exploit, suspiciousness, jealousy, prejudice, credulity; and, through flattery, gossip and false evidence *manipulate* his superiors, his equals and his subordinates for his own domineering and destructive purposes. He hates others and is willing to seduce them through misinformation and to induce them to fight and destroy each other.

5B The practitioner of the other form of human relations skills also comprehends all the human weaknesses mentioned above, but in addition has profound *respect* for each human individual and values *truthfulness*. His emotional appeals and devices resemble those of a wise, understanding, just and firm mother who loves her children equally and endeavours to smooth out various differences and misunderstandings between them: who tries to treat all her children without spoiling them, and becomes herself a model whom they are inspired to imitate.

He will endeavour to promote greater sympathy between members, enhance their mutual understanding of each other's emotional and occupational problems. He will use *rational persuasion* instead of manipulation, truthful information instead of misinformation, documentary objective evidence instead of gossip.

The practice of skills B is beneficial for participatory purposes, that of A is not. Skills A are practised by people of low moral maturity who may well be very clever. Skills B are practised by people of high moral maturity. The differences in moral and mental maturity are discussed below.

6. Mental Health and Moral Maturity

Different degrees of mental health can be viewed as a continuum in which psychotics are at one end and mentally healthy persons at the other, and different types and degrees of neurosis in between.

It seems that there are clusters of traits and attitudes which frequently occur together. At one end are the people who have a well-developed self-understanding and who also tend to understand others, especially those they meet face to face, more or less objectively and realistically. These people do not project many of their own fantasies upon others and consequently view them more or less as they are. They are able to be critical of themselves

and of others, correct their own mistakes and to revise their view of others through experience. They tend to be truthful to themselves and also to others. They are considerate and capable of cooperation on the basis of equality. They do not need scapegoats. They are predominantly creative, loving and tolerant.

On the other hand, there are numerous variations of people who have not reached this level of mental maturity. Some of the symptoms of lower degrees of mental maturity are the following: people who fail to understand themselves in several aspects of their vital human activities; who completely misunderstand the motives of other people because unconsciously they project upon them attitudes and motives these others do not have; who tend to deceive themselves and also others; and often lie unwittingly or deliberately. They cannot treat others as autonomous equal human beings but rather as second-rate objects which they can manipulate for their own purposes or exploit, dominate, misuse. They feel so uncertain of themselves that they seek constant reassurance, guidance or dominance by others. These people are neither creative nor tolerant. Destructiveness and cruelty are more predominant in them than loving tendencies.

They are inclined to seek scapegoats for their own failings; to engage in destructive or damaging intrigues; to derive satisfaction from causing harm to others through duplicity, deceit, malicious gossip and they may attempt to cover up some of these harmful activities by skillful hypocrisy.

Modern organizations are so large and complex that all kinds of harmful activities of such individuals can be practised within them without being discovered. Participation as such will not stop these activities because these types of individuals can also use participatory procedures for their own ends and for their own dominance.

Participation cannot transform or change the character of men and women but it can be combined with efforts to reduce the influence of mentally and morally unhealthy persons.

7. Selective Information and Selective Participation

One of the symptoms of the activity of mentally unhealthy individuals in large organizations is duplicity — the discrepancy between words and deeds. But duplicity in organizations can also arise from inadequate communication which is not fully adapted to the complexity of the organization and to what individual members can understand and effectively check.

Large groups cannot control duplicity so well as small face-to-face groups of people who work together. In a large group, such as the 'department' discussed above in which small committees and individuals with administrative functions inevitably exercise much greater influence and have more power than other constituent members, controls can only be indirect and have to be deliberately institutionalized. One of the institutional devices would be the deliberate effort to select mentally and morally healthy individuals — the best available ones — for key positions of authority.

Another important device is truthful reporting and accurate communication. Usually the surfeit of communication, the avalanche of papers which reach members is so overwhelming and undifferentiated that they cannot find their way through them. Consequently they overlook what concerns them most

because they are expected to read enormous amounts of print which do not interest them and which they are unable either to understand or to check.

Consequently *selective information* about aspects that are of direct concern to some groups of individuals and not to others is more effective and useful than the above-mentioned overload of information.

A third appropriate device is *selective participation*. Selective participation of individuals at some meetings or specialized committees may often provide better information, more adequate checks and more effective means of influencing decisions than general participation of all members in all meetings. For instance, one useful device is the introduction of the rule that individual members must be invited to committee meetings if these meetings discuss and make decisions about matters that affect these individuals, their work programme and their working conditions. (The present writer in his capacity as consultant has found that in some organizations members are invited to many large meetings which are of no consequence to them but very rarely, if at all, to those small committee meetings whose decisions affect them most.)

In many cases the rule of selective participation would be a great step forward. This rule is also in line with the facts, discussed above, that members' interest and ability to check information are limited. On the other hand, they do wish to co-determine those conditions which have a direct or indirect impact on matters that concern and interest them.

It may be objected that selective information and selective participation could be misused by unscrupulous administrators and elected representatives for unfair and inappropriate selections. Of course, it can. But so can unselected information and general participation which by their surfeit tend to kill interest both in information and in participation. However such a reference to unscrupulous administrators and representatives only confirms the basic tenet of this essay: that the best participatory models cannot work adequately unless they are guided or administered by men and women of moral integrity (*moral and mental maturity*) (6 above) who also understand organizational complexity (*administrative skills*) (4 above), are interested in the work of others (2 above) and are capable of understanding and considering the human needs of individual members (*human relations skills*) (5 above).

Once this is realized, it will become apparent that participation must concern itself with personality differences; with selecting the best available ones and attempting to train and educate better ones for the steadily growing number of functions — including leadership functions of different types and on different levels — in the participatory process.

IV. LEADERSHIP AND EQUALITY

Participation is intended to provide equal access to certain parts of the decision-making process for all members. Nevertheless, the relevant personality differences indicate that the ability, interest, and inclination to participate in this process varies considerably so that inevitably different individuals will have different degrees of influence on this process, even if equal rights and scope are allocated to all of them. What then can all the members, including the less able and the less active ones, gain through participation?

1. Greater influence on the working of their own small sub-unit.
2. Influence on the overall policy of the department — an influence that is commensurate to the time they are willing and able to devote to it.
3. Consultation on issues that effect them directly (see *Selective Participation*, Section III, 7 above).
4. Eligibility for *ad hoc* tasks that may interest them for a brief period.

Numbers 1 and 2 above will be examined in the following sections.

1. Participation in small sub-units

Small sub-units of people working in direct face-to-face contact with each other can, in favourable circumstances, combine a satisfaction of some of their human relations needs with an adequate performance of organizational tasks. Some investigators have demonstrated that different social arrangements in small groups may fulfill the same technical and economic objectives. Employee-directed styles of supervision have been successful in numerous circumstances. With the growing demand for the maximum individual autonomy compatible with organizational objectives, it may be expected that an increasing number of sub-units will be given the autonomy to arrange their tasks in a manner that is most congenial to the participants, as long as these fulfill the targets needed by the organization.

In terms of human relations, the small sub-unit has advantages over larger groups. The mutuality of daily face-to-face interactions fosters mutual human understanding that cannot be replicated in a large group. Misinformation and duplicity that can be practiced in a complex communication system of the organization, are more difficult, albeit not impossible, in a small group. Conflicts can be overcome in an informal manner. Meetings of all members can be short, informal and therefore not burdensome.

Insofar as participation entails the right of the individual to influence the immediate conditions of his work in a manner that is compatible with his fulfillment of this organizational duties, it is likely to be expanded within the boundaries of his sub-unit. The small unit need not (though it may) elect its own administrative functionaries. It can »administer« itself in an informal manner.

2. Participation in larger groups (general meetings)

One of the illusions which seems to underlie various unsuccessful attempts at participation is the assumption that large groups (of the size of the *department* discussed above in Section II and larger ones) can have the same informal participatory arrangements as very small ones or as a »family group.«

Another illusion is that all members can spend one-tenth to one-third of their working time on meetings without detrimental effects on their performance of their roles in the organization and on the effectiveness of the department or the total organization.

If such detrimental effects of participation are to be avoided, it is imperative to discover and develop methods of participation which are less

time-wasting and more effective. Two examples of different methods have been indicated above: Selective Participation (see III, 7) and selection of committee members adapted to the relevant personality differences (see III, 3). (Other methods have been tried out and new ones can be invented). It therefore remains to examine what the principal functions of general assemblies of all members in departments and larger groups can and cannot be.

If the time of members is regarded as valuable and if the different degrees of their interest are taken into account, one can state, as a general principle, that any information that can be passed on to members by other means than a general meeting, should not be conveyed at such meetings. For example, general information about day-to-day operations, reports of elected or nominated officials of committees, all these can be circulated in printed form. Wherever possible, the initiators of such circulans should be available to answer queries and give explanations orally or in writing, *outside* general meetings.

At the same time, officials and committees can be subject to the control by the general assembly in two ways:

- (a) The fundamental policy, especially changes policy, can be discussed on the basis of prepared documents.
- (b) Questions about the activities of officials and committees can be raised by members in general meetings, but only at times especially allocated for this purpose.²

For these purposes and some exceptional ones arising from the specific nature of a department or an organization, an assembly can meet infrequently. Well-attended meetings with an agenda and relevant documents circulated well in advance, offer much greater scope for effective participation than — as is customary — frequent, ill-prepared meetings which are inevitably badly attended and in which discussion is at a low level because the most capable members cease to participate. Such meetings can easily become a cover for the dominance of incompetent and inconsiderate administrators or elected department officials.

Creative administrations require plenty of time for thinking — time which is not occupied by meetings and routine work: time to design organization structures, review their operation, seek improvements, to consider new developments imaginatively and realistically, to widen their own knowledge etc. If they spend too much time in meetings, the quality of their administration deteriorates.

Creativeness can well be combined with routine work, but if this takes up an extravagant part of one's working time, creativeness suffers. Consequently, if there are too many meetings, the most creative individuals (scientists, researchers, teachers, physicians, engineers etc.) cannot combine their striving after excellence with regular attendance of all meetings. Even less creative, but competent individuals will be less productive if an extravagant part of their working hours is frequently interrupted of those who are persistent and mediocre and also persistently mediocre; who perform their important roles, as physicians, researchers, teachers, etc., as routine work with a mini-

² The periodical election of representatives, functionaries and committees is so obvious that it need not be discussed.

mum of vision and thinking and who are equally mediocre in their contributions to the collective deliberations at meetings. Frequent meetings, unattended by competent members, will also offer outlets to compulsive orators who are so eager to talk that they have no time to consider what they wish to say.

Hence frequent unprepared meetings will often miss the best available solutions and have a detrimental effect on administration and participation, and favour the predominance of *negative elites*, that is to say, leadership groups that consist of the least suitable personalities available (of perhaps some very mediocre ones) although much better ones could be found and would be needed to promote organizational effectiveness and the objectives of participation.

3. Participation and other social processes

While the consideration of the numerous aspects or dimensions mentioned in this essay can lead to improved models of participation, no structure by itself provides a guarantee of justice, effectiveness or excellence. Any structure can be distorted and misused by unscrupulous or incompetent individuals. While some safeguards against such misuse can be built into the structure, these will not be effective, unless mentally and morally mature individuals acquire and steadily widen their administrative knowledge and increase their participatory and leadership activities, and unless less active members realize the necessity of supporting them.

Knowledge can be increased by education (which can also spread false knowledge) and practice. Humanitarian ideals and principles of their opposites can be implanted by home and school education and by the mass media. The conditions which tend to increase or to reduce the incidence of psychotic and neurotic disorders are also relevant. These wider environmental (societal and historical) conditions influence, in complex ways, the quality and effectiveness of participation.

Nevertheless each individual can make some contributions to these social processes of improvement or deterioration, in accordance with the facilities or obstacles offered by his social and organizational environment and in accordance with his abilities and the degree of his activity. As only a small part — hopefully an increasing part — of members is likely to be active and as their skills differ widely, participation does not dispose of leadership, as some advocates of participation would like to believe. But it does offer a great expansion in the number of people who can participate in various leadership functions and it widens the social reservoir from which potential officials and leaders can be recruited. Those who themselves do not wish to occupy responsible positions, can make a vital contribution by taking the trouble of choosing the best available people as their representatives.

No participatory arrangements can be regarded as final. Experience, experimentation and evaluation may lead to the revision and improvement of old models and the discovery of new ones.

* * *

This paper has drawn attention to several problem areas, without attempting to offer final solutions. Insofar as suggestions were made, these were

designed chiefly to demonstrate that if the interplay of personality and social structure is considered simultaneously, possibilities of new solutions emerge. If scientific investigators and practitioners of participation face these complexities realistically and squarely, human ingenuity and growing experience will devise new solutions.³

³ The hypotheses advanced in this essay can be tested by various methods and techniques. Investigators and practitioners of participation who wish to embark on this important and rewarding task are invited to communicate with the writer of this essay.

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TOWARDS A PARTICIPATIVE MALTA

Malta is going through a critical period of social change, a major reason for this being the recent introduction of various forms of participation in decision making and ownership. In the government-owned Drydocks, which with over 5000 workers is the largest concentration of industrial labour, a system rather similar to German co-determination was introduced in 1971. Later that same year, the management of a textile factory — employing some 200 workers — was taken over by a union when it appeared that the factory would have to close down. In another instance a privately-owned cargo handling company (86 employees and about 1000 licenced dock-workers on contract) discontinued operations but was taken over by the unions who now own and manage it: three clerks and one dock-worker are fully involved in the management of the freight handling operations.

Worker's participation in management, in varying forms, has been instituted in many countries. One of the objectives of this conference is international comparison and evaluation. In the case of Malta it is too early for an adequate assessment; however, it seems appropriate to describe the country's first experiences even though this report must be incomplete since research is still under way. The purpose of this paper is thus to inform rather than to evaluate.*

THE MALTESE SCENE BEFORE PARTICIPATION

Some information on Malta will help an understanding of the recent changes. Malta has a population of 320,000 living on 316 square kilometers, making Malta one of the most densely populated countries of the world. Before gaining its independence in 1964, Malta had for a century and a half been a British colony, where the majority of its labour force was employed directly or indirectly with the British military base. Today after a ten-year programme of economic diversification the distribution of the working population over the various economic sectors is rather similar to that of industrialised countries: relatively few work in agriculture (less than 10%) but many in (government) services and in industry. Although the industrial workforce is growing quickly, unemployment still poses a major problem and more money is continuously being pumped in the economy to provide more diversification.

* The aim of this paper is to describe three cases of workers' participation in management recently introduced in Malta. Research on this is still in progress.

Industrial relations have become increasingly problematic¹ as is clearly illustrated by the rapidly growing number of strikes and, concurrently, of man-days lost. Since 1964 the number of man-days lost through strike action has at least doubled each year. The issues at stake in most industrial disputes indicate at least two important causes: fear of unemployment, and dissatisfaction with wages. Although unemployment has generally decreased since Independence, job insecurity has made itself felt, especially in organizations affected by the rundown of the British services, and in the Drydocks. Wage dissatisfaction has been mainly the result of changing reward structures; negotiations on conditions of work have been decentralised and conducted mainly on the enterprise level. A chain reaction of demands resulted, which continuously disturbed existing relativities; in short, »progressive fragmentation«² was clearly at work in Malta. Industrial action has been facilitated by the fact that there were no clearly agreed or legally binding procedures of dispute settlement. The legislative framework was highly permissive: when an industrial dispute arose, workers or managers had a free choice between conciliation, arbitration or industrial action; agreements, once reached, were not legally protected. Even though most negotiations were concluded without dispute or through government mediation, the need for new procedural forms was felt. The government in power in 1969 had proposed a new industrial relations bill to Parliament; this included legal support for collective agreements, establishment of an industrial court, compulsory settlement of disputes if conciliation failed and restriction of strikes. Consultations on this bill were unsatisfactory to many interested groups, especially the trade unions, who most strongly opposed the eventual almost complete restriction of strikes.

At the time of Malta's independence, almost half the wage and salary earners were unionised. The degree of unionisation declined because of the many U. K. services which now ceased, but in 1970 the same degree of unionisation was reached again. Union membership is especially high in the larger industries and in government services. The General Workers' Union (G. W. U.) is the biggest union (70% of all union members, mainly industrial employees). Most other unions are combined in the Confederation of Malta Trade Unions and include mainly government employees and white collar workers. Unions operated at the enterprise level and were mainly concerned with collective bargaining. In reaction to this, the employers associated as a negotiating organization. There was little ideological struggle regarding management prerogatives, or quest for democracy in production relationships.

In the context of this paper, a very important aspect of industrial relations in Malta is shown by Malta Drydocks Corporation since participation started here.³ The history of the Drydocks dates back to the era of the Knights of St. John. Under British rule a big naval dockyard was developed, which for a number of decades was of major significance to the Maltese economy as an

¹ On the state of industrial in Malta in the period under discussion, cf. *Alternative Industrial Relations Systems for Malta* (proceedings of a seminar, Royal University of Malta, 1971). A general handicap when describing industrial relations in Malta is that there is hardly any published material available on labour-management relations or industrial relations in the Island.

² Fox A., and Flanders A., »The Reform of Collective Bargaining: from Donovan to Durkheim,« in Flanders A., *Management and Unions* (Faber, London, 1970), p. 241 ff.

³ The history of the Drydocks is very complicated, and I merely summarise the most important events which are directly relevant to their present situation of participative management. I base my information on: E. Ellul, *Industrial Relations at Malta Drydocks: Economic Aspects* (B. A. — dissertation, Royal University of Malta, 1972).

important source of employment. In 1957 the Yard was converted into a commercial concern since the British Navy no longer needed it. This shift from naval base to commercial firm was very difficult; the labour force was recruited to serve an admiralty shipyard and was consequently larger than could be productively employed in a commercial concern.

The inevitable result was many industrial relations problems, where the G. W. U. generally followed a policy of opposition. Only once was an effective form of cooperation introduced: in 1965 a »Joint Consultative Committee« was set up to »establish a consultative and advisory machinery for the regular exchange of views between the workers' representatives and management (...) on matters of mutual interest.«⁴ This committee worked satisfactorily for several years, but was dissolved in 1967 when management introduced changes without prior consultation with the G. W. U.

In 1968 the Drydocks were nationalized by the Maltese government, with the help of the British government, and were put under hired British management. The maintenance of employment for all in spite of its inconsistency with normal commercial standards, continued as the major problem. Workers and union were appeased by the Prime Minister who »assured that no matter what happened at the Malta Drydocks nobody would lose his employment.«⁵ The G. W. U. was invited to nominate one member to sit on the Board of Directors of the nationalized enterprise, but the offer was considered to be too weak and was refused. However, government appointed an ex-union president to sit on the Board even though he was not nominated by the union. There were frequent clashes between the G. W. U. and the Yard's management, mainly centering around disputed wage ratios between industrial and non-industrial employees. The result was a ban on overtime while about 50 employees in key trades went on strike. »The action brought the Malta Drydocks to an immediate standstill which lasted seven months«; several attempts at conciliation failed and in Spring 1971 »the parties concerned decided to wait until after the forthcoming general elections [June 1971] to settle the dispute.«⁶

TOWARDS PARTICIPATION

The Drydocks played an important part in the elections: how would pending problems be solved in an industry which is one of Malta's chief foreign exchange earners and the largest industrial enterprise? In their jointly published electoral manifesto, the Labour Party and the General Workers' Union stated: »The Drydocks will be reorganized in the following way: a new Corporation will be set up, 50% by the G.W.U. under a chairman acceptable to the two sides. The final aim will be to put the Drydocks back on its feet and that control will ultimately fall to the workers. This would mean that employees would be working in their own interests.«⁷ The desirability of participation was expressed in other ways. A Commission for Civil Servants was proposed in which all interested parties would be represented: its aim would be to reform the Civil Service and, pending claims for regrading and regrouping, to form a background to this reorganization.

⁴ *Ibid.*, p. 21.

⁵ *Ibid.*, pp. 29—30.

⁶ *Ibid.*, pp. 29—30.

⁷ *Peace and Progress: the Electoral Manifesto of the Workers Movement*, Malta, June 1971, p. 7.

Participation in planning was also promised: a prospective labour government would review the existing 5 year plan (1969—1974) and would consult with the trade unions, other associations, civil servants, industrialists and others.

In Malta, there was no ideological struggle to demand participation. However, the Labour Party had expressed the desirability of participation since many years, but had never specified details of the form and extent of participation. Due to this lack of previous clarification, participation came as a surprise for many Maltese, even for trade unionists.

MALTA DRYDOCKS: A CASE OF CO-DETERMINATION

After the Labour Party had won the elections, the plans for the Drydocks that it had announced together with the trade unions were put into practice. Three trade union representatives and three government representatives were appointed by the Government to the Board of Directors. The union representatives were nominated by the General Council of the G.W.U., and not directly elected by the workforce of the Drydocks; two of them are union leaders who work in the Drydocks and the other spent a good part of his working life there before becoming a full-time union official. Board members do not receive remuneration (incidentally implying a very considerable yearly saving). Soon after the creation of the Board of Directors it was realised that board representation was not an effective instrument of union participation in such a large organization. The Joint Consultative Committee (first installed in 1965, see page 3), was re-instated with seven members: 3 management representatives, one representative of a Senior Staff Association (not affiliated with the G.W.U.), one representative of the white collar section of the G.W.U., and two representatives of the metal workers section of the same union. All members of this committee are full-time employees of the Drydocks; they are not directly elected by all employees, but through procedures established by the unions and by management respectively. The Joint Consultative Committee is empowered to conduct consultations on all aspects of management and to convey its conclusions and advice to the Board of Directors.

Later, consultation was introduced at still lower levels of the Drydocks. In the five main divisions, Joint Production Committees were instituted with basically the same composition as the Joint Consultative Committee, and enjoying a consultative function: they discuss productivity measures, tools, machines, welfare and any other social or technical problems. In both the JCC and the JPCs, bargaining on personnel and economic matters is barred. Workers participation at the Drydocks is completely channelled through the unions. Rank and file employees (almost all of them union members) were informed about the introduction of participation in mass meetings where the Prime Minister and the General Secretary of the union told them what was going to happen. Further information flows mainly through newspapers and informal communication between workers and shop stewards and other union officials. But in such a large organization informal communication is insufficient; a serious lack of understanding about the economic situation at the Drydocks and about the structure and functioning of the participative institutions has consequently arisen between trade union representatives in the participative bodies, shop stewards and workers.

This may seriously threaten the participation experiment of which the workers have tangible short-run expectations. It will be recalled that a seven-month strike occurred over wage re-structuring; the workers naturally expect this problem to be solved by the new enterprise structure. Government and union urge the workers to practice self-denial and wait. The concern of the union leaders and of government is to provide the Drydocks with a sounder economic basis. First and foremost, they now hold co-responsibility for an enterprise which has been in financial trouble since it was commercialized in 1957. The ship repairing business is already facing tremendous competition; moreover, market of the Suez canal. The crucial problem for the union is co-responsibility for effective utilization of the labour force while safeguarding employment. In the long term, the solution to this problem will grow in importance since the enterprise is eventually to be owned by the workers. The unions are still searching for the most effective way in which workers and also the shop stewards can share the problems of the enterprise and practise joint decision making.

JOINT MANAGEMENT IN A TEXTILE FACTORY

The developments at the Drydocks created a climate for more initiative. In Autumn 1971, a textile factory was in a state of liquidation and threatened with closure. The factory was a branch of a larger foreign company and was in operation for only one year. It had 200 employees and a relatively large foreign managerial staff. The latter enjoyed high salaries — for Maltese standards — and emoluments such as free company cars and housing facilities. The majority of the shares were in private hands; the Malta Development Corporation (M.D.C.) also had shares in the company and was represented on the Board of Directors.

In consultation with the banks, the M.D.C. and the owners, the unions had tried to find a solution, but without success. On a Friday night in October, the workers received their last wages and faced immediate unemployment. On the same night, the secretary of the textile workers section of the G.W.U. called the workers together and proposed that they should continue with production, using the available raw materials to produce garments for the local market. The workers agreed, and volunteered to give up part of their wages, all bonuses and piece rates.

Work started the following Monday without management. Nevertheless, production was kept going and by selling garments on the local market and also by selling company cars, reduced wages could be paid during the first weeks. The greatest immediate problem was replacement of the managerial staff. At a meeting with the previous management, the managers were asked which of the Maltese supervisors would be the most suitable to take over their own managerial work. These newly assigned managers had to be trained in their new jobs on-the-spot; they were never fully introduced to managerial work by their superiors, whether in terms of organization or in technical know-how. They now spend their free time reading and studying, trying things out at the factory, working until midnight. Through effective and genuine cooperation between union officials, new managers (who previously, as supervisors, had not been unionised and had maintained a social distance between themselves

and the rank and file workers), and the workers to keep production going, impetus in the operation increased. Workers were called together at regular intervals and informed about the results. When it became clear that the unions and the workers were determined to continue the M.D.C. and the banks became interested, especially when they saw that the company's debts were decreasing significantly due to the fact that overhead costs (foreign managers and their emoluments) had been heavily reduced.

During this period, the Board of Directors of the private company resigned, the general manager was sent on paid leave and, with the consent of the shareholders, decision-making powers were given to a managing committee. This committee is composed of only two people: one officer of the Malta Development Corporation and one trade union official. The MDC representative manages economic matters such as financing and accounting. The union official, secretary of the textile workers section of the G.W.U., is responsible for social and personnel matters, a function comparable to that of labour director in West Germany. Both men do their managerial work without extra remuneration.

Positive results quite soon became visible. Business has picked up and is now normal, including exports; the M.D.C. and the banks have offered financial assistance and early this year workers were put back on their original wage level. Work relations have undergone substantial change. The former division between management and labour has been replaced by a shared feeling of responsibility by workers, supervisors and union officials, through their success in safeguarding employment and making the enterprise feasible again. The enterprise claims that productivity has increased and that absenteeism and labour turnover have been remarkably low since the new structure was introduced.

One of the most difficult and immediate problems of the enterprise is: what to do about the ownership? With its initiative in continuing production, the union intervened on behalf of the workers, but in the final analysis also on behalf of the owners. Company shares are mostly in private hands, but the workers and the G.W.U. evidently feel that if the enterprise should again make a profit, this should not automatically go to the shareholders.

Another problem is the participative structure itself. Participation was introduced with the original objective of safeguarding employment, but has developed into much more than was foreseen. The union is fully involved in the managerial decision-making process and in the implementation of decisions. Serious problems may soon arise from the role conflict that seems inherent in the position of the union leader cum »labour director«: how will he be able to match efficient management and effective representation of workers?

THE CARGO HANDLING COMPANY: CLOSE TO SELF-MANAGEMENT

Another company which ran at a loss in the same period was a private cargo handling company in the port. The port had been the scene of many conflicts and strikes, especially since October 1970 when the company refused to accept a draft collective agreement. The company operated in the port under a contract concluded with the government; it decided to terminate this con-

tract since it was working at a loss and was not allowed to raise its charges. The workers were sent letters of discharge. The union felt responsible for their employment. The vacuum created by the company was filled by the union. It entered into a contract with the government and established a cargo handling company with a share capital which it fully owned. The new Cargo Handling Company (as taken over from the previous owner) is a rather small work organization with 86 employees (industrial workers and clerks). But the company also manages the work of some 1000 port workers and clerks who it does not directly employ, but who work under licence against piece rates. These workers are in a way self-employed, but once they start to operate they form part of the organizational structure of the Cargo Handling Company.

The management of the Cargo Handling Company is supervised by a Board of Directors, consisting of four government officials and four union members. The government is represented on the Board since it bears ultimate responsibility for the port. The government leases out the managing of the port work; previously to a private company and now to the union. One of the government officials (the port director) is chairman of the board but has no voting right, so that the 4 union representatives have a majority of votes. The unions adopted the policy of appointing people to the Board who actually work in the port, since they know the trade. Of the four trade union directors one was a port clerk, two were delivery clerks and the other a port worker. All do their board work without extra remuneration, but receive reimbursement for any wage they may lose through attending meetings.

The trade union representatives on the Board are not elected by the port workers but by the General Council of the trade union, on the recommendation of the port workers section of the union. As owner of the Cargo Handling Company, the union (again, the General Council on the recommendation of the port workers section) also appointed the general manager previously a delivery clerk in the port. He is simultaneously a trade union member of the Board of Directors; as a general manager he has a full-time job although he had no previous managerial training. He still receives the salary of a delivery clerk.

In this case as in the cases of the Drydocks and the textile factory participation of workers is channelled through the G.W.U. Also in this case there is nearly 100% unionisation. The four union representatives on the Board are elected shop stewards of the port, and are also members of the Executive Committee of the port workers section of the G.W.U. As such, according to the unions, they can be regarded as representing the workers. In actual practice there is considerable informal communication and consultation between the Board of Directors and the rank and file workers, if only because the directors themselves work in the ports. Since the workers are informed about Board decisions they exert control (they have access to the minutes of Board meetings; in addition, the union holds monthly and annual meetings at which workers are informed about the company). But opposition is not excluded: if disputes arise, as for example on piece rates, workers can approach the secretary of the port workers section who will then have to bargain with the manager. In this case, two trade unionists, in different roles, bargain with each other.

The economic results of the union-led enterprise have been very satisfactory. During the first six months, profits were sufficiently large to enable

almost complete implementation of the working conditions demanded in 1970 in the proposed collective agreement. This meant an average wage increase of 22% and a change in the method of payment which is now based on a regular salary rather than on high piece rates. Also, the company has been able to introduce comprehensive insurance for all its workers. The company's profitability is reported to be the result of higher productivity (the workers are motivated and strikes have not occurred since the take-over) and also because Board members now function without remuneration, whereas in the previous private company five directors received considerable salaries.

The aim of the G.W.U. at the Cargo Handling Company is to establish a self-management system under union ownership. The company (and its eventual profits) belong to the G.W.U., not to the workers. But management is in the hands of a majority of company workers. These workers are not directly elected by all employees, but represent the workers in their role of elected union functionaries.

DEVELOPMENT OF PARTICIPATION STRUCTURES AND GOALS

In Malta, participation in management came upon the country and even the trade unions as a sudden phenomenon, so much so that trade union officials who became involved in participative bodies later declared that they went into it while knowing nothing of the implications, especially in the textile factory and the port. The new forms of management were introduced as an ad hoc response to particular situations and not as a result of any premeditated policy, so that a uniform institutional pattern was lacking. In many countries the position is rather the opposite: legal regulations define the form of participative institutions, the rules for their composition, their areas of activities, the extent of their authority, etc., before participation is introduced in practice.

One consequence of the spontaneous introduction of participation in Malta is that the new institutions cover a wide range. In the Drydocks the Joint Consultative Council and the Joint Production Councils are consultative machineries rather similar to works councils; in the Drydocks and in the Cargo Handling Company there are forms of co-determination; in the textile factory one finds the labour director in a system of joint management and in the port a particular form of self-management under union ownership.

In all these cases participation has from the beginning meant more than mere consultation: the new institutions are not »frameworks for discussion«⁸ but frameworks for decision. It is evident that these institutions are not instruments of *workers'* participation but rather of *union* participation. Representative organs of all employees do not exist; the union officials are not elected directly by the employees as their enterprise representatives but as their union representatives. Although the general impression is that these officials have the full support of the workers, the fact is that they are elected in a different capacity. This may have placed the G.W.U. in a very delicate position. Until recently it was involved in bargaining and did not bear managerial responsibility. Now it co-shares this responsibility. This dualism was not fully foreseen, and the situation now arises that not only the union as such, but even indi-

⁸ J. Y. Tabb and A. Goldfarb, *Workers' Participation in Management Expectations and Experience* (Oxford, Pergamon Press, 1970), p. 5.

vidual union officials have to combine the sharing of managerial responsibility with independent trade union activities. Although it has been shown to be possible to isolate these functions,⁹ it will be put to a difficult test in Malta. But these and other problems of structure are certainly not insoluble since participation is being institutionalized in a very flexible fashion, in an attempt to find the appropriate structures for particular situations. This is very important in view of the inevitable re-evaluation of participation goals. In accepting participation, the trade unions have spontaneously responded to industrial relations problems, mainly to solve employment problems. This was not a policy with a philosophical foundation, but the very introduction of participation has set in motion the development of a philosophy. Participation now has a direct bearing on the workers' situation at his workplace. As always when participation is introduced, this leads to a situation where »authority loses some of its absolutism.«¹⁰ Also, workers start to acquire managerial skills, as is shown in the cases of the textile factory and the port; opportunities for learning and personal development are increased.

These and other new experiences will be of help in the development of new goals of participation for the unions and the workers. The ways in which this process of introducing participation in management will develop and the consequences it will have for the general state of industrial relations in Malta, is the subject of research presently being undertaken.

⁹ As has been argued for West Germany and Israel by P. Blumberg: *Industrial Democracy; the Sociology of Participation* (London, Constable, 1968), p. 150 ff.

¹⁰ K. F. Walker, »Conceptual Framework and Scope on National Studies,« in *International Institute for Labour Studies Bulletin*, V, 1968, p. 32.



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DECISION AND THE EMERGENCE OF THE SELF

Decision-making can either deal with the validity of a proposition or with empirical assertions in regard to past, present or future phenomena. Let us consider the phenomenal level.

Phenomena occur in time and space; decision-making occurs in time and space. However, deliberation that leads to the decision also takes time though the decision itself may be accomplished in an instant and usually takes place if not in one person's head then at least in a limited space.

Remembering George Herbert Mead and his insightful observation¹ about taking the role of the other, we propose to observe another dimension in socialization. Since a human cannot satisfy Mead's desiderata immediately because he has to wait or he cannot reach a goal, he develops gradually an awareness of elements of time and space. While Mead explains the ability of taking the role of the other by sound analogy, we point out that one learns through an interference of a process in time and space. Moreover, we argue that these failures to reaching an objective at once, come ahead of the taking the role of the other and is an essential incident in the process. We propose that awareness of elementary deprivation helps the human being to develop »a decision-making stance«, i.e. to transcend his time-space limitations. We argue that the deprivation due to spatial and temporal limits helps the human being to gain an essential ingredient of a human being in his humanness.

We have so far pointed out the decision-making in terms of space and time dimensions, proposing the nature of decision itself tends to transcend time and space. Other elementary categories that warrant our attention in discussing phenomena are concepts of quality and quantity. A decision is an act which is crucial to the initiation of conceptual order of activity. If this is so, we maintain that decision is an innovation which appears always qualitatively different. Even if one decides to increase or decrease the same property of phenomena or an activity, the introduction of its is experienced qualitatively new, while one shortly becomes aware that it is only more or less of the same property and is relatable on that basis.

There is one more difficulty with propositions that stress uniqueness and qualitative distinctiveness of the decision. Suppose that we obtain many qualitatively different phenomena. How shall we react to them? In such a

¹ George H. Mead, *Mind, Self & Society; From the Standpoint of a Social Behaviorist*. The University of Chicago Press, Chicago 1934. See especially p. 364.

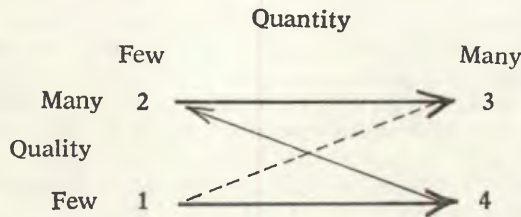
situation the variety ceases to be perceived to a significant degree, for instance Morgantown with a Personal Rapid Transit System. We would start to classify a permanently changing property as »a same item« that »keeps all the time changing«. This indicates that we perceive same as well as different qualities within only a certain range of differences as well as within a certain limited stretch of time.

Let us consider one more point in regard to uniqueness and singularity of a decision. A decision in regard to phenomena involves two flows of time: since the decision relative to a phenomena is with its past, or its future but is being dealt with in a present. The dramatic time of the phenomena can be called as extra-sessional time deals with a colapsed time of the phenomena relative to its past and an expanded time relative to its future. It is interesting to note that once when the decision has been reached, the extra-situational and the present situation become convergent - in the climax that this is the decision concentration of time and space that overlaps with the session time is impressive!

Turning now to the concepts of quantity and quality, we theorize by cross-classifying them. Moreover, we assume that quality and quantity have two choices each: many and few. The following table facilitates inspection of the four possibilities:

Table 1.

The Quantity and Quality Aspects of a Phenomena



In the above table by quantity we understand a number of persons and by quality the number of different solutions. To start, we propose to begin with cell 1 for reasons as follows: a decision tends to be drawn by a small number of persons; frequently by one person. Moreover, there is no great number of alternatives represented by qualities.

We should also note here that the decision-making by its nature tends to a concentration of space and time. The implication and developmental actions that follow the decision tends to evolve through space and time.

In the above table an arrow brings us to cell 4 from cell 1. Cell 4 may be clearly represented e.g. by a category of small children. Each small child keeps talking to himself predominately though they are a plurality of persons. Children talk and express themselves but there need not be much communication among them. Cell No. 4 represents a transition to such a social phenomenon though it is little more than an aggregate of human beings in spatial proximity. Note that cell 1 represents an absence of social phenomena, an empty

cell of a set to use mathematical language. Cells 4, 2 and 3 present in social relationships, cell 3 in our table would be the most »social« within this framework. The transition from cell 4 to 2 is represented by an arrow. In this transition occurs the development of taking the role of the other, as proposed by G.H. Mead. Notice that from a viewpoint of a child several items come to the attention of the child though he interacts with a few adult persons such as parents. In terms of the scheme, more than a single person but less than many persons are concerned. Note that cell 4 represents a greater number of children who interact only peripherally but cell 2 is a greater intensity of interaction but with a few persons. Consequently, cells No. 4 and No. 2 are transitory cells to cell 3 where there is the greatest development of social awareness in regard to both the number of persons and to number of items involved. In the context of cell 3 contain requirement of the Generalized Other of Meadian theory are being met.

What we have done in this scheme is to integrate a space-time socialization theory with aspects of George Herbert Mead's theory.² We have proposed that the first awareness of space and time is provided by deprivation along spatial and temporal dimensions, followed, and to some degree, overlapped, with the G.H. Mead's taking the role of the other. We argue that the first movement of an infant is spontaneous movement, first his own body then perceived objects that move about. Since the child cannot always reach everything and at once, this deprivation is a first disappointment that helps a human being to develop some elementary awareness of spatial and temporal deprivations.

To bring our theory to a general conclusion, let us remember that we have stressed that the decision-making in the self tends to be realized within a short time stretch and a small space, as represented by cell 1 in our scheme. Note that a broken line connects cell 1 with cell 3 that serves as opposite cell because it represents a great number of persons to be engaged in and a great number of items. In the scheme a decision that is taken tends to be further represented by cell 3 that shows that the decision affects usually a greater number of persons than one and it is related to more than one item. We argue that the temporal and spatial concentration that attends the making of a decision makes an expansive move in temporal and spatial dimensions. In our thinking what is specifically human is the ability to concentrate time and space for decision-making, i.e. as called by philosophers, transcendence. However, once the decision has been achieved, its implication and realization expands through time and space. Speaking again in Kant's terminology, we say that the decision is a cultural phenomenon par excellence that not only involves a concentration of time and space but also an extension of time and space. To conclude, and to avoid a tendency to philosophize at this point, we find the decision-making to be another level of reality; this a cultural level of reality, produced by man himself.

² Meads focus upon the emergence of role behavior with a collapse in the consideration in time is suggestive of a functioning of operant conditioning, the alternative course, which we suggest obviates this problem.

1870

1871

1872

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1881

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A CONTINUUM MODEL TO COMPARE SOCIALIST SYSTEMS GLOBALLY

INTRODUCTION

For almost half a century the study of socialist systems was undertaken either on the basis of a single-country or in a comparative manner emphasizing similarities or outstanding differences of limited aspects among countries. In the late 1960s more sophisticated methods were developed to compare socialist systems.¹ Nevertheless, such attempts still are compartmentalized in the sense that they concentrate on a particular aspect of socialist society, such as the political structure and functions, the organization of the economy or the system of values. And yet, as Oleg Zinam has stressed, in a socialist system »political, economic and ideological elements are so inextricably intertwined that . . . to get meaningful results one must either analyze the whole package, or give up the effort.«² Another problem is that the methods available to compare socialist systems are usually typologies that abstract the main features of one or more actual systems reducing all of them to a small number of types, thus sacrificing divergency among systems for the sake of simplicity.

In this paper, I propose to go a step further in the current methodology comparing socialist systems globally by using a combination of ideological-political-social-economic variables integrated in a continuum model. Diversity is what is relevant here, hence similar features or variables for all systems (e.g., collectivization of industry) are excluded from the model. All distinctive variables of a system cannot be included in the model, thus a selection has been made of those most significant for the comparison.

Even limiting the analysis to a small group of strategic variables in various fields, the task ahead is immense. To properly undertake it would require the work of a team of specialists in various socialist countries and trained in

¹ Frederick J. Floron has done an excellent work setting the bases for advancing the methodology in this field in his compilation *Communist Studies and the Social Sciences: Essays on Methodology and Empirical Theory* (Chicago: Rand McNally, 1971). The most elaborate typology developed is the one prepared by John Michael Montias to compare the economic angle of socialist systems. See his »Types of Communist Economic Systems,« *Change in Communist Systems*, Chalmers Johnson, ed. (Stanford: The University Press, 1970), pp. 117—154. At the time that Montias published his paper the author was working on his own model, a preliminary version of which was presented at the Fourteenth Annual Conference of the Southern Economic Association, Session on Socialist Ideology and Practice in Developing Countries, Atlanta, Georgia, November 13, 1970. Even though this author was not aware of Montias' research, there are interesting similarities in the approach of both models. See also Morris Borstein's classification of the main features of economic reforms in Eastern Europe in »East European Reform and the Convergence of Economic Systems,« *Yearbook of East European Economics* (München: Osteuropa Institute, 1971), p. 263.

² Oleg Zinam, »The Economies of Command Economies,« *Comparative Economic Systems*, Jan S. Prybyla, ed. (New York: Appleton-Century-Crofts, 1969), pp. 23, 33. Zinam is probably the first scholar to develop a sophisticated, comparative scheme,, based on ideological-political-economic variables. Zinam's scheme was not applied only to socialist economies but to all economic systems and its scope was too wide, losing in concentration and utility.

several disciplines, e.g., economics, education, philosophy, political science, sociology. A single scholar trained in one discipline and whose empirical knowledge is limited to one or two countries risks the danger of projecting bias in both the selection of variables and the process of induction-generalization. To somewhat reduce this danger, I circulated an earlier version of this paper among several specialists and have incorporated many of their suggestions.³

Still the paper can be criticized as schematic and/or audacious. Nevertheless I am exposing this admittedly embryonic model to the academic community because of its potential heuristic value: it identifies and interrelates the fundamental features of socialist systems providing a general framework for their orderly comparison. I advance also various hypotheses whose validity cannot be tested at the present level of the investigation. These pertain to the relative cohesiveness of systems, the deviation of variables from system cohesiveness and its costs, and the short-run and long-run tendencies of system gravitation. The main utility of the paper may be the stimulation of further discussion and interdisciplinary research.

PROBLEMS FACED IN DEVELOPING THE MODEL

Besides the general problem discussed above, the development of the model has faced three serious difficulties: (1) the poor availability and reliability of the data needed for measurement of variables; (2) the traditional tendency to use types and categories; and (3) the period of time chosen for the comparison.

1. The difficulties in obtaining information from some socialist countries (e.g., Albania, Mongolia) are well known. Such difficulties increase when a socialist country goes into a cycle of radicalization and isolation as in the case of China under the Great Leap Forward or the Great Proletarian Cultural Revolution. There are also »sensitive« topics (because they affect internal security or doctrinal principles) on which data are almost impossible to collect regardless of the country, for instance, the power of the armed forces vis-à-vis the party, the magnitude of unemployment and underemployment. Generally, statistics in the less industrialized socialist countries are scarce and present serious problems of accuracy. Both availability and reliability of statistics increase as the socialist country develops.⁴ The possibility of conducting objective surveys (e.g., on freedom in party elections, the use of coercive techniques, change in values, extension of the black market) in socialist countries by foreign scholars is almost nil with the exception of Yugoslavia.

Because of these problems, the author has limited the use of the model to five countries: China, Cuba, Czechoslovakia, the USSR and Yugoslavia. Va-

³ Copies of an earlier draft of this paper were sent to 30 scholars trained in various disciplines and specializing in the five socialist countries selected to test this model. The scholars were asked to comment on the methodology and ranking of variables. Seventeen of them answered. The listing shows discipline, main country (ies) of specialization and current academic affiliation: Carl Beck, politics, East Europe, University of Pittsburgh; Roberto Bernardo, economics, Cuba, University of Guelph; Robert Campbell, economics, USSR, Indiana University; William Dunn, politics, Yugoslavia, Pitt; Edward Gonzales, politics, Cuba, UCLA; Gregory Grossman, economics, USSR, Berkeley; Branko Horvat, economics, Yugoslavia, Institute of Economic Sciences of Yugoslavia; Alex Inkeles, sociology and education, USSR, Stanford; Bodgan Mieczkowski, economics, East Europe, Ithaca College; John M. Montias, economics East Europe, Yale; Jose Moreno, sociology, Cuba, Pitt; Paul Novosel, sociology, Yugoslavia, University of Zagreb; Michel Oksenberg, politics, China, Columbia; Rolland Paulston, education, China-Cuba, Pitt; Jan S. Prybyla, economics, China-USSR, Penn State; Paul Craig Roberts, ideology, USSR, Hoover Institution, Stanford; and Zdenek Suda, sociology, Czechoslovakia, Pitt.

⁴ For a discussion of this problem, see C. Mesa-Lago, »Availability and Reliability of Statistics in Socialist Cuba,« *Latin American Research Review*, 4 (Spring 1969), pp. 53-54.

riables in the model have been qualitatively evaluated (with a primitive rule of thumb) rather than quantitatively measured. Nevertheless, the author points out potential indices that could be used for future measurement of the variables.

2. During the late 1940s and early 1950s, it was relatively easy to compare socialist systems, the Stalinist system being practically unique in a »monolithic« socialist world. But after Stalin's death and under the influence of independent leaders such as Tito, Mao and Castro, there has been increasing pluralism in this area. In order to reduce wide divergence among 14 socialist countries into manageable dimensions, most scholars have developed types that define and classify one or a group of socialist countries. Each type is commonly identified with one important country or named by one particular feature of the system. Thus one is identified with the Soviet Union (also East Germany) and/or named »administrative«, »bureaucratic« or »centrally planned«. A second type is identified with China (and more recently with Cuba) and/or labeled »mobilization«, »leftist« or »orthodox«. A third type is identified with Yugoslavia and/or called »market socialist«, »rightist«, »reformist« or »decentralized«. As divergence among socialist countries increases in a noticeable manner, other types are added; for instance a fourth one is now being identified with Hungary and called »administrative decentralized«.

The typology technique has two defects. First in trying to reduce increasingly divergent systems into a set of boxes, important features of the systems of the less-known countries are often neglected. Second, most of the names or terms selected to identify the types are not comprehensive of the multiple features of a system but emphasize a particular aspect of the system in question. Thus the term »centralized« as opposed to »decentralized« and »market socialist« mainly refer to the planning apparatus and the economic organization of the system.⁵ The term »mobilization« as opposed to »bureaucratic« and »administrative« refers to the politico-administrative apparatus necessary for goal implementation (e.g., transformation of political culture, economic development) or to the process of routinization or institutionalization of the system.⁶ The terms »rightist«, »conservative« and »orthodox« as opposed to »leftist«, »liberal« and »reformist« are principally connected with ideology, that is, how well the system in question does or does not fit in the dogma. These are the most general terms but also the most misleading because of their vagueness and relativeness. The use of these terms depends on the stand taken by each socialist country (or by the Western scholar) in classifying its counterparts, as well as in each country's interpretation of the rather loose Marxist-Leninist dogma or in its definition of status quo and change.

In trying to avoid the problems discussed above, I have developed a continuum of socialist systems placed between two opposite »poles«. (See table 2). Each of the poles represents an ideal pure or perfect system, that is an abstraction from reality, and its features are described by seventeen variables.

Pole X is mainly (but not exclusively) characterized by emphasis on ideological development (the utopian goal of a New Man, classless society, etc.),

⁵ The late Rudolf Bićanić distinguished between »monocentric«, »oligocentric« and »polycentric« planning types. See *Problems of Planning East and West* (The Hague: Mouton + Co., 1967).

⁶ Up to the late 1960s, all socialist systems were classified as »totalitarian« or »authoritarian« with slight colorations such as »conservative« and »radical«. More recently some political scientists have been discussing the evolution of socialist systems through three stages: »pretotalitarian«, »totalitarian« and »post-totalitarian«. A scholar still keeping the term »authoritarian« has decided to qualify it by using adjectives such as »quasi«, »consultative«, »quasi-pluralistic« and »democratizing and pluralistic«. See the various papers in Johnson, ed., *Change in Communist Systems*.

a mobilization regimen and anti-market tendencies. It is theoretically based on an agglomeration of ideas from the »Young Marx«, Trotsky, Mao, Guevara and Castro. It is represented by several unsuccessful attempts made in the socialist world (by the USSR,⁷ China and Cuba) to skip the socialist, transitional stage of development (or at least to go rapidly through it) and enter directly into a communist society.⁸

Pole Y is mainly (but not exclusively) characterized by emphasis on economic development (pragmatic goal as opposed to utopian goal), institutionalization of politico-administrative processes, and market-orientend tendencies. It is theoretically based on ideas from Marx, Lenin (during NEP years), Taylor, Lange, Lerner, Sük, Horvat and others. It is represented by the socialist countries (chiefly Yugoslavia) that have pragmatically accepted the need for a transitional stage of development and temporarily postponed the utopian dream of the perfect society.⁹

By using the continuum technique, each country is described according to its own peculiarities, and similarities and differences among countries are more clearly shown. Although in this paper only five socialist countries are included in the model, it is, theoretically possible to insert the remaining nine countries.

3. The third serious difficulty to overcome in the comparison was the selection of a time period. In their evolution some socialist countries have moved in a linear direction while others have evolved in a cyclical or spiral manner.¹⁰ In table 1 the periods in the evolution of the five selected socialist countries are summarized. The USSR seems to be a case of quasi-cyclical evolution, China and Cuba of cyclical evolution, and Yugoslavia and Czechoslovakia (until mid-1968) of linear evolution.

Lowenthal has cautioned against use of the word cycle, because of the lack of regularity or the divergent length of each period.¹¹ This caution is especially true in the case of the Soviet Union in which the Stalinist era could hardly be equated with a cycle. (Actually within the Stalinist era two stages could be distinguished, the first—1929-1940—being, more dogmatic than the second—1941-1952.) During this period Stalin implemented his system of development, a compromise between dogma and pragmatism, mixing characteristics of the two opposite poles. Thus he routinized a highly centralized system of planning and decision-making based on almost total collectivization of the means of production but with moderate use of material incentives. After Stalin's death there was increasing liberalization. A reform movement took momentum in the first half of the 1960s under Krushchev and climaxed in 1965 with Bresh-

⁷ Soviet War Communism is often presented as a temporary, emergency policy imposed by war. Another view is that in this period the Bolsheviks made a conscious attempt to implement communism. See Paul Craig Roberts, *Alienation and the Soviet Economy* (Albuquerque: University of New Mexico Press, 1971).

⁸ The problem could be presented also as an attempt to build socialism and communism *at the same time*. This is the approach taken by Fidel Castro in 1966—1970.

⁹ Yugoslavs commonly insist that they have not given up the goal of societal reconstruction. Professor Horvat argues that Yugoslavs, instead of sacrificing the present generation to achieve the milenium in the very distant future, have preferred to improve the life of the present generation without renouncing their aspirations for a more perfect society. Professor Novosel has presented the difference in terms of patience and flexibility: »The utopians [impatiently] want to press square people into round (utopian) holes immediately whereas the pragmatists are [patiently] willing to adjust the holes to the people, temporarily.«

¹⁰ Professor Novosel is in favor of the term »spiral« because »after a spurt these countries never return to the previous state, but to something qualitative new.« This observation seems to be correct in relation to societal change. However, the term »spiral« suggest a steady upward movement which in economics is not supported by empirical evidence.

¹¹ Richard Lowenthal, »Development vs. Utopia in Communist Policy,« *Change in Communist Systems*, p. 54.

nev-Kosygin's legal structuration of the reform. It is a matter of discussion whether the year 1965 or 1968 is the turning point for a softening in the implementation of Soviet reform.

In other countries, however, the cycles are fairly regular, e.g., two to three years in China and Cuba. China, the most typical example of a cyclical evolution, has alternated in successive stages exalted idealism (or the pursuit of ideological development through mass mobilization techniques) and pragmatic moderation. These oscillations have resulted from the predominance of Mao or his opponents (the pragmatist-institutionalists) in a stage of the evolution. The cycles of moderation have been accompanied by relative prosperity while those of ideological radicalization have ended with political clashes, economic deterioration, and, eventually, the necessity of reestablishing former moderate policies.¹²

In Yugoslavia after a slightly modified and briefly applied Stalinist system, there was a total rejection of it, and a period of discussion of alternative systems followed. In the early 1950s workers' councils and market mechanisms were introduced and a new constitution enacted. Then came a transitional period of semi-implementation of the reform. With the economic recession of the early 1960s, another round of discussions took place. These culminated in 1965 with a new political constitution and more profound economic reforms in favor of decentralization and liberalization. In Czechoslovakia the Stalinist system was more rigidly applied and for a longer period of time. The mild economic reforms of the second half of the 1950s were obstructed by the entrenched political orthodoxy. When in the 1960s this barrier was removed, the door opened for more profound economic reforms oriented toward the market. This evolution lasted until 1968 when it was halted and reversed by the USSR.

Table 1

Cyclical and Linear Evolution of Five Socialist Systems

Quasi-Cycles in the USSR

1918—1920	War Communism (movement to pole X)
1921—1928	New Economic Policy (movement to pole Y)
1929—1953	Stalinist era (movement to center)
1953—1967	Economic reform (movement to pole Y)
1968 on	Softening in the application of the reform (movement to center)

Cycles in China

1953—1957	Application of Stalinist system
1958—1960	Great Leap Forward (movement to pole X)
1961—1965	Return to moderation (movement to center)
1966—1968	Great Proletarian Cultural Revolution (movement to pole X)
1969 on	Signs of moderation (movement to center)

¹² An integral study of cyclical evolution in China is G. William Skinner and Edwin A. Winckler, «Compliance Succession in Rural Communist China: A Cyclical Theory», *A Sociological Reader on Complex Organizations*, Amitai Etzioni, ed. (New York: Holt, Rinehart and Winston, 1969), pp. 410—438. For an economic interpretation see Alexander Eckstein, «Economic Fluctuation in Communist China's Domestic Development», *China in Crisis*, Ping-ti Ho and Tang Tsou, eds. (Chicago: The University of Chicago Press, 1968), vol. 1, book 2, pp. 691—729.

Cycles in Cuba

1961—1963	Application of Stalinist system
1963—1966	Testing some economic reforms (movement to pole Y)
1966—1968	Revolutionary Offensive (movement to pole X)
1969 on	Signs of moderation (movement to center)

Linear Evolution in Yugoslavia

1947—1949	Application of Stalinist system
1950—1953	First economic reform (movement to pole Y)
1953—1961	Implementation
1961—1965	New changes and discussion
1965 on	Second economic reform (acceleration toward pole Y)

Linear Evolution in Czechoslovakia

1948—1956	Application of Stalinist system
1956—1961	Mild economic reform (movement to pole Y)
1962—1966	Political liberalization, discussion of reform (further movement to Y)
1966—1968	New Economic Model (approaching pole Y)
1968 on	Soviet invasion (movement to the center)

Table 1 suggests that after an unsuccessful application of the Stalinist system (with more or less rigidity) and for a period ranging from three to eight years) socialist countries began to experiment with other techniques based on their own peculiarities and needs, moving towards one pole or its opposite in the socialist continuum. The table also manifests the difficulties in referring to «a system» in any of these five countries. The Soviet system of War Communism, for instance, is different from the Stalinist system and from the 1965 economic-reform system. On the other hand, the Chinese, Cuban, Czech and Yugoslav systems under the early years of the first long-range plans in all of these countries were fairly similar to the Stalinist system. The Chinese system of the Great Leap Forward and the Great Proletarian Cultural Revolution show strong similarities to the Cuban system of the Revolutionary Offensive.

The year 1968 has been selected for the comparison since by the middle of that year several countries had reached a peak in the evolution of a stage or cycle, thereafter changing direction. Thus in August the economic reform in Czechoslovakia was curtailed by the Soviet invasion; signs of reversing policies appeared in Cuba and China by the second half of 1968 or by early 1969; there was a slowdown in Soviet economic reforms; and in Yugoslavia the student strike possibly resulted in some reconsideration of the pace of change.

A MODEL FOR COMPARISON

Table 2 compares five socialist systems at a given point in history (in mid-1968) by ranking them according to seventeen distinctive features or variables. The table requires further refinement and hence should be regarded

cautiously. Variable evaluation has been made qualitatively instead of quantitatively. The generation of quantitative data through statistics, field surveys, etc. could result, therefore, in a modified ranking of variables, the elimination of non-relevant variables and/or the addition of new significant variables. A better balance of ideological, sociological, political and economic factors may result in the reshuffling of variables. The comparison is static and in order to have a dynamic one historical data will have to be gathered. I will say more on this later.

The seventeen variables in the table evaluate the polarization of each system in relation to pole X. Evaluation (except in the first variable) is made according to the actual implementation of a variable and not in view of the theoretical position that a country has concerning that variable. The assigned points should read as follows: 2 = very strong; 1 = strong; 0 = medium; -1 = weak; and -2 = very weak. The total score of a system places it in an approximate position in the ordinal scale or continuum. A ranking of seventeen »very strong« (a sum of 34 points) would mean a pure or ideal type summarized above in terms of idealism, mobilization and antimarket tendencies. In practice this ideal type does not exist but the Chinese system is close to it. Conversely a ranking of seventeen »very weak« (a sum of -34) would mean a pure or ideal type summarized above in terms of pragmatism, institutionalization and market-oriented tendencies. The Yugoslav system approximates such an ideal type. By »medium« a situation is indicated in which none of the opposite variables is strong enough to constitute a predominant feature of the system. A ranking of seventeen »medium« (that is a total of zero) would describe the perfect center position. The Soviet system stands toward the center of the continuum but closer to pole Y. This is a result of the mild reforms introduced in the USSR by the mid-1960s.

The remaining socialist countries could be placed in between China and the USSR (Cuba, Albania, Mongolia, North Korea, North Vietnam, Rumania) or in between the USSR and Yugoslavia (East Germany, Bulgaria, Poland, Hungary and Czechoslovakia) gravitating towards the corresponding pole but often restrained in their movement by Soviet centripetal forces. Cuba and Czechoslovakia were selected because by mid-1968 these two countries were very rapidly approximating poles X and pole Y respectively, but through Soviet pressure and force their natural movement was later reversed (in different degrees) back to the center. If Cuba and Czechoslovakia had been allowed to continue in the same direction for several more months, they would have superseded China and Yugoslavia respectively, converting themselves to the closest systems of the ideal type.

DESCRIPTION OF THE VARIABLES AND INDICES FOR FUTURE MEASUREMENT

The seventeen variables in table 2 embrace the most distinctive features of a socialist system. They could be clustered in four groups: (a) ideologico-sociological, 1 through 3; (b) politico-administrative, 4 through 8; (c) managerial-economic, 9 through 15; and (d) foreign relation, 16 and 17. The inclusion of a variable in a group means that the former is *mainly* related to the latter, but most variables are related with various aspects of the system, e.g., variable 3 is related to groups a and c, variable 8 with groups a and b, etc.

The clustering shows the proportions that various aspects of the system have in the model. In this section each variable is described and potential indices for its quantitative measurement suggested.

The first variable alludes to the Sino-Cuban belief that subjective conditions (willingness) are more important than objective conditions. The guerrilla spirit of Yenan and Sierra Maestra has been an important determinant in this attitude. Both Mao and Guevara have claimed that it is possible to change the superstructure first (e.g., ideology, set of values) in order to facilitate the

Table 2

Continuum Static Model of Socialist Systems: Mid-1968

Predominance of:	POLE X	China	Cuba	CENTER	USSR	Czech.	Yugosl.	POLE Y
1. subjective over objective conditions	2	2	2	0	-1	-2	-2	-2
2. equality over stratification	2	2	1	0	-1	-1	-2	-2
3. moral over material incentives	2	2	2	0	-1	-2	-2	-2
4. permanent revolution over institutionalization	2	2	1	0	-2	-1	-1	-2
5. personal dictatorship over collegiate leadership	2	2	2	0	-1	-2	-1	-2
6. military over party power	2	2	2	0	-1	-2	-2	-2
7. arbitrary-coercive over normative-persuasive control	2	2	1	0	0	-2	-2	-2
8. rigidity over flexibility in cultural expression	2	2	0	0	1	-2	-2	-2
9. centralized over decentralized planning	2	-1	2	0	1	-1	-2	-2
10. state-administrator over self-management	2	-1	2	0	1	-1	-2	-2
11. loyalty over expertise in manager selection	2	2	1	0	0	-1	-1	-2
12. budgetary finance over self finance	2	0	2	0	0	-1	-2	-2
13. capital accumulation over consumption	2	2	2	0	1	0	-1	-2

14. state-collective over private ownership of agriculture and services	2	2	1	0	0	0	-2	-2
15. full employment over high labor productivity	2	2	2	0	1	-1	-2	-2
16. isolation over integration with outside world	2	2	1	0	-1	-1	-2	-2
17. commitment to world revolution over coexistence	2	2	1	0	0	-2	-2	-2
TOTALS	34	26	25	0	-3	-22	-30	-34

transformation of the structure or mode of production (i.e., economy). This is indeed the most difficult variable to measure. If we choose to measure it according to its practical implementation, then the ranking of variables 2 to 4, 14 and 17 would be the best indicators. On the other hand, since this is an ideological variable, it could be measured in terms of the leaders' stand, by using content analysis of their writings and speeches. This would permit the contrast of rhetoric with action, or how well the principle (variable 1) is implemented in practice (variables 2—4, 14, 17).

The second variable evaluates the degree of egalitarianism achieved in the system. One type of index related to income (or to individual and collective consumption) could be measured with statistics on wage differentials and the scope of free social services (education, medical care, housing). Another index related to societal hierarchicalization could be measured by direct observation and field surveys. Important aspects to check would be accessibility of the public to high officials; the terms used by the mass in addressing high officials (e.g., comrade, companion vis-à-vis minister, president¹³); the existence (or absence) of privileges granted to top officials (e.g., special rationing coupons, preference in housing; free cars and chauffeurs); etc.

The third variable — moral over material incentives — refers to the ambitious attempt of China and Cuba to rapidly develop a »New Man«, characterized by asceticism, collective spirit, self-discipline and selflessness. It could be measured by the weight given to moral rewards such as pennants, flags, medals, honorary titles (»Vanguard Worker«, »Hero of Labor«) won in socialist competition over material rewards (wages, bonuses, overtime pay, etc.). In a more sophisticated measurement, the use of individual vis-à-vis collective incentives (e.g., wage increases vs. free medicine for all, or medals for individuals vs. pennants for a whole factory) could be checked.

The fourth variable presents the dichotomy between a »permanent revolution« regime characterized by constant change, instability, and centralized mass mobilization (as in China and Cuba), and an institutionalized regime characterized by routinization, stability, and an administrative bureaucracy or technocracy (as in the USSR). It could be measured by the length of time in which a consistent government policy is followed; the number of people involved in and frequency of mass (and labor) mobilizations; etc.

¹³ In socialist countries where the language has intimate and formal forms of address (both in the use of pronouns and verb conjugation), egalitarianism could be also measured by the mass use of the intimate form in addressing high officials.

The fifth variable indicates whether most political institutions and functions are under the control of a dictator and his inner circle («personality cult») as in the case of Castro in Cuba and, to a certain extent Mao in China, or whether power is shared and functions distributed among various personalities. News media could provide the basis for measuring this variable, e.g., how many times the name of the main leader appears in the newspapers vis-à-vis that of other leaders; how many key posts he holds; etc.

The sixth variable shows the importance of the armed forces in Cuba and China, as opposed to the party in the USSR. In the former two countries the armed forces supply loyal personnel for key posts in the administration and the party; they are also a source of support for the charismatic leader or dictator. An index for measuring this variable would be the number of army personnel vis-à-vis party officials holding key posts.

The seventh variable suggests that as a socialist country moves toward modernization and development, the primitive techniques of violence and coercion are gradually substituted by less stringent methods of control such as societal pressures, education, etc. Furthermore, governmental arbitrary (extra-legal) actions gradually yield to legal behavior. The use of violence could be quantified by indices such as the proportion of people killed, put in jail, sent to labor camps or simply ostracized in relation to the total population. A field (or a survey among exiles using Inkeles' approach) could determine whether the population has internalized a new set of values and patterns of behavior that negate the need of violent techniques. Illegal actions could be detected by contrasting government's compliance with law; the enactment of retroactive laws; the establishment of exceptional tribunals to judge political crimes; the proportion of decrees and orders enacted vis-à-vis laws; the frequency with which instrumental policies (or policy changes) are introduced without the corresponding juridical framework; etc.

The eighth variable weighs the importance given to political indoctrination over technical education and the degree of state control over artistic expression. Some measuring indices could be: composition of curricula; state control of the forms of artistic expression (e.g., in favor of «socialist realism» and against abstract painting); and state emphasis on establishing «politics» as an objective of art (e.g., painting must be useful in depicting revolutionary behavior, working masses, etc.).

The ninth variable characterizes central planning by a system of commands from above, physical-central allocation of the essential resources (e.g., capital, oil, steel), but also in extreme cases even of consumer goods (through rationing), central fixing of wages and output quotas, etc. Conversely, decentralized planning is characterized by allocation of resources made at a regional or local level either by administrative bodies or by market mechanisms (prices, profit, interest rate) and managerial decision-making done at the enterprise (or commune) level under a broad national plan which is a general guideline for the economy. In measuring this variable several indices could be used, e.g., degree of compulsion of planned targets and work quotas (are there penalties for non-fulfillment?); number of capital goods centrally allocated and of consumer goods rationed; powers entrusted to enterprises (or regional or local bodies) to hire employees and fix wages independently from the center; operation of scarcity prices, profit, interest and rent; etc.

The tenth variable refers to the participation of lower echelons of the power structure in the process of economic decision making at the enterprise level through workers' councils a la Yugoslavia, communes a la China or other devices. In measuring this variable we will have to check the degree of influence that factory workers, commune members, state-farm workers and collective farmers (private farmers in Cuba) have in the fixing of output target: or procurement quotas, the percentage of profit to be reinvested or distributed, etc., vis-à-vis the influence of the manager or administrator. Another important point would be whether managers are appointed from above or selected from below (workers, commune members, etc.).

The eleventh variable presents the traditional controversy of »red versus expert«, accentuated in the Sino-Cuban model by the guerrilla leaders' distrust of and distaste for bureaucrats, technicians, and academicians. This frequently has resulted in placing inexperienced layman, but loyal revolutionaries, in charge of important specialized jobs. Studies on the antecedents or background of important officials could be used in quantifying this variable. (We might evaluate here or in an additional variable, the dichotomy of multifaceted over specialized labor, that is, the Sino-Cuban emphasis in making workers knowledgeable in several trades.)

In the twelfth variable, the budgetary finance system is characterized by capital allocation through the central budget, by the use of non returnable capital gifts that are exempted from interest charges, and by a transfer of profits to the state. The self-financed enterprise, on the other hand, is based on repayable loans and interest charges, and the enterprise is allowed to keep most of its profits for reinvestment and/or distribution among its members. In 1968 in Yugoslavia self-financing was applied throughout the economy; Chinese communes were encouraged to be self-sufficient; part of Soviet industry and transportation was under self-financing and collective farms were self-sufficient; Czechoslovakia was rapidly expanding self-financing; and Cuba expanded the budgetary system to practically all enterprises except for one-third of agriculture organized as small private farms.

The thirteenth variable indicates the distribution of GNP (actually GMP) between consumption and gross investment. Although all socialist countries emphasize capital accumulation, some (Yugoslavia) are willing to compromise a relatively low investment coefficient to improve the standard of living of the present generation. Official national account statistics (except for China) could provide the basis for measurement of this variable.

The fourteenth variable evaluates the scope of state-owned agricultural land and personal services (differences in the degree of collectivization of industry, public utilities, banking, etc. are nil). Official statistics (except for China) often give the scope of state ownership in agriculture and occasionally in services.

The fifteenth variable presents the controversy between the goal of full employment and efficiency. The rigid application of the Marxist law of socialist full employment has led some socialist countries like the USSR, China (in radicalization periods) and Cuba to transform overt unemployment into underemployment or disguised unemployment. The price paid has been the waste of resources and very low labor productivity. But since the early 1950s, (and particularly in the 1960s) there has been a relatively high rate of overt unemployment in Yugoslavia resulting from the government's emphasis on avoiding

waste and increasing productivity. Doctrinal reasons make this variable difficult to measure. Yugoslavia is the only socialist country that publishes unemployment statistics. I have discussed elsewhere alternative techniques to measure unemployment and underemployment in other socialist countries.¹⁴

The sixteenth variable evaluates the system's openness to the outside world. Three levels of increasing openness could be distinguished, the first with the socialist camp, the second with third-world countries, and the third with developed capitalist states. In mid-1968 China's isolation (even within the socialist camp) reached a peak while Czechoslovakia almost completely wanted to travel abroad. In 1971 a reversed trend was obvious in both countries. Some measuring indices of this variable are: number of foreign countries with which diplomatic relations and trade are established; participation in international or regional agencies; facilities for natives to travel abroad and for foreigners to enter the country and travel within it; foreign exchange of publications, students and technicians; influence of foreign ideas in art, literature and music; facilities for natives to publish abroad; etc.

The seventeenth variable evaluates actual (not rhetorical) commitment to the exportation of the socialist revolution versus nonalignment in blocs. This dichotomy is closely related to the controversy of whether the world establishment of socialism is a prerequisite for full development of socialism in one single country. In measuring this variable a record could be made of public evidence on: sponsored armed expedition or creation of guerrilla foco in foreign capitalist countries to subvert their regimes; direct armed intervention of one socialist country in another to stop revolt or deviation from the intervenor's official line; participation in a war between a capitalist and a socialist nation by sending troops; etc.

VARIABLE RELATIONSHIP AND SYSTEM COHESIVENESS

Neither of the two poles in the model duplicates Marx's ideal blueprint for communism. Pole X is representative of such a blueprint in its goals of collectivization, selflessness, egalitarianism and full employment, but is opposite to it in other areas such as excessive centralization (in contradiction to the expected »withering away of the state«) and lack of efficiency (that places the »society of abundance« in jeopardy). Conversely pole Y follows Marx's blueprint in its goals of rationality and elimination of state-imposed control but opposes it by expanding market mechanisms, the significant role of the private sector and unemployment.

In theory all socialist nations proclaim that they are struggling to fully implement the Marxian blueprint in their societies. In practice they stress some goals of this blueprint and ignore or play down others. The reason is that in the current stage of evolution certain goals (variables in the model) seem to be mutually exclusive from others; for instance the substitution of plan for the market vis-à-vis the withering away of the state, or egalitarianism vis-à-vis efficiency. These conflicts did not become apparent until socialist leaders in

¹⁴ See Carmelo Mesa-Lago, »Unemployment in a Socialist Economy: Yugoslavia,« *Industrial and Labor Relation Review*, 10 (February 1971) pp. 49—69; »Employment, Unemployment and Underemployment in Cuba: 1898—1970,« *Essays on the Cuban Economy*, Carlos Diaz-Alejandro, ed. (to be published by Yale University Press in 1972); and *Unemployment in Socialist Countries: Soviet Union, East Europe, China and Cuba*, Ph. D. dissertation, Cornell University, 1968 (mimeo).

different countries tried to implement Marx's blueprint and faced a choice of priorities among goals.

The Soviets, for example, chose full collectivization, centralized planning, state management and moderate use of material incentives. The Yugoslavs argued that excessive state control over property, allocation and management induced the inception of a bureaucratic elite, state capitalism, and a cumbersome economy. These, in turn, impeded the progress of socialism. Thus they gave priority to decentralization and workers' participation in management and decided to partially decollectivize and to use market mechanisms.¹⁵ The Czechs, using a more economic managerial rather than politico-administrative rationale, alleged that centralized planning was necessary in the first stage of socialist development but became dysfunctional in a mature, complex stage hence favoring decentralization and market techniques. This argument was partially accepted by the Soviets in mid-1960s. The Chinese and the Cubans complained that the use of material incentives and market mechanisms were a regressive step in the path towards communism and the development of a New Man, thus supporting moral incentives and egalitarianism. The Cubans have attempted to implement this goal with a relatively centralized system while the Chinese have tried administrative decentralization in some stages.

None of these countries have officially renounced the future implementation (in communism) of those Marx's goals which are being played down in the current stage (transition to socialism or full socialism). Thus the Soviets allege that once the society of abundance is achieved the shaping of a New Man will be easier. The Yugoslavs, in turn, put the development of a democratic, participatory society in which the state plays a minor role as a prerequisite for the New Man and abundance. The Chinese and Cubans sustain that a radical change in values and egalitarianism are *sine qua non* conditions to the future democratic society. Each of these socialist countries asserts that its path is the correct one and that their partners by choosing the wrong path are moving into a kind of society, different from the one envisaged by Marx.

In fact each system has an optimal mix of variables coherent with those goals that have received priority. In my model, each of the opposing ideal systems at the poles of the continuum has internal cohesiveness. My contention is that variables in a real system have relative cohesiveness, that is, they tend to reinforce each other and to move in the same direction. This is not to say, however, that all the variables in a system are mutually dependent in a rigid manner and in the short run. An illustrative example of independency are the ninth, tenth and twelfth variables in China (table 2) in which this country seems to deviate from the ideal system. And yet the history of socialist China suggests that deviations from system cohesiveness are temporary and have been made at certain costs. I will return to this point later.

In order to test the hypotheses of relative cohesiveness of systems, costs for deviation from cohesiveness, and movement of variables in the same direction further refining of the model is necessary. The first step will be to improve the variable mix. Currently, managerial-economic variables are predominant in the model while ideologico-sociological variables are a minority. Multi-disciplinary work may result in addition of new ideologico-sociological and politico-administrative variables or in disaggregation of one of the present

¹⁵ I have discussed this problem in a review-article of Deborah D. Milenkovitch's book *Plan and Market in Yugoslav Economic Thought* (New Haven: Yale University Press, 1971) to be published in 1972 in *Economic Development and Cultural Change*.

variables into a set of better defined and more concrete sub-variables. Next there is the need to quantify the variables following the indices suggested in this paper and/or others. Once this task is accomplished it will be easy to substitute percentages or deciles for the current five-point evaluative score, thus allowing more precise distinctions among variables in particular and systems in general. Third is the need to assign different weights to variables according to their significance. As the model stands, a system could have the same score with two divergent profiles. Furthermore a change in one single variable could be more significant (and influential) than changes in a series of other variables, e.g., a shift from party to military control. Once these refinements are introduced, it will be possible to measure the relationship of variables in a system and its degree of cohesiveness. Let me now discuss the point of system gravitation or movement of variables.

TENDENCIES IN THE GRAVITATION OF SYSTEMS

It is my assumption that some socialist countries gravitate toward pole X and others toward pole Y. A country which gravitates toward pole X would emphasize subjective conditions, equality, moral incentives, full employment, and total collectivization of the means of production. This would be presented as necessary to eliminate alienation, selfishness, conflicts, and inequalities. With the elimination of the market, the necessity for central planning, budgetary finance and mobilization techniques would become apparent. Since the development of a New Man would hardly take place in a short period of time, coercive techniques and militarization of society would eventually substitute for economic incentives. Under these circumstances, a dictatorship (usually charismatic) concentrating most power and politico-economic functions would appear as more operative than a complex system of checks and balances. The dictator would probably rely on an inner circle for performing most political functions and on loyal managers for handling the economy. In order to resist pernicious foreign influences (e.g., the lure of consumer goods, the demonstration effect of movies), isolationist tendencies would grow. This external movement would be parallel to an internal movement to exert tight control over ideology, education and culture. The isolated country would then reassert its belief that in order to achieve its ideological goal it would be necessary to change the exterior world first, hence the exportation of the revolution would become a crucial target for the system.

On the other hand, a country which gravitates toward pole Y would emphasize efficiency techniques and material incentives. In its pursuit of higher productivity and output, market mechanisms will be tested (self-financed enterprise, profit, interest, rational prices, etc.) and decentralization would become necessary. Probably decollectivization of part of agriculture would follow. The system would increasingly demand better qualified technicians as managers. Producers' associations, workers councils or other types of participatory bodies in decision making may evolve. There would be fewer possibilities of achieving a more equal income distribution and even development among regions; probably unemployment would appear. With gradual relaxation of central control and depolitization of the economy, rigidity of dogma would recede and liberal tendencies would probably take place in education

and culture. The system would become increasingly institutionalized and liberalized. Communication with the outside world, particularly with non-socialist countries would expand and the country would increasingly accept peaceful coexistence of different socio-politico-economic systems.

According to past historical experience it seems that most Eastern European countries (including the USSR) evolve in a linear manner gravitating toward pole Y in the continuum although at different paces. On the other hand, socialist countries of the Third World seem to evolve in a cyclical manner gravitating, at least temporarily, toward pole X. We may expect that pole X-oriented countries (particularly if new in the socialist camp) repeat the attempt to implement the utopian goal of classless, conflictless, egalitarian society integrated by selfless human beings. And yet all sporadic attempts to rapidly implement egalitarian communism have not succeeded and the country in question has returned to a more pragmatic stand. Lowenthal also points out that as a country becomes more modern (and developed) so it becomes more institutionalized and decreases chances for an upheaval of ideological mobilization.¹⁶

There is also the possibility of the Soviet Union stopping a client state or satellite which is going faster and further toward pole Y than the maximum velocity and limits permitted. In the 1960s it was thought in the West (and probably in the East) that the USSR would not use open armed intervention in another socialist country. The 1960s evolution of Hungary toward pole Y, in spite of prior Soviet intervention, was pointed out as proof that this movement was inevitable. The Soviet invasion of Czechoslovakia and its aftermath of regression to rigidity and Soviet orthodoxy appears as a blow to such assumptions. But the Yugoslavs, particularly Milovan Djilas, have expressed optimism that in the long run Czechoslovakia will resume the movement toward pole Y.

The temptation to present a hypothesis of universal, long-run movement toward pole Y, interrupted by short-run set-backs and accidents of a domestic or of an external nature is a strong one. It should be resisted, however, because of the possibility of new events capable of changing history. The personality variable is impossible to measure or predict and in the past it has played a significant role. In the same way that two decades ago Yugoslavia opened a new unexpected path, a socialist country may succeed in a steady approximation to pole Y.

A modified continuum model may be used to show how socialist systems evolve. Instead of using the model for a static-multisystem comparison it can be used for a dynamic-unisystem comparison. In other words, the distinctive profiles of each of the consecutive stages or cycles of evolution in the history of a given socialist country could be described through the variables in the model. This comparison probably will show how the system features of a country that evolves in a linear manner become progressively delineated and strong. On the other hand in a country which moves in a cyclical manner, the features of its system should show a zigzag movement.

An attempt might also be made to register the performance of the system in each particular stage in terms of economic growth, income distribution, productivity gains, full employment, political stability, national independence, etc. Furthermore, a similar stage of evolution could be compared among se-

¹⁶ Lowenthal, »Development vs. Utopia in Communist Policy,« *Change in Communist Systems*, p. 54.

veral socialist countries, e.g., Soviet War Communism, Chinese Great Leap Forward, Cuban Revolutionary Offensive. A comparative evaluation of the performance of linear and cyclical systems (and of the effects of one similar stage in various countries) would throw light on the relative effectiveness of both ways of evolution.

If the above expressed hypothesis of the cohesiveness of systems is supported by further investigation, the effects of strong deviation from a typical feature or set of features of a system also could be analyzed. A practical example would clarify this. China and Cuba are both ranked as »very strong« in six variables, whereas in seven other variables one of the countries is ranked »very strong« and the other as »strong«. But there are a few significant differences between the two systems. In China participation of the lower echelons in economic decision-making (tenth variable), some degree of decentralization (ninth variable) and self-reliance in communes were typical of the Great Leap Forward and the Great Proletarian Cultural Revolution. Conversely, in Cuba, centralization, state management and budgetary enterprise have been characteristics throughout socialism, including the period of the Revolutionary Offensive. To this should be added the fact that the power of Mao was substantially eroded in 1961—1965 (when a collegiate leadership was typical) and shared during the Red Guard movement with other personalities, while Castro has been able to keep his autocratic power almost intact since 1959.

The effects of the Great Proletarian Cultural Revolution in China and of the Revolutionary Offensive in Cuba have been fairly similar. This seems consistent with the similarity of their systems. For instance, excessive emphasis on subjective conditions and moral incentives on the one hand, and serious negligence of objective conditions and economic incentives, on the other, have induced in both countries a slowdown of labor effort, absenteeism, and declines in output and productivity. The three variables in which China and Cuba show a noticeably divergent performance could have induced different results. Thus, economic chaos, labor indiscipline, and factional struggle have been considerably higher in China than in Cuba. This could be partially explained by the prevalence of a strong and united power elite (tightly controlled by Castro) as well as management control and centralization in Cuba as opposed to erosion of the leader's political control, mass participation in decision-making and decentralization in China.

Finally the model has the potential for forecasting effects. By establishing a relationship between systems and their results, historically recorded, predictions might be made of what may happen, for instance, in a country that goes into cycle (towards pole X or back to the center) or in one country that follows a linear evolution toward pole Y.

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MODES OF PARTICIPATION IN THE POLITY

The focus of this paper is on people and how they are linked to their government. If one looks for a government, and especially if he tries to relate of it, he also finds people. The people who make up a government are linked in a set of structured roles. The roles exist in the minds of the political actors who relate to one another in accepted and structured ways.¹

In a similar sense, people who are not in official governmental roles but who are relating to government in one way or another, also are playing roles and acting in structured ways. The linkages, then, between individuals and the polity are largely ideational or conceptual. People act toward, or react to, government in ways that they believe are appropriate for them to act. To understand linkages between people and government, it is important to inquire into people's beliefs about the proper way to relate to government as well as into the physical acts (behavior) they engage in as they relate to government.

I found it helpful to sketch the relationships between people and government as shown in Figure I. This Figure specifies the actors and the institutions that are found in every political system and shows the relationships that tie them together into a functioning political system. The basic components and relationships are stated in as abstract and universal terms as possible so that they may readily be generalized from one political culture to another.

In modern societies official roles are designated which make certain individuals official decision-makers. Their power to make decisions for the society is considered legitimate by nearly all of the individuals living there; these decisions are believed to be binding on the actions of all of the members of the society. The roles played by these decision-makers are differentiated and officially structured, e.g., governor, mayor, legislator, councilman, judge, policeman, etc. Officially structured procedures (elections, appointments, etc.) also are used to designate the particular individuals who will play these decision-making roles.

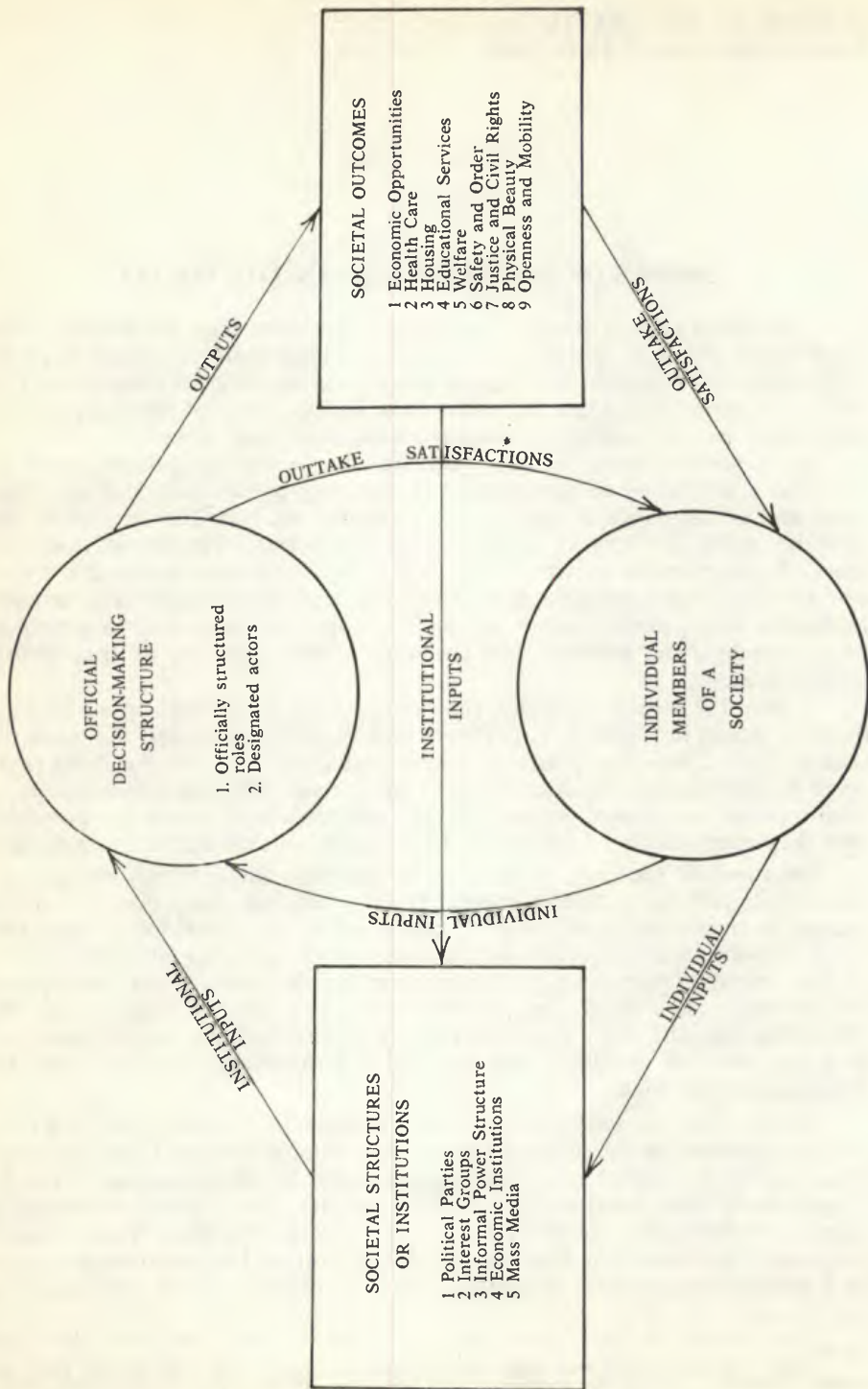
So far, we have delineated ordinary citizens on the one hand and official decision-makers on the other. Various communications and shared expectations tie them together into a working system. In most societies a third set of structured roles are developed to facilitate the efforts of individuals as they attempt to influence the direction of the official decisions. These roles are designated in Figure I as »Community Structures or Institutions« and include such familiar institutions as political parties, interest groups, informal power

* I am indebted to William Dutton and Fred Inscho for critiquing an earlier version of this paper.

¹ For a theoretical discussion using roles for political analysis, see John Wahlke, Heinz Eulau, William Buchanan, and Leroy Ferguson, *The Legislative System*, New York: Wiley, 1962.

Figure 1.

Abstraction of a Political System



structure, economic institutions, and the mass media. Not all of these structures will be found in every society, but I believe that at least some of them will be found in each one even though the institutions may be designated by different names.

A major deficiency of political studies is that they have not given sufficiently explicit and detailed attention to the linkages between the actors in a political system. These linkages are mental constructs as well as behavior patterns and should be investigated on both levels. If we use governmental decisions as the focus of analysis, we can differentiate these linkages so that, on the one hand, we investigate inputs to the official decisions and, on the other hand, we investigate outputs from those decisions. On the input side, individuals may make an input directly to an official decision-maker (a letter, a personal conversation, a vote, etc.). Individuals also can route their inputs through a mediating community structure such as working in a political party, joining community or special interests groups, or writing a letter to an editor. These mediating structures aggregate and articulate a mass of individual inputs; thus aggregated inputs are labeled as »Institutional Inputs« on the diagram.

Three related concepts need to be distinguished on the output side. Governmental decisions, be they court decisions, legislative decisions, or administrative decisions, can be labeled as »Outputs«. These output decisions may go directly to individuals, but in most cases they are general decisions which affect the makeup and functioning of the society as a whole. These official governmental outputs, then, should be distinguished from »societal outcomes« which are cast in the larger societal context and which are measured separately from governmental outputs.² I have in mind here such societal characteristics as economic opportunities, health care, educational services, safety and order, justice and civil rights, physical beauty, openness and mobility, welfare, and housing. The quality and quantity of these outcomes varies from society to society and also over time in the same society. Outcomes derive not only from outputs of the official decisional structure but also derive from the inputs made from other sectors of the community, usually community institutions of one kind or another. This latter relationship is represented in the diagram by a horizontal arrow running from »Societal Structures or Institutions« on the left side to »Societal Outcomes« on the right side.

Outputs and outcomes can be distinguished from yet another factor that I will call »Outtakes«. An outtake is something that an individual takes from his community such as a sense of justice, a sense of safety, a sense of worth, a sense of being listened to, a sense of ease in moving about, a sense of being free to make his own decisions, etc. The term »outtake« emphasizes a focus on the individual as he takes satisfactions from living in the society. Outtakes can derive directly from governmental decisions, but more frequently they derive from the broader societal context. Outtakes are closely akin to satisfactions and constitute, in my judgment, the appropriate basis for evaluating the quality of life in any given polity. I do not wish to make normative value judgments for other people but, in my value system, governments should be judged ultimately on their ability to facilitate satisfying lives for their citizens. Implicit in most comparative studies of political systems is the aspiration to be able to say that one system is superior to another. I submit that

² I am indebted to Herbert Jacob and Keneth Vines for the output-outcome distinction. See Jacob and Vines, *Politics in the American States*, Boston: Little, Brown and Co., 2nd Ed. (1971).

the best way to make such a judgment is to base it on the level of satisfaction that individuals derive from living in any given system.

Every political system seems to include all of the factors abstractly designated in Figure I; any view of the process that includes less than these factors will necessarily be partial. More specifically, I am suggesting that the role of individual citizens has been underemphasized in political studies so far. Governmental decisions are inevitably shaped by the patterns of the inputs that citizens make to them; and inputs, in turn, are shaped by the pattern of satisfactions individuals receive from government. Governmental quality should be judged by the satisfactions it provides in the form of outtakes by citizens from that system. None of these tasks is possible unless we investigate the linkages between individual inputs and outtakes.

I and several colleagues had an opportunity for a broad exploration of individual inputs and outtakes in a survey study conducted in the Buffalo area from 1966 through 1969. We interviewed respondents on two waves, the first in the winter and spring of 1966—67, and the second in the spring and summer of 1968. Since the inquiry into inputs and outtakes was most complete on the second wave, the major data reported in this paper will be drawn from the second wave of interviews. As we designed our inquiry into the relationships between people and government, we decided to focus on: 1) how frequently respondents made certain kinds of inputs to the political system; 2) how much responsibility they believed they had to make each of these inputs; 3) how effective government had been in performing certain services or providing certain societal conditions; 4) how much responsibility they believed the government had to bring about these conditions.

In our examination of inputs and outtakes, we wished to facilitate comparisons across specific acts; we also wished to compare the respondent's judgment about what actually takes place with what he felt ought to take place; and finally we wished to study change in these beliefs over time. Standard survey questions seemed awkward for these purposes and we turned instead to a little used »card-sorting method«. In our application of card sorting, a general question is read to the respondent; a placement board showing the categories of responses is put before him and then he is presented with a deck of numbered stimulus cards, each containing different content. If this were a deck of input cards it would contain simple items like »vote in elections«, »engage in political discussion«, or »join in public street demonstrations«. If it were a deck of outtake cards, it would contain items like »provide justice«, »build urban renewal projects«, »take actions that make me proud of my country«.⁴

As the respondent reads the cards, he sorts them into four standard response categories contained on an 8—1/2 x 11 inch placement board. For example, the board for inputs that respondents actually make to the political system contained these categories: 1) things you *never* do at all; 2) things

³ My colleagues in the Buffalo Study were E. F. Cataldo, R. M. Johnson, and L. A. Kellstedt.

⁴ Full listings, with precise wordings, of all of the input and outtake items may be obtained by writing the author at the Department of Political Science, State University of New York at Buffalo, Buffalo, New York 14226. Items with mean scores also have been published in Lester W. Milbrath »The Nature of Political Beliefs and the Relationship of the Individual to the Government«, *The American Behavioral Scientist*, Vol. XII, 2 (Nov—Dec. 1968) pp. 28—36. Also to be found in L. W. Milbrath »A Paradigm for the Comparative Study of Local Politics«, *Il Politico*, University of Pavia, Italy (1971) XXXVI, No. 1, pp. 5—35. Also to be found in L. W. Milbrath »Political Participation in the States«, Chapter 2 of Jacob and Vines (eds.) *Politics in the American States*, Boston: Little, Brown and Co., 2nd Ed. (1971) pp. 27—81.

you *seldom* do; 3) things you do *fairly often*; 4) things you do *regularly*. Once the cards were sorted into those categories, the interviewer picked them up, shuffled them and asked the respondent to sort them again in terms of his responsibility to do each of these things. The categories here were: 1) things you feel you have *no* responsibility to do; 2) things you feel you have *some* responsibility to do; 3) things you feel you have an *important* responsibility to do; and 4) things you feel it is *essential* for you to do.

Another deck of cards and other placement boards were used for things that people take out of the political system. The respondents were asked first to sort the cards in terms of how effectively government performed each function. The categories were: 1) things the government does *ineffectively or not at all*; 2) things the government is *not very effective* in providing; 3) things the government does a *moderately effective* job of providing; and 4) things the government does a *very effective* job of providing. Once sorted, the same cards were shuffled and sorted again by the respondent but this time in terms of the responsibility the government had to carry out the function. The categories used here were: 1) things you believe the government *should not* attempt to do at all; 2) things the government has *some responsibility* to do; 3) things the government has an *important responsibility* to do; and 4) things you feel it is *essential* for the government to do.⁵

The findings reported in this paper were derived from a variety of analyses which would be too laborious and time-consuming to report in full detail here. Suffice it to say here that responses to all four card sorts, on both waves of interviews, were factor analyzed so as to reduce numerous individual responses to more manageable proportions. The clusterings derived from the factor analyses then were shaped into derived measuring instruments and were correlated with a variety of other variables in the study. As this data reduction process went forward it became apparent that the people in the Buffalo area were selecting certain styles or modes for their relationship to the government. These modes probably are characteristic of individual-government relations in many other political cultures. The remainder of this paper will be devoted to sketching out the major characteristics of the various modes or styles of relating to government that were turned up in our study.

Several basic patterns emerged from the data reduction process. First, there seemed to be a fundamental differentiation between persons who tended to take an active posture toward the political system and others who took a more passive posture. The passive people also tended to be more traditional; not only did they make very traditional inputs to the political system, such as being patriotic, registering, voting, and paying taxes, but also they made very traditional demands upon government and felt that government should confine its activities to traditional functions such as providing protection and security, providing justice for all, taking actions that make people proud of their country, being careful in using public money and trust, providing strong leadership, keeping neighborhoods safe, and so forth.

⁵ A full discussion of this method may be found in E. F. Cataldo, R. M. Johnson, L. A. Kellstedt, L. W. Milbrath, "Card Sorting as a Technique for Survey Interviewing", *The Public Opinion Quarterly*, Vol. 34 (Summer 1970) pp. 202-215. Also to be found in Rudolf Wildenmann (ed.) *Sozialwissenschaftliches Jahrbuch für Politik*, München: Günter Olzog Verlag, Band 2, (Summer 1971) pp. 403-419.

A second pattern was that the active group differentiated into three fairly distinctive styles of participation. Protesters reported a feeling of responsibility to engage in, or actually engaged in, such actions as street demonstrations, protest meetings, protest marches, or even rioting if necessary to get public officials to correct political wrongs. Communicators emphasized a variety of informational and communicational activities in their pattern of participation; these included such acts as keeping informed about politics, sending messages to political leaders, engaging in political discussion, informing others in the community about politics, writing letters to the editor, and so forth. Those pursuing a party activist style emphasized such actions as participating in a political party, being active in a campaign, giving money to a party or candidate, working to get people registered to vote, being a candidate for public office, and so forth. As the analysis proceeded, it became clear that these distinctive styles of participation showed somewhat distinctive relationships to the pattern of expectations and satisfactions that people had with what they took out of the government.

In order to show these relationships more systematically, and to document the ways in which approaches of people to government are similar and different, a basic map of relationships between people and government is presented in Figure II. The four styles of participation just discussed are presented along the top of the Figure. While the three active styles are somewhat different, they all are part of what might be called «a general activity syndrome».⁶ The generalization behind that notion may be stated thus: persons who are active in one way in politics tend also to be active in other ways. In the Buffalo Study there were significant positive correlations amongst all the modes of participation. These positive significant correlations suggest that the general activism of communicators and party activists carries over even to such disparate activities as protesting and being patriotic. Note at the bottom of Figure II that all three active types were more likely to influence local decisions. There were fairly strong correlations between protesting and communication and between protest and partisan activity. This shows that most persons were not choosing protesting as an alternative to partisan and communication inputs; rather, protesting is viewed as another arrow in an activist quiver as he uses many political methods to try to improve his situation. For many blacks, there was even a fairly strong positive correlation between protesting and patriotic activities; to them, protesting is as legitimate a form of political input as is communication or party work. For whites, however, there is no significant relationship between protest activities on the one hand and patriotic activities on the other. Some whites even saw a moral conflict between protesting and being patriotic.

On the upper left corner of Figure II a scale is displayed which runs from High minus on the left through zero to High plus on the right. This same general scale was used to relate all of the variables on the left side of the Figure to the modes of relationship to the government which run across the top of the Figure. Let's use the outtake scales to illustrate how that

⁶ Chapter I of Lester W. Milbrath, *Political Participation*, Chicago: Rand McNally (1965), contains many citations and supporting theory. The activist syndrome also has been found in all five nations of a 5-Nation Study conducted by Sidney Verba and associates. They found, as did we, that psychological involvement in politics is at the heart of the general participant syndrome. See Verba, Nie, and Kim, *The Modes of Democratic Participation: A Cross-National Comparison*, No. 01-013 of the Sage Professional Papers of Comparative Politics Series, Harry Eckstein and Ted Robert Gurr, eds., Sage Publications, Beverly Hills, Cal., 1971.

general scale works. The reader will recall that each respondent was asked to rate the effectiveness of government on approximately thirty different services or functions that he could receive from the government. Scores for each of these dimensions were aggregated into an overall evaluation of the effectiveness of government. Protesters tended to believe that the government was ineffective on nearly all outtakes; therefore their composite rating is »High minus« on outtake effectiveness. (See the upper left cell of Figure II). The responsibility scale works in much the same fashion; here, protesters tended to say that the government had a very high responsibility on nearly all outtakes. This gives them a composite rating of »High plus« on the responsibility scale. Since responsibility was very high, and performance was rated as very ineffective, protesters were rated as believing that the government was very deficient in its performance; therefore it receives a »High minus« on the deficiency-superficiency scale. The opposing poles for all of the items along the left side of Figure II are shown and the ratings that are entered under each of the participant types should be read in the same fashion in which we have just interpreted the relationship between protesting and outtakes.

The categorization of respondents into participant types is a function not only of what they put into the political system but also what they take out. Because it is a function of both inputs and outtakes, it is more accurate to speak about these types as »modes of relationship to the government«. We have just seen that protesters not only engage in protesting activities but have a distinctive way of looking upon governmental performance. They assign it a high responsibility to do many things but rate it very low in effectiveness and therefore consider it very deficient.

Communicators tended to rate the government as moderately ineffective. They also assigned a level of responsibility to the government that was somewhat higher than the average for the rest of the sample. Thus, overall they rated the government as moderately deficient in its general performance.

Party activists were more moderate than communicators or protesters in their criticism of the performance of government. By and large they rated government's effectiveness at just about the same level as the average for the whole sample. The responsibility they assigned to government was a little above average (thus Figure II shows a low plus). Combining these two ratings we arrive at the overall judgment that party activists tend to view the government as slightly deficient in its general performance. This pattern, and others turned up in the study, shows that party activists are not as strongly oriented toward programs or ideology as are protesters and communicators.

Persons who emphasize a passive-traditional relationship to government tend to be more positive in their evaluations of governmental effectiveness than those who emphasize active inputs to government. They also are relatively modest in their demands on government to carry out functions or services. In keeping with their emphasis on traditional inputs such as voting, paying taxes, loving their country, and so forth, the patriots also assign very traditional responsibilities to government as mentioned above. The patriots were less inclined to assign a high responsibility to government to take on some

⁷ Michael Lipsky has noted the usefulness of protesting for developing group cohesion. See his »Protest a Political Resource«, *American Political Science Review*, Vol. 62, No. 4 (Dec. 1968) pp. 1144-58.

Figure II. Basic Map of Relationships between People and Government

		ACTIVE			PASSIVE-TRADITIONAL
		PROTESTERS	COMMUNI-CATORS	PARTY ACTIVISTS	PATRIOTS
H- M- L- O L+ M+ H+ Average	Median				
OUTTAKES					
Effectiveness:	Ineffective—Very Effective	H-	M-	O	L+
Responsibility:	None—Very Much	H+	L+	L+	L+
Gap (Eff.-Resp.):	Deficiency—Superficiency	H-	M-	L-	O to L+
SOCIAL CHARACTERISTICS					
Race:	White—Black	H+	O	M+	M- to H-
Age:	Younger—Older	M-	O	L- to O	H+
Sex:	Male—Female	L-	M-	L-	L-
SES:	Low—High	M+ to L+	H+ esp. ed.	M+	L- to O
Satisfaction-Job, Ed. Neigh:	Low—High	M-	O	O	M+
Length Comm. Residence:	Short—Long	L-	O	O	M+
Activity in Comm. Groups:	Low—High	M+	H+	H+	M+
PSYCHOLOGICAL CHARACTERISTICS					
Interest in Politics:	Low—High	M+	very H+	very H+	M+
Information:	Low—High	H+	very H+	very H+	M+
Efficacy:	Low—High	L+	H+	H+	M+
Self Esteem:	Low—High	L+	H+	M+	L+
Cynicism:	Cynical—Non-Cynical	O	L+	M+	M+

Feel out of Place:	Yes—No	L+	H+	H+	O
Religiosity:	Low—High	L- to M-	O	L- to O	M+
Strength of Party I.D.:	Low—High	O to L+	M+	H+	M+
Parochialism of I.D.:	Parochial—Cosmopolitan	M+	M+	M+	L+
Politicization of ID:	Non-Polit—Political	L- for B's L+ for W's	L+	M+	O
American Identity:	Low—High	L-	O to L+	L-	M+ to H+
Racial Identity:	Low—High	L+ for B's L- for W's	L-	O	L-
<i>POLITICAL LEANINGS</i>					
Party Identification:	Democrat—Republican	L-	O	O	L+
Integration (W's only):	Oppose—Favor	M+	M+	M+	M-
Black Separatism (B's only):	Oppose—Favor	H+	L-	L-	M-
Welfare State:	Oppose—Favor	L+	L-	O	O
Gov't Role in Economy:	Oppose—Favor	L+	L- to O	O	L-
Protect Civil Rights:	Oppose—Favor	M+	L+ to M+	O	O
Current US Foreign Policy	Ineffective—Effective	M-	L-	O	M+
<i>INFLUENCE LOCAL DECISION</i>					
	Unlikely—Likely	H+ for W's M+ for B's	H+	H+	O

of the functions it has assumed more recently such as providing welfare services and more governmental interference in the economy. The overall level of responsibility they assigned to government was rated as »Low plus«. It is fair to say that patriots generally believe that government is sufficient in carrying out its functions.

Looking back over the general pattern of relationship between outtakes and basic modes of relating to government, we note that persons who emphasize protesting see the highest deficiency, communicators see a moderate deficiency, while party activists see only a small deficiency. Patriots tend to see the government as fairly sufficient in carrying out its functions and some of them believe that government may be doing too much in certain areas. The pattern of the data suggests that there is a meaningful relationship between what a person puts into government and what he believes he ought to take out. Persons who believe that the government is doing well and that it should not take on additional functions tend to take a fairly passive and supportive role toward government. They make few demands and they fail to understand why others take such a critical and aggressive posture toward government. On the opposite pole, persons who believe government is very ineffective, but that it also has a very high level of responsibility, tend to become protesters. Blacks in Buffalo are much more likely than whites to be protesters and blacks also tend to rate government's responsibilities as very high, but rate its effectiveness as very low. Thus, the correlation between protesting and rating government as deficient is confounded by the correlation of race with protesting. Despite this, the relationship between protesting and seeing government as deficient remains statistically significant even if the effect of race is partialled out.

While the correlation between seeing government as deficient and engaging in protest activities is fairly strong and persistent, the direction of causation between the two variables is not certain. It is partly true that persons engage in protest because they are displeased with the performance of government; but it also seems to be true that certain sectors of the community (particularly the black community) have developed a »culture of protest« which tends to lay emphasis on the deficiencies of government. In that culture it is necessary to magnify deficiencies of government in order to create the energy and cohesion necessary for protest activities and protesting, in turn, seems to enhance cohesion. We also found that many persons in such a community get caught up in the excitement and mass movement of protest activities even though they have relatively modest personal motivation to engage in them.⁸ We should keep in mind, however, that political acts generally are purposive; the relationship between evaluation of governmental performance and political acts is too clear to be overlooked.

The communicators, who emphasize verbal relationships to government, tend to be highly educated and have a lot of interest in and information about politics. This pattern of traits seems to lead to a moderately critical outlook on government; data suggest that many of them even feel a responsibility to be critical. As noted earlier, party activists tend to be about average in criticalness. Their interest seems to lie more with playing the game of politics and less so with entering politics in order to achieve some ideological or

⁸ It is unfortunate that space constraints do not allow me to develop fully the evidence in this study which supports the generalizations just made. Readers interested in supporting evidence may request it from the author.

programatic end. Finally, patriots adhere to a much more restricted and traditional role for government and for their participation in government; thus, they are much less likely than more active participants in government to believe that government is deficient. The general posture of patriots may be characterized as strongly supportive and only moderately demanding of government.

The characteristics listed along the left side of Figure II may be used to develop a profile for each of the basic modes of relating to government. We have already seen that protesters tend to look upon the government as very ineffective, but assign it a high responsibility, and to see a very large deficiency in governmental performance. They are much more likely to be black than white. There is a moderate correlation with age, with younger persons being more likely to protest than older persons. Males are a bit more likely to protest than females. Protesters are somewhat above the average in socioeconomic status; by no means are the poorest and most deprived the ones most likely to protest. They show moderate levels of dissatisfaction with their job, education, or neighborhood. These findings fit rather closely the classical description of relative deprivation. Protesters tend to have lived for a shorter period of time at their residence than is average for the whole sample but they are more likely than the average for the sample to be active in community groups.

In terms of psychological characteristics, protesters tend to score above the average in interest in politics (M+), to have a high level of information about politics, and they score just above the average on sense of personal efficacy and sense of self-esteem. Curiously, they tend to rank at the average on cynicism; in other words, protesters do not tend to reject the system as hopeless; rather, they use protest as one additional means in attempting to achieve their political ends. The next item requires a little explanation. We asked our respondents if they would feel out of place if they were to become active in politics; protesters were a little bit more likely than the average to say no.

Protesters tended to score below the average on religiosity. The general pattern in the data showed that persons who attended religious meetings or who ranked religion as a very important identity for themselves played down protesting and were more accepting of the system as it is. Protesting shows little relationship to strength of party identification; if anything, protesters had been removed they were then asked, »Which one would you give up next?« interview we presented 8 cards to respondents. On these cards were listed the following statements: »Your Nationality Background«, »Your Religion«, »Buffalonian«, »Your Race«, »New Yorker«, »American«, »Your Political Party«, »Your Occupation«. Having all 8 cards spread out on the table before them, they were asked, »Which one would you give up first?« After that card had been removed they were then asked, »Which one would you give up next?« This process was repeated until only one card remained. This provided a clean ranking of the importance of different identities to the respondent. Some of these identities might be interpreted as parochial (such as »Buffalonian«, »New Yorker«, and »your nationality background«). The ranking of occupation was negatively correlated with the ranking of the more parochial identities and occupation thus may be viewed as a more cosmopolitan or non-parochial emphasis in identity. A person for whom occupation is im-

portant tends not to be tied to a location and freely moves from city to city, and even country to country, in pursuit of his chosen profession. Identity rankings, then, reflect profound differences in orientation toward community and style of life. We shall see that such identities also are a component of modes of relating to government.

In Figure II we see that protesters are more cosmopolitan (M+) than the average of the population. As a matter of fact, all of the active participants are more cosmopolitan than parochial in identification pattern. Politicization of identity is measured by the relative ranking of identification with a political party in the total configuration of identity rankings listed above. Among protesters, blacks tend to rank a little bit below the average in politicization of identity and whites tend to rank a little above the average; this indicates that protest activity among blacks is not so much linked with promotion of a party as it is among whites. Blacks tend to be caught up in a »culture of protest« which leads them into protest activities even though they are relatively little concerned with promoting the welfare of a given party. Whites, on the other hand, are more likely to link their protest activity with promotion of one party or another. Identification as an American tends to rank lower for protesters than it does for persons who take other modes of relating to the political system. The rating that protesters give to American identity contrasts sharply with the patriots where there is a high emphasis on American identity.

Among black protesters racial identity ranks a little above the average but among white protesters racial identity ranks a little below the average. White people who oppose protesting tend to be persons who place an emphasis on being white and many of them are anti-black. It is understandable, then, that whites who lean toward protesting also would lean toward identifying with blacks and their cause; thus ranking their own white race as a low consideration in their identity structure. In contrast, black unity and black power have been the rallying cries for black protesters and for them their identity with their race becomes a fairly important consideration in their lives.

Protesters lean slightly more Democrat than Republican. This is only a weak correlation and one might suppose that it is mainly a function of race since protesters are more likely black and blacks are more likely Democratic than Republican. A control for race does weaken the correlation but the direction is still negative for both races. Thus, although, the relationship between party identification and protest is weak, it does not seem to be spurious or a function of chance. Note also that communicators and party activists seem to be about equally divided between Democrats and Republicans while patriots lean slightly toward the Republican party.

Among whites, protesters more likely favor integration than do non-protesters. Among blacks, protesters more likely favor black separatism (H+) than do non-protesters. There also is a slight tendency for protesters more likely to favor the welfare state and an active role by government in the economy. There is a moderately strong relationship that protesters more likely favor protection of civil rights (M+). There also is a moderately strong relationship showing that they are more likely to believe that current U.S. foreign policy is ineffective (M—).

Protesters were more likely than the average to report having tried to influence a local decision; the correlation was somewhat stronger for whites than blacks.

We have already seen that communicators are moderately critical of governmental performance. There is no particular relationship to either race or age. Communicators are more likely to be male (M—); and they are decidedly more likely to be of high socio-economic status (H+); they are especially characterized by high education. Their satisfaction with job, education, and neighborhood is about at the average and their length of community residence is about average. They are decidedly more likely than the average to be active in community groups (H+).

In terms of psychological characteristics, communicators have a very high interest in politics and possess a very high level of information about politics. Communicators also tend to be well above the average in their score on sense of political efficacy and their sense of self-esteem. They are slightly less likely than the average to feel cynical about politics. They are much less likely than the average to feel of place if they become active in politics. Their religiosity is about average, their strength of party identification is somewhat above average; their identifications are more likely cosmopolitan than parochial and they tend to have a somewhat stronger identification with a political party than is average for the sample. They place about average emphasis on their American identity and their identity with their race tends to be a little bit below the average.

In terms of political leanings, communicators are about as likely to lean toward the Democrats as toward the Republicans. There is a moderately strong correlation between being a communicator and favoring integration. Communicators among blacks are somewhat less likely than the average to favor black separatism. Communicators also are somewhat less likely than the average to favor the welfare state or the government taking an active role in the economy. On the other hand they are somewhat more likely than the average to favor protection of civil rights. They are somewhat more likely to believe that current U.S. foreign policy is ineffective (L—). Finally, they are very likely to have tried to influence a local decision.

Party activists are similar in many respects to communicators but there are some notable differences. The main distinction is that they are less critical of government than the communicators. In our sample in Buffalo they were more likely to be black than was the average for the rest of the sample. (In general, blacks in Buffalo were more active in politics in all kinds of ways than were whites). Party activists have a very slight tendency, to be a little younger than the average. They also are somewhat more likely to be males rather than females and they are of moderately higher socio-economic status than the average for the sample (M+). They are close to the average in satisfaction with job, education, and neighborhood, and in length of community residence. They are much higher than the average in activity in community groups, just as are most other activists.

Party activists are very similar to communicators in their psychological characteristics. Their strength of party identification is somewhat higher than communicators and the politicization of their identities is somewhat higher. Their ranking of American identity is a bit lower than the average and the emphasis they place on racial identity is about at the average. Like communicators they have a very high interest in politics and possess a high level of

information about politics. They also rank fairly high in efficacy, self-esteem, and non-cynicism.

Another major distinction is that of all of the modes for relating to the political system, partisan activists are the most neutral in political leanings. They are close to the average on party identification, in favoring or opposing the welfare state, in favoring or opposing a governmental role in the economy, on protection of civil rights, and in rating the effectiveness of current U.S. foreign policy. Only on integration are they moderately above the average (M+). On black separatism, like the communicators, they lean slightly in opposition (L-). Like other activists, they are very likely to have tried to influence a local decision.

As mentioned earlier, patriots are a little above the average in believing that the government is effective. Their assignment of responsibility to government also is a little above the average. All in all, they tend to believe the government is doing quite well. Their patriotic stance seems eminently purposeful for their lives. They are much more likely to be white than black (M- to H-), and they are much more likely to be old than young (H+). They are a bit more likely to be male than female, while their socio-economic status is average or a little below average. They tend to be moderately satisfied with their job, education, and neighborhood and are a little above the average in terms of length of residence in the community. They are moderately above the average in their activity in community groups.

Their interest in and information about politics is moderately above the average (M+); they are fairly non-cynical (M+), especially as compared to the rest of the population. They are a little above the average in both efficacy and self-esteem but this is fairly typical of the other modes of relating to the political system. When asked if they would feel out of place should they become active in politics, they were about like the average. Patriots are moderately above the average in their strength of party identification and in religiosity. In their identities they lean a little bit more cosmopolitan than parochial. They are about average in their politicization of identity; but note that they are high above the average in the strength of their American identity (M+ to H+). Their ranking of racial identity is a little bit below the average. In general, one sees here a configuration of attachment to such traditional values as religion, nation, and party.

In terms of political leanings, patriots are somewhat more likely to be Republican than Democrat; they tend to oppose both integration and black separatism (M-). They are about evenly divided on favoring or opposing the welfare state and the protection of civil rights but as a group they lean toward being opposed to a governmental role in the economy (L-) and they are much more likely than any other group to believe that current US foreign policy is effective (M+). They are about average in likelihood of trying to influence a local decision.

WHERE ARE THE APATHETICS?

As we have reviewed the characteristics of persons who take a passive-traditional posture toward the political system the total profile does not look like a person normally thought of as apathetic toward politics. In other words, being passive and patriotic is an important way to relating meaningfully to

the polity; these people believe that their role toward the government is an appropriate one. In contrast, apathetics generally are thought of as almost totally disconnected from politics. They would not participate in any of the modes or styles discussed so far in this paper.

In our data reduction procedures we attempted to isolate a group of respondents who would not be active in any of the ways set forth in Figure II. This search was not very successful in that only a small handful of persons could be shown to be totally apathetic, i.e., had not participated in any of the inputs to the system that we inquired into. This search led to the conclusion that being apathetic is not a posture or a relationship to the system in the sense they were discussed in this paper; rather, we are well advised to use the word »inactive« instead of apathetic. For example, a person who has never protested is inactive on that dimension; a person who doesn't engage in political discussions is inactive on that dimension; a person who never votes is inactive on that dimension; a person who does not support his country in time of war is inactive on that dimension, and so forth. It seems inappropriate to label each of these kinds of inactivity as apathetic; it is much more realistic to think of them simply as inactivity.

Even though we could find a group of people with the general posture that might be labeled apathetic, there do seem to be general characteristics that can be used to characterize people who are much less active in nearly all the modes of possible relationship to the political system. When our respondents sorted the cards for the responsibility they felt to make inputs to the political system, we asked them to pick out those kinds of inputs that they felt it was wrong for them to make. For most kinds of inputs a small proportion of the sample did believe that it was wrong to take the action and for some inputs, such as rioting or demonstrating, a sizable majority believed it was wrong to take the action. Correlational analysis of these data disclosed that a belief that it was wrong to take some actions tended to generalize to believing that it was wrong to take other actions as well. In other words, for some people there was a generalized notion that it was wrong to participate in any way in politics; this then is surely one of the general defining characteristics of less active persons. Another defining characteristic is that persons who are less active in politics also are less active in community groups (note in Figure II that all of the participant types were well above average in activity in community groups). Data from our study are similar to data from many previous studies that have characterized inactives. They are more likely to be female, they are more likely to be of lower socio-economic status, they have less interest in politics, less information about politics, they have a lower sense of political efficacy, a lower self-esteem, they tend to be more cynical, and so forth. Our data show that many inactive people feel uncomfortable with political activity; they report to us that they »feel out of place«. Our data also show that persons who are inactive tend to have more parochial identities; they place a higher emphasis on identity with their local community, their religion, and their nationality background. In contrast, they place almost no emphasis on identification with a political party or political groupings.

In summary, our data suggest that there are few so-called »apathetics« and that it is better to speak of inactivity rather than of »apathy« as a posture toward the political system. There is a clear pattern for some persons to be

much more distant from the system than others and they tend to have the general syndrome of characteristics just described.

MEANING OF THESE DATA FOR OTHER POLITICAL SYSTEMS

It is difficult to know if the modes of participation in the polity revealed by the Buffalo Study will be found in other political cultures. To my knowledge, comparable data simply do not exist for other political cultures. Mainly this is because the questions that might have revealed the existence of these types have not been asked in other studies. Part of my point for bringing these types to the attention of this Conference is to encourage others to ask similar questions about inputs and outtakes which then could be compared with the findings from the Buffalo Study.

The roles, and the general characteristics of the role occupants, of protesters, communicators, party activists, and patriots do strike me as being appropriate for many political systems. It would be especially interesting to see if these kinds of roles also are found in the many selfmanagement systems in Yugoslavia. The general pattern for political behavior to be a purposive response to the outcomes of the political process probably will hold for any political system. Others should seek the pattern in their culture.

Perhaps another way to put the general question would be to ask: How would a political system function which did not produce these types of political actors? It seems that nearly all stable political systems would develop patriots who would be faithful supporters of their government and not be overly critical or demanding. Such a system also would have need for party activists who take as their role the general tasks of interest articulation, interest aggregation, and the selection of leaders to guide the system. It may be that a system could function well with only those two role types being active.

It seems likely, however, that most systems also would develop communicators who enjoy spending time in discussion and criticism. The presence of communicators probably presupposes the presence of a free press and acknowledgment of the right of people to criticize the government. Where these open conditions are not present, it may still be possible that the role of communicator could be played by significant numbers of people but one can imagine that the conditions for exercising the role would be somewhat different.

Since most political systems are far from being completely effective, and they are bound to fail to please at least some portion of the population, one also can imagine that the role of protester will be found wherever the political authorities allow the expression of such feelings. Under conditions of political repression, the number of protesters might be a very small cadre indeed. Where they are allowed free expression one could expect the number to be considerably greater. Where free expression is combined with striking or marked failure of the government to please the sectors of the population, one can expect the protesting role to become a very popular one.

The above speculations, while fairly simple, also are quite tentative. If and when comparable data are available for many political cultures the relationships discussed may become more complex and may produce some interesting unexpected patterns.

BUREAUCRACY, PLANNING AND PARTICIPATION

1. INTRODUCTION

Decision-making in organizations may be regarded as being composed of a social process and formalized methods of rational analysis. These methods, which have come to be used on successively higher levels of decision-making, are usually summarized in terms like operations research, systems analysis, methodology of planning, and futures studies.

In this preliminary paper I will try to give a *framework* of thought, a formulation of the problem of planning and participation in modern organizations. By presenting different perspectives and model of decision-making, I hope to contribute in a small way to a critical mind and self-reflection among planners. The essence of these sophisticated methods for formalized decision-making (i.e. formal, often quantitative, rationality) is related to theories of bureaucratization. The effects of a bureaucratic structure on the *adaptive* capacity of organizations and on *participation* in decision-making are discussed. Possible unexpected and often negative consequences of rational methods of decision-making and planning are analyzed. Two well known »models« of decision-making, rationalism and incrementalism, are compared and criticized. Then a few *sketches* of alternative ways out of the problem are discussed: Mixed scanning, policy sciences, and organizational development. A further alternative, institutional investments, is an attempt to eliminate the side effects with both rationalism (bureaucratization) and incrementalism (inertia).

In the following section the role of »perspective«, of different presuppositions about society, man, organizations and decision-making is discussed. The theme is taken up again in the concluding section on »Perspective, power and reality«.

2. ALTERNATIVE PERSPECTIVES

The researcher has a theory about reality consisting of knowledge, problems, instruments for getting knowledge, and language. Behind the theories there are more or less articulated presuppositions. The theory and the presuppositions together result in a *perspective* of a research tradition (Törnebohm, 1971). If we want to analyze the roots of a perspective, we have to study the historical development of a discipline: its relations to other disciplines and to different groups in society. The perspective is conveyed to the individual researcher through socialization and gradual selection. This corresponds to the two meanings of »professionalization« discussed by Abrahamsson (1971):

professionalization as the historical development and institutionalization of a group of experts, and professionalization as individual socialization into a group. The concept of perspective is part of the difficult basic problem of the sociology of knowledge: the existential basis of knowledge. The presuppositions may be of different nature: they may be descriptions, values, or norms.

An obstacle here is the fact that many normative presuppositions are given a descriptive verbal character (Israel, 1972), and that the subject matter of social science is so complex that presuppositions that would be empirically testable in theory cannot be so in practice. In each study we have to focus on certain aspects of reality, where we may specify our value premises and additional presuppositions as well as the empirical regularities on which we base our conclusions. But this is only a part of the study. We also make many presuppositions about aspects which seem more peripheral but which may influence our results in an essential way. These are at best based on some knowledge about some social science theory, at worst on myth or prejudice. There is a dialectical relationship between perspective and reality. The perspective is the result of the situation of an individual or a group. But the group or individual may also influence the future situation. What the effect of their influence will be, depends partly on their perspective. This is the self-fulfilling effect of presuppositions. What makes the problem of perspective especially difficult in social sciences is that there is no single perspective that totally dominates in a given time or place. But the individual has not a free choice of perspective. Through self-reflection, however, he may become aware of his perspective and its causes (Habermas). And through collective action he may create a structure which allows for other perspectives.

Some *elements* of the perspective which are central when discussing planning and decision-making are the images of society, man, and organizations. An analysis of the different elements of a perspective and of their interrelationships is an essential and enormous work. I here present three such elements in the form of ideal types, without much discussion of the relations between them. I think, however, that the image of society is central.

(a) *Image of society: Harmony and conflict.*

Harmony: Society is an organic whole, where the individuals contribute to the survival of the whole. The social system is legitimate. If there are conflicts, they are between parts and the whole.

Conflict: Society is a frame for conflicts between different groups with unequal power. The legitimacy of the social system is questioned, and change is ubiquitous.

(b) *Image of man: Passive, active, or emotional*

The *passive* man is a machinelike stimulus-directed robot. He fulfils automatically his roles and is an object for social control. The *active* man is a completely free, acting subject, freely creating his environment.

A »hybrid« of the above two is man looked upon as an active and acting subject and at the same time as an object influenced by a social milieu (Israel, 1972, p. 56).

These definitions of the activity of man should be complemented by »the *emotional* man« one who is directed by social norms and whose emotional experiences and expectations are most essential.

(c) *Image of organization: Machine, emotion, and structure*

Machine Theory includes a mechanistic view of organizational behavior. Man is passive — people are regarded as parts in a machinery and are motivated by means of threats and material rewards.

Emotion Theory postulates a close relationship between well-being (adaptation) and performance. As compared to *Machine Theory*, *Emotion Theory* means a »behavioral consciousness« which lays the ground for a more effective steering of the employees — and to small improvements in their closest work environment.

Structure Theory about organizations grew up from a critique of *Machine Theory* and *Emotion Theory*. These are said to disregard basic conflicts in organizations. *Machine Theory* avoids the question of conflict by saying that with a rational work organization and piece wages, the goal of the enterprise (maximal profit) and the goal of the employees (maximal salary) are both reached at the same time. *Emotion Theory*, on the other hand, argues that conflicts may be eliminated through very simple means, namely social rewards and good information. *Structure Theory* includes an image of the active man. Questions of cooperation and conflict in organizations are discussed, and formal as well as informal organization are analyzed (Etzioni, 1964).

From a practical point of view it is essential to lay bare presuppositions of this kind. If, for example, one has an image of man as a passive creature, and constructs a bureaucratic and authoritarian organization suited to such an image, one will help create a passive man.

These three ideal types of organization theory: machine, emotion, and structure correspond roughly to the »administrative school«, theories of bureaucracy, and scientific management; human relations theory; and parts of modern organization theory, respectively. These three stages in the history of organizational theory were reached during the first decades of this century; in the 1930's; and in the 1960's, respectively. As will be discussed below, one can find similar stages in the development of theory and practice of long-range planning, at least as they have developed in Sweden. The time lag as compared to the stages in organizational theory is substantial, but getting shorter for each stage.

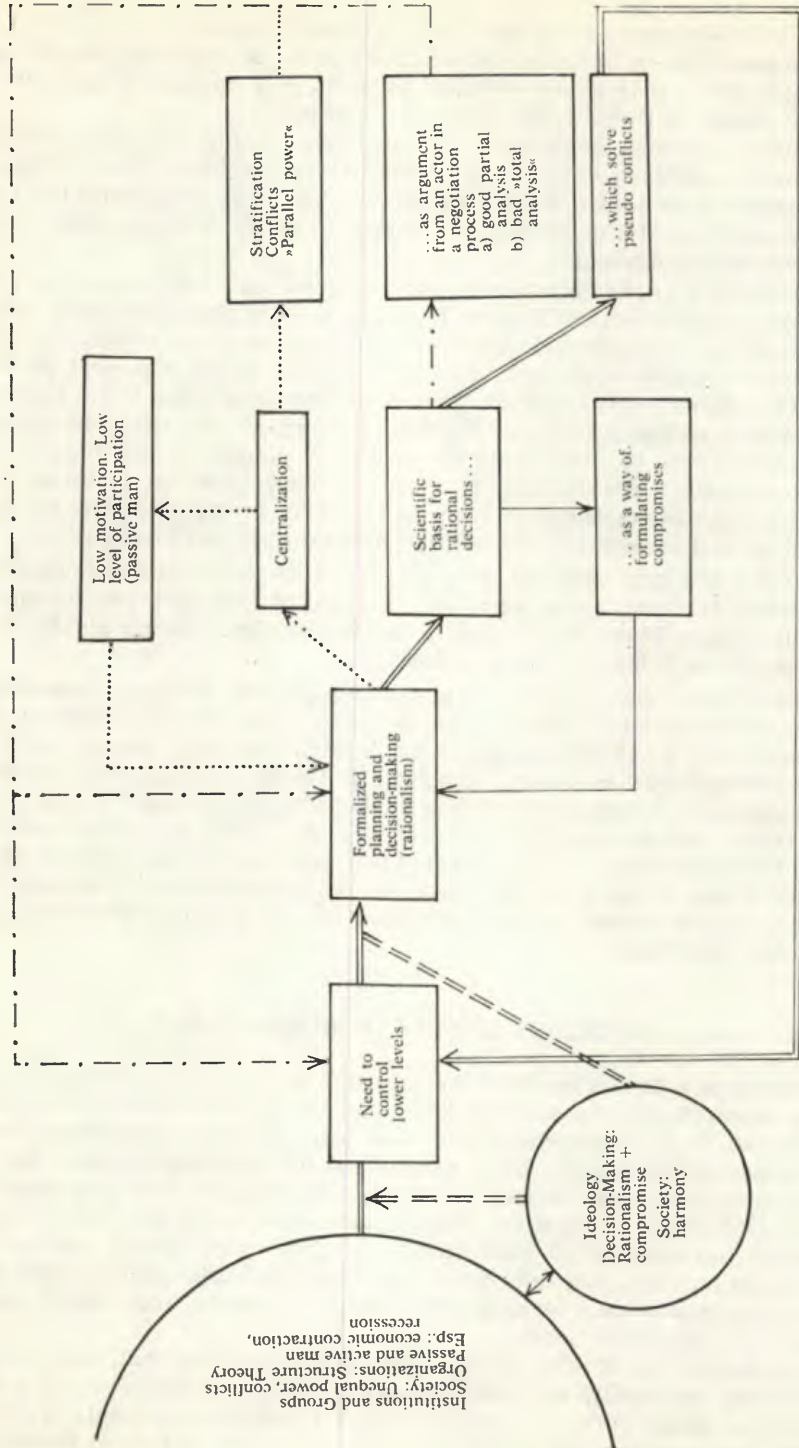
3. VICIOUS CIRCLES OF BUREAUCRACY

Rationality means in everyday language and in the terminology of operations research etc. a conscious and open choice of the best alternative to reach a goal. In a similar way, Weber's concept *formal rationality* means that decision-making includes a large amount of quantitative calculus, especially in monetary terms and action according to common laws and regulations (Weber, 1958, 1964). Critical sociologists have pointed to the fact that formal rationality has substantial implications: »it leads to political control in the name of rationality«. Not only does it serve to facilitate measurement of production but it may also legitimize unnecessary control and domination (Habermas, 1969; Marcuse, 1968).

Tendencies to develop formal rationality into a global, comprehensive and detailed rationality *rationalism*, may be found as elements of a vicious bureaucratic circle (Crozier, 1963). In Fig. 1 I present a »model« of a mechanism of bureaucratization which has to do with the degree of formal ratio-

Figure 1.

Bureaucracy and Rationalism



nality in decision-making. The aspect chosen is to point out unintended and negative consequence of the introduction of methods for »rational decision-making« on higher and higher organizational levels: operations research, systems analysis, futures studies, etc. I will comment briefly on the picture.

In my perspective, Swedish society includes conflicts between groups and institutions best described in terms of Structure Theory. Man is passive and active. Decision-making includes elements of both rationalism and incrementalism. A special problem for organizations in Sweden today, for private enterprises as well as for the public sector, is contraction due to recession and slower expansion.¹

According to the dominating ideology (perspective) Sweden is a harmonious society of »machine organizations« and passive men. The image of decision-making is described by the words rationality, compromise and mutual understanding (broken double-line arrows in Fig. 1) (Anton, 1969).

This ideology results in a felt need of detailed control of lower levels (solid double-line arrows). The means are formalized planning and decision-making, which are expected to give a *scientific basis* for rational decisions. This facilitates communication in the organization and helps solving all those problems that may be characterized as »pseudoconflicts« (conflicts that are due to insufficient communication), which in turn diminishes the need for control. This is an intended and desired effect of rational planning. I think that this »good circle« is the way rational methods for planning and decision-making are very often looked upon.²

Another, possibly intended effect of the scientific method and language, is that it is a way of formulating compromises (solid single-line arrows). In a society which esteems formal rationality, putting on a scientific touch may help to legitimize a decision which is essentially the result of some kind of negotiation. Scientific methods here have an ideological function: they help control by creating consensus.

Other effects are not stated as intended and not even predicted by everyone. The results of rational analysis may also be used by an actor as an argument in a negotiation process (dot-dash arrows). It may be a good partial analysis, which gives an actor a picture of a part of reality and possibilities of prediction and control. Such an analysis of a problem seen from the point of view of one actor may force other actors to argue in the same scientific terms. An effect of this, which is perhaps positive, is a »higher level of argumentation«, through good analytical work on partial problems seen from the points of view of different actors.

However: different actors have different degrees of organization, unequal resources, and varying degrees of information and knowledge about »decision sciences«. The self-reinforcing relation, knowledge \rightleftharpoons power, means that it is usually only the powerful who have access to rational methods of decision-making. The question is whether and how this relations may be broken. How does the weaker, perhaps unorganized, actor in a decision-making process get access to knowledge and information on which to base a decision? It is important to make a distinction between the neutrality of analysis (that is

¹ This is an essential factor in the environment where planning methods are used. Much of planning theory has been developed in a situation with growing resources and prosperity.

² The positive effects of rationalism are put forward in much writing. A recent example is an article by Ansoff and Hayes (1972) presented at the operations research conference arranged by IFORS. They argue for rationalism as compared to incrementalism. But they do not discuss the *alternative* models of decision-making presented in Section 5 below.

objectivity) and the neutrality of the analyst (that is non-involvement). The first one is desirable and possible; objectivity roughly means intersubjective validity given a certain perspective. The second one is not possible. A neutral analyst or advisor, who leaves it to the »market« to decide the choice of problem as well as the use of his knowledge, will contribute to the enforcement of status quo. One cannot be neutral in a relation between strong and weak actors.

An interesting question is whether a higher degree of professionalization among the analysts with high »technical« quality and ethical rules regulating the relations of the analyst to the decision-maker and the public may help solve the problem. Different solutions based on concrete knowledge must be found in different societies and organizations at different points in time. If the scope of analysis is widened, you soon see that the problem of power and knowledge is part of the analysis of social stratification and the relationship between power and privilege (Lenski, 1966). Professionalization is dubious, especially as concerns experts on methods of decision-making on higher, more or less political, levels. A profession of long-range planners or futures researchers would be a group of people specialized in top decision-making. In a society with pluralist elitism, this is a problem, because the profession of planners would compete directly with »professional« politicians. From the point of view of participatory democracy professional planners and futures researchers would mean a division of labor between those who control and those controlled, which is contrary to the idea of participation (cf. Stojanović, 1970, Marković, 1972).

There is a risk that formalization is carried too far without open discussion of conflicts in reality. What in reality is only a partial analysis is presented as a total analysis with its starting point in a presumedly common over-all goal. This is still another example of an ideological function of what is presented as a scientific, rational analysis.³ If formalization is carried only as far as the development of methods of planning and structure of organization permit, professional analysts *may* contribute to a higher degree of pluralism and »creative disorder« in institutions by taking the difficult »position in between«: they are neither integrated into the »administrative organization« nor totally free intellectuals neglected by the decisionmaker.⁴

Formalization and centralization are coupled (dotted-line arrow) (Haige and Aiken, 1967). Centralization leads to stratification, conflicts between strata, and decision-making on higher levels without communication with lower levels. »Parallel relations of power« appear in an informal organization. Motivation and participation in decision-making are on a low level (Crozier, 1963).

In order to get an understanding of the mechanisms of bureaucratization and an instrument for overturning them, a higher degree of openness in decision-making is needed. Power relations and contradictions between institutions and between different levels in society have to be openly admitted. Instead of

³ Whether a certain piece of knowledge has an ideological or a »scientific« function depends on the concrete historical situation (Mokrzycki, 1969). The direct linking between different types of science and different interests of knowledge presented by, for example, Habermas (1969) is a simplification. His categories should probably be seen as ideal types. Knowledge aiming at »verstehen« may for example serve to control man's consciousness, whereas empirical »technical« sociology may contribute to the freedom of man.

⁴ This pluralism is not seen here as a goal in itself, but may open up bureaucratic decision-making for political guidance and public debate. The organization of operations research experts within the Swedish national defence, in what has been described as a »parallel organization« partly integrated into the hierarchical military organization, partly »outside«, is a concrete example which would be worth studying empirically.

giving »a new language to old compromises«, rational analysis may contribute to the development of a problem area full of conflicts.

4. RATIONALISM AND INCREMENTALISM

Rationalism and incrementalism may be regarded as two ideal types of models for decision-making. Rationalism, which was inherent in the mechanism of bureaucratization presented above, may be characterized roughly in the following way:

- Common values.
- Information about consequences of different actions.
- Evaluation of consequences in relation to goal.
- Choice of the best alternative.

One way of criticizing this model is to point out the risk for bureaucratization as done in Section 3. The four points in the model have all been criticized because »societal decision-makers do not have the basic capacities for making rational decisions« (Etzioni, 1968, p. 263). This critique is well-known.

For a long time the only coherent alternative to rationalism was incrementalism, which takes as its starting point a critique of the above type of rationalism. Lindblom (1959) has made the »classical« presentation of incrementalism:

- Means and ends are not distinct.
- A good policy is a policy agreed upon by many analysts.
- Analysis is drastically limited.
- A succession of comparisons greatly reduces or eliminates reliance on theory.

Incrementalism means a mutual, gradual adaptation of organized interests: »the Science of Muddling Through«. It may be criticized on the same grounds as pluralism. Dror has criticized incrementalism because of its normative function as a reinforcer of societal inertia (Dror, 1964). Another critic, Etzioni, stresses that the incrementalist description is not valid for important decisions made by effective actors, and that a decision model may not be seen as separated from the surrounding society (Etzioni, 1968).

5. ALTERNATIVES

The above section on bureaucratization is one type of critique against rationalism. But the case against incrementalism is also strong. It may be seen as an application of the theory of »the anarchy of the market« to decision-making in society. But if one wants a »planned« organization or society, incrementalism is not of much help. The problem is to find an alternative that goes beyond the contradiction between the laissez-faire of incrementalism and the bureaucracy of rationalism. The »models« below are examples of attempts in this direction.

5.1 *Mixed scanning and policy sciences*

Decision-making in organizations may be seen as a combine of a negotiation type process and rational methods for decision-making.

Amitai Etzioni has proposed a method, mixed scanning, which seems to regard decision-making by efficient actors fundamentally as an approximation of a rational process of means-end-analysis with elements of negotiation in it (Etzioni, 1968).

To start with, all relevant alternatives are listed. By means of more and more detailed scanning, alternatives are gradually sorted out, till only one remains. At certain steps more comprehensive scanning is made in order to check that no important options have been missed. Mixed scanning seems to be a more realistic description of decision-making in, for example, the Swedish Government than both rationalism and incrementalism. It may be a possible starting point for empirical studies of decision-making as well as for the development of methodology and techniques for planning.

Another critic of rationalism as well as of »muddling through« is Yehezkel Dror, who eagerly proposes the combination of normative decision theory and behavioral science into Policy sciences, a synthesis of »revolutionary character« (Dror, 1970). Dror asserts the main elements of rational analysis as presented in, for example, systems analysis (Churchman, 1968): (a) Problems and alternatives are studied comprehensively. (b) The »optimal« alternative is chosen by means of cost-benefit-analysis. (c) By different techniques consequences are related to goals. Policy sciences suggest that these main features are complemented in several ways: Underlying values and presuppositions, power relationships, coalitions, problems of institutional change and innovation, the role of ideology, etc. are studied. Policy sciences seem to include almost *all* aspects. Its value will depend on where the stress is laid. Central aspects seem to be the role of values, education and legislation in social change.

Etzioni and Dror both put the stress on the *methods* of decision-making. Other critics of rationalism and bureaucracy look for an alternative in the development of *organizational* climate and structure.

5.2 Organizational development

As a reaction against rationalism, some organization theorists stress climate, social processes and human relations. The organizational-development movement has as its underlying idea neither Weber's rational bureaucracy nor Lindblom's pluralism, but rather the »turned-on-group« (Archibald, 1970). Organizational development is an application of behavioral science, aiming at planned change in organizations through an internal or external social scientist working as »change agent«. The organization-development movement in the 1960's is a reaction against rationalism, in a way similar to the Human Relations reaction against Scientific Management and bureaucracy in the 1930's. Organizational development may be seen as an Emotions Theory in reaction to a Machine Theory for planning (rationalism). This aspect is clearly illustrated by the frequently made comparison between organizational development and the relation between a doctor and his patient. It suggests an extremely functionalistic, harmonious image of organizations and of the world.

Organizational development *may* be a tool for manipulation and control of passive and emotional objects. However, if the development of a more »healthy« organizational climate is coupled with a change in the *power structure* of organizations, it may be of interest to the employees. The employees, however, are not a homogeneous group. There are weak individuals on all le-

vels, who have found a sheltered place in the bureaucratic structure. An organizational development which changes the informal organization can have negative consequences for the weaker members, especially on lower levels; they have no power to protect themselves (Crozier, 1963; Burns and Stalker, 1966).

5.3 Institutional investments

In this section I will try to treat in a few lines some ideas of three authors who take part in the discussion on planning and participation: the French sociologist Michel Crozier, the Yugoslav philosopher Mihailo Marković, and Albert Waterston from the World Bank.

Crozier stresses the contradiction between detailed rationalism and the essentially incrementalistic reality. The role of political leadership could be to initiate the processes of change that do not develop because of mechanisms of bureaucratization.⁵ The changes concern »rules of the game« for relations between groups and organizations within society. The changes may be initiated by creating »crises« in the right sector at the right moment, before bureaucratization has gone too far. At the same time »institutional investments« are made in money, material and personnel with the aim of creating organizations with their own analytical, adaptive, and innovative capacity; systems whose rules encourage change and where people can live with conflicts and still cooperate (cf. Crozier, 1970, p. p. 183, 57).

When the goals of a system have been defined, the main problem is to find a model which does permit not only maximum efficiency in the realization of the goal, but also a minimum of external direct control. According to Marković, this model can be reached only through the development of really *democratic* institutions in all sectors and on all levels (Marković, 1972, p. 165). In a similar way Albert Waterston (1972) argues for a *problem-oriented* planning, where local units have resources and competence for problem solving with a high degree of participation among its members. The structure of organizations in a society is a possible instrument for political direction. The structure cannot be decided upon according to a neutral criterion of effective organization. The structure determines which interests are regarded, which get the heaviest weight, etc. It influences the content of decisions.

The three authors quoted seem to agree that organizational structure as an instrument for political control is linked to the thesis that institutional investments should be made in units with a high capacity for change: in decentralized systems with a high degree of participation. It is also important to underline that the development of participation in organizations has to be related to the wider questions of democracy: economic democracy, representative political democracy, real organizational democracy, etc.

5.4 Conclusion

I would like to formulate three catchwords about decision-making and planning:

A) *Planning is a question of formal rationality; formal organization, and formulas for rational analysis.*

⁵ The »model« of bureaucratization in fig 1 above describes the mechanisms in a state of equilibrium. Fundamental change due to inability to cope with changes in the environment is not considered. In this section, however, the possibility of conscious institutional change is considered.

B) Planning is a question of attitudes and climate.

C) Planning is a question of power, rational analysis, and attitudes.

These three ways of looking at planning constitute a parallel to the three ideal types of organization theory presented above: Machine Theory, Emotions Theory, and Structure Theory. They all exist side by side in organizations today, but I think that one can see a development in time from (A) over (B) to (C). In Sweden, for example, there was in the beginning of the 1960's a growing interest in long-range planning. Most of the methods and systems then presented, fell under catchword (A). Today one can see a partial reaction against rationalism. In some cases this has taken the form of an incrementalist standpoint. More common, however, is the stress of emotions: organizational development and attitude change, catchword (B). I think that today the fruitful standpoint is to relate the problems of planning and decision-making in organizations to the question of power, democracy, and participation. This will make the practice of planning and the theory of planning a question much too important to be handled by experts in rational planning methods or in theories of attitude change alone. It will be a question of democracy in a modern, planned society. Methods of rational planning, especially in a mixed scanning version, give the necessary hierarchical element. The organizational-development movement stresses the importance of change processes both within given structures and as part of a strategy for structural change. But it is only if coupled with basic structural questions and the question of power and participation that rationalistic planning theory and organizational development become instruments for democracy and freedom instead of for manipulation and detailed control from above. The role of central planning in this case would be to make »institutional investment« in adaptive and »participative« organizations. The three catchwords illustrate the three central elements in planning and decision-making. The importance of each element varies with the level of decision-making, the historical situation, and the structure of society. As centralized long-range planning is now developed in Sweden at the same time as demands for participation and democracy are articulated, the power dimension of planning becomes a central concern.

6. PERSPECTIVE, POWER, AND REALITY

In conclusion I want to relate the question of the role of perspectives, discussed in section 2 above, to social power. As emphasized, the nature of the presuppositions in the perspective is unclear: are they normative or descriptive? The perspective influences action, and the normative parts of the perspective of powerful groups may become reality. E.g.: presuppositions about passive man lead to authoritarian organizations which make man passive. I hope that the preceding sections will have argued the reader's aptitude for self-reflection. But reflection is not enough in a society with conflicts and power. As a short illustration of the relation between perspective and reality, I will take the continued discussion about rationalism and incrementalism. In an article which appeared this year in *Policy sciences* it was said that normative decision theory does not sufficiently take into consideration social science knowledge on organizational decisionmaking (Millar, 1971, 1972). I

agree, but I think that the notion »natural law« used, and the examples given, are not well chosen. As examples of »natural laws« presented by social science are mentioned: cognitive limitations in individual information processing capacity, Herbert Simon's (1965) limited rationality, and Lindblom's incrementalistic model of decision-making. Without going deeply into problems of philosophy of science one can say that it is very dangerous to use the term »law« in this way. Knowledge about cognitive limitations in information processing capacity may be regarded as a law, whereas Lindblom's incrementalism is a description of parts of decision-making in a market economy like today's United States. This general talk about »natural laws« has an ideological function: the world is seen as unchangeable, being everywhere and always the same. Social science should have the opposite goal: to show where new possibilities may open as result of concrete structural changes.

In a later article in the same journal, Alexander (1972) says that the model of decision-making is determined by the social milieu of an actor. Alexander's thesis is that the actor having the *correct* perspective, the most valid assumptions about reality, will succeed in his strategy. The basic assumption in Alexander's analysis is »that decision modes vary according to perceived environment, and that conformity of the decision-maker's image to reality is the Darwinian mechanism of survival or extinction in the world of politics and polity«. The Darwinian optimism of development lies as a ground for pragmatism as presented by for example Dewey.⁶ It is the consequences of a theory that are important for its validity. Men adapt to their environment. This biological model makes it possible to avoid values in a formal way. Dewey's world is a harmonious world without differences of power. If pragmatism is put into a conflict perspective, what is true is decided by the one who has the power to show that his assumptions and theory are the correct ones: »might makes right«.⁷

A dialectical way of looking at the relation between theory and practice does not mean identity, but reciprocal action: good knowledge and theory about today's world are results of praxis and influences future action. The future is created by action; men do not only adapt to the »natural laws« of their environment. Instead of being subject passive adaption, active man can consciously create a possible and desired future. The conscious political planning of key decisions and »institutional investments« in a society of adaptive, decentralized units with a high degree of participation is an alternative, which can avoid the vicious bureaucratic circles of rationalism as well as the conservatism of incrementalism. Such a praxis must build on a good theoretical ground of sociology and methodology of planning. The most important problem for further research and experiments, where Yugoslavia experiences will be of great value, is the organization of integration or global planning in a society organized according to the principles of self-management and workers' control. This demands an approach including both economists interested in methodology of rationalistic planning and sociologists with a humanistic and critical orientation. I think that a solution might be formed in the direction sketched above under the heading »institutional investments«.

⁶ See for example an article by Rytina and Loomis (1970) on marxism and pragmatism.

⁷ A mechanistic interpretation of marxism coincides on this point with pragmatism. Rytina and Loomis have such an interpretation.

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DECISION-MAKING AT THE WORK-PLACE UNDER VARYING CONDITIONS OF ENVIRONMENTAL COMPLEXITY

This paper presents a framework to aid in the design of organizational structures which permit workers to make and carry out decisions affecting the products or services they produce. One of the criteria for such design is that the decisions assigned to the workers provide challenge commensurate with their abilities while the associated costs of such delegation are consistent with overall organization effectiveness. The criteria by which to measure effectiveness are left somewhat to the option of the reader; however, this paper will deal in a later section with both humanist and economic implications of design decisions.

The term *autonomy* is reserved for the delegation of decisions which workers make and carry out themselves to distinguish it from other forms of power-equalization such as *participation* in which workers have an opportunity to influence the decision-making process but where the locus of decision-making has not shifted to them (Strauss, 1963) or from various forms of *representation* in which elected representatives make decisions on behalf of workers but do not actually carry out the decisions themselves.

THE NATURE OF OPERATIVE ENVIRONMENTS

One of the primary concepts of this analysis is the concept of *operative environment*. This concept is a major one used in a forthcoming book by the author entitled *Job and Work Group Design: A Socio-Technical Analysis*. Operative environment refers to the environment faced by those who actually produce or work directly with those who produce the product or service of a particular organization or a basic functional unit of an organization. In Parsons' (1960) terminology, individuals who perform such activities are members of the technical level of the organization. The operative environment is the counterpart of the term *task environment* which Dill (1958) and Thompson (1967) used to describe the macro-level relationship of a local organization to those organizations and their activities which are relevant to the former's goal setting or goal attainment. These organizations make up an organization-set (Evan, 1962) and as the goals of the focal organization shift so do the organizations making up the organization-set shift. As suggested by the concept of operative environment, the elements and events making up an environment need not refer to other organizations. They may refer to the attributes of raw materials or the activities of the members of the same or parallel work groups,

etc. The elements or events making up an environment depend upon the unit of analysis under consideration, i.e. individuals work groups, departments, etc., and the goals which each unit sets for itself or, as is usually the case with subordinate organizational levels, the goals which higher organizational levels set for it. Obviously, the environments of several parallel, subordinate, and superordinate levels must complement each other for effective coordination to take place. (Many mechanisms are available to accomplish this such as policy statements, commands, internal coalitions, mutual problem-solving, etc.); however, each environment consists of different elements and events which arise from a larger universe of potential elements and events in a figure and ground manner which are, in turn, determined by the goals each organization level has chosen or has been instructed to attain.

The environments which occupants of lower organization levels face, thus, refers to qualitatively and phenomenologically different environments from those faced by higher organization levels.¹ Furthermore, as the environment of each succeeding level is made up of different elements and events so, too, are the factors different which determine the interdependence of the elements and events at each succeeding level. The elements or events in the environment of each succeeding level may or may not be as complexly interrelated as those in the environments of the levels above it. Thus, while each organizational level reduces the uncertainty of the occurrence of some elements or events,² it creates at the same time, intentionally and sometimes unintentionally, new elements and events with different degrees of uncertainty attached to their occurrence. As will be seen below, the manner in which these new elements and events are interrelated may be sufficiently complex to create an environment which is as qualitatively uncertain as that faced by decision-makers at a higher level and thus the decision-makers at each level may face conditions which cover the same range of qualitative uncertainty.

ENVIRONMENTAL COMPLEXITY

The Emery and Trist (1965) typology based on the causal texture of the environment is an effective means by which to describe different degrees of environmental complexity and the decision-modality appropriate to each.³ Causal texture refers to the nature of the interdependence of elements or events in the environment as distinct from interdependencies within the organization itself or from those between the organization and its environment. While Emery and Trist use their typology to describe qualitatively different environments which organizations might face, the typology can also be used

¹ Use of the term phenomenological does not imply that an operative environment only exists as subjectively experienced. Not all elements or events within the environment have to be perceived to be part of that environment. There may be as yet unperceived elements or events which interact in unknown ways with recognized elements and events, thus, adding to the uncertainty which operatives must face. As time passes learning takes place and previously unknown elements and events may become meansobjects with respect to goal attainment. This distinction between perceived and unknown elements and events is similar to that of Tolman and Brunswick (1935) who used the term sign-gestalt and environmental entity to describe the phenomenological and actual environment, respectively.

² In Parsons' (1960) scheme the institutional level reduces uncertainty over values and formulates objectives and basic strategy; the managerial level sets goals to achieve objectives, allocates resources and selects the basic means to achieve goals; and the technical level plans and carries out day to day activities.

³ Decision modality is the term McWhinney (1968) uses to identify the qualitatively different types of decision-making appropriate for differing amounts of available information. He lists four modalities. The first three, certainty, risk, and uncertainty are familiar ones; the last, domain problems, deals with the question of what aspects of the environment are to be of concern to the decision-making unit.

to describe the kinds of environment which different members of the same organization face.

Let us deal with the macro-level first. Table 1 on this page lists the four environmental types and their basic characteristics as well as the organizational response appropriate to each type. The most appropriate modality for turbulent fields are acts of appreciation because they simplify the environment by providing values that have an overriding significance for all organizational members. Galbraith (1966) considers the development of a military-industrial-labor complex as a means by which the organizations within such a complex reduce environmental turbulence. Strategy which guides the orga-

Table 1.

Environmental types, basic characteristics and organizational response*

<i>Environmental type</i>	<i>Basic characteristics</i>	<i>Response</i>
Type I placid, randomized	goals and noxians unchanging, randomly and sparsely distributed.	All goal-directed behavior is by trial and error. No generali- zations to new situ- ation are possible.
Type II placid, clustered	goals and noxians unchanging, less sparsely distributed but now cor- related with each other.	Generalizations to new situations are possible. Tactics become subordinate to main plans.
Type III disturbed, reactive	goals and noxians un- changing, but goal-directed behavior is reactive and uncertain because there is more than one organization of the same type pursuing the same goal, goals and noxians correlated with each other.	In addition to strate- gy, »gaming« activity used to pursue goals, what military theo- rists call operations.
Type IV turbulent	high interdependence among all elements creates constant changes in goals and noxians as well as in the interdependence between them. The actions of organizations or individuals acting independently lead to amplifications in disturbance.	Acts of valuation or appreciation appli- cable to all elements so as to reduce tur- bulence.

* (Based on F. E. Emery and E. L. Trist, »The Causal Texture of the Environment«, *Human Relations*, 18, 1965, pp. 21—32).

nization toward realizing basic values and operations, as military theorists call them, which are gaming and bargaining activities, are appropriate to disturbed reactive fields. Organizations competing in an oligopolistic market face this type of an environment and it is recognized that stability may be gained in such fields by a certain coming-to-terms between competitors. Tactics subordinate to a strategic plan and risk calculation are the most appropriate modalities in placid-clustered environments. Such tactics are possible because environmental goals and noxiousants are not randomly distributed and this enables some parts of it to become means-objects with respect to approaching or avoiding. An organization in a monopoly market or organizations which have already created stability through actions mentioned above face this kind of an environment. In placid-randomized environments, the fourth type, there is no connection between environmental parts and goals and noxiousants are constant. The economist's classical model of pure competition corresponds to this type. In such environments little learning takes place or is necessary for there is no basis to generalize to other situations.

Having introduced these four types of environmental complexity and their appropriate decision modality, we can now proceed to reformulate them at the micro level of analysis. As the nature of these environments are determined by the decisions made at higher organizational levels, it may be said in anticipation of the next section that the major variables which influence environmental complexity and, therefore, enter into design strategies to upgrade environments are decisions over (1) the nature of raw materials, (2) market strategy which determines the time available for higher organization levels to learn about raw materials and the means to transform them, thus, increasing the likelihood that decisions affecting these will be centralized, (3) the nature of the reward structure which affects both goal setting and the degree of cooperation or competition within and between organization levels. The reader will see the influence of these decisions on environmental complexity implicit in the following examples; however, these will be spelled out more clearly in a later section.

TURBULENT OPERATIVE ENVIRONMENTS

When raw materials⁴ are complex and/or the technology⁵ available to alter them requires a high degree of skill and/or judgment, effective performance may require that operatives be highly trained professionals. The environment which operative professionals interpret and react to may be more complex than that faced by those who supervise them. The data which these professionals generate from their interactions with raw materials may also lead to greater initiation of interaction to higher organizational levels than occurs in the other direction. Blau, Heydebrand, and Stauffer (1966) and Meyer (1966) discuss the kind of organization structure which occurs under conditions which require the hiring of professionals as operatives.

In organizations which require operative-professionals for the transformation of raw materials, especially people changing or people processing organizations, value questions affecting the manner in which raw materials

⁴ Raw materials may be human or inanimate.

⁵ Technology is used here as synonymous with *technique*, a term which Ellul (1964) uses to describe as nothing more than *means and the ensemble of means* (p. 19), it «includes every operation carried out in accordance with a method in order to attain a particular end.» (p. 19)

are transformed are not always entirely resolved at higher organization levels. This may be due to the variability of circumstances in each individual situation which makes it impossible to devise an overall rule to cover each case or because the organization presumes that professionals internalize such values related to dealing with human beings and, therefore, rely on educational institutions and professional associations for their specification and enforcement. In organizations which rely on interdisciplinary teams for programs or treatments for transforming »raw materials« a multiplicity of values may exist among team professionals with varied backgrounds. If each seeks to achieve a goal based on his own value premises the result would be the creation of a turbulent environment (type IV). Each professional acting on his own adds new elements and events to the environment of his colleagues which interact in ways which become increasingly more difficult for any of them to understand from their own unique perspective. Thus, each individual trying to reduce disturbance in the environment he perceives actually contributes to an absolute increase in the disturbances faced by all. An example of this might occur in a psychiatric hospital in which professionals from varying disciplines create a turbulent environment by each trying independently to achieve a therapeutic goal for a patient. The appropriate decision modality for a turbulent operative environment is achieving consensus through problem solving (see Lawrence and Lorsch, 1967, Chapters 3 and 5, for a discussion of integration devices).

DISTURBED REACTIVE OPERATIVE ENVIRONMENTS

When raw materials are human beings and/or the nature of the reward structure is such that a state of competition exists between two or more organization members, the relationship which exists between the two or more members or between the members and the raw materials (clients) can be described as *reactive*. Reactiveness occurs when the actions, or presumed intentions of organizational members or clients influences the response forthcoming from the other party to the relationship. Reactiveness characterizes the relationship between operatives and clients in psychiatric and correctional institutions, when the latter's goals are therapeutic or rehabilitative, respectively (Perrow, 1970). Reactiveness characterizes the relationship between organizational members when increases in rewards for one member are perceived as resulting in decreases in rewards for the other. Whyte (1955) and Sayles (1964) describe relationships between organizational members in which decision-making occurs under reactive conditions or, to use the Emery and Trist terminology, in a disturbed reactive environment.⁶ In situations where reactiveness is due to conditions which cannot be removed or it is undesirable to do so, i.e. psychiatric institutions, with therapeutic as opposed to custodial goals, the appropriate decision modality is role reflexive behavior or taking the role of the other (Mead, 1934; Turner, 1956).

⁶ The reader may find the following points useful in distinguishing between turbulent and reactive environments. The main property of a turbulent environment is that there is no consensus among the actors on the basic values which guide their actions. The actors need not be in conflict with each other, they are simply unaware that each is operating under different value premises. In disturbed-reactive environments, the actors are in basic agreement over what is valued except that the situation is such that one actor increases his utility with respect to that value at the expense of the other. Game theory models provide an appropriate analogy to these situations.

PLACID-CLUSTERED AND PLACID-RANDOMIZED OPERATIVE ENVIRONMENTS

The remaining two types of environment, placid-clustered (type II) and placid-randomized (type I) are discussed together as they can be described and contrasted in terms of the same concepts.

The nature of the operative's environment is greatly influenced by the extent to which higher organizational levels can rationalize the production process. The greater the degree of rationalization, the greater the probability that decisions affecting the production process will be made at higher organizational levels. Two of the most important determinants of the extent to which rationalization can occur in manufacturing industries are the market strategy of the organization and the nature of the raw materials transformed. The market strategy might be to produce standardized products for a long time period or to produce specialized products in small quantities over short time periods. Raw materials may require a high degree of unanalyzable search when exceptional cases arise or require a low degree of unanalyzable search when exceptional cases arise.⁷ These two determinants can each be dichotomized and cross-classified yielding four technological outcomes.⁸ For the purpose of describing the two remaining operative environments it is not necessary to describe the manner in which all four outcomes are produced. The process yielding two of the four outcomes will be detailed below to illustrate the influence the two determinants have on the extent to which rationalization of the production process can take place and hence affect the nature of the environment faced by operatives.

When the market strategy of an organization is to produce standardized products over a long time period the likelihood increases that higher organization levels will have sufficient time to learn about the attributes of raw materials and develop procedures to control the production process. If this market strategy occurs in combination with raw materials which produce exceptional cases requiring a low degree of unanalyzable search, higher organizational levels will be able to rationalize the production process to a great extent resulting in technological outcomes such as mass-production or automation. If this market strategy occurs in combination with raw materials which produce exceptional cases requiring a high degree of unanalyzable search, then only parts of the production process can be rationalized leaving operatives to control the remainder with intuitive or judgmental search procedures. The technological outcome in this case is a craft technology.

The first combination of market strategy and raw materials is selected to describe the two remaining operative environments. In this situation greater choice exists for higher organization levels to create one type of environment or the other. In the three other combinations, higher level decisions are more likely to create complex environments for operatives as a natural response to the conditions encountered. Under the conditions of the first

⁷ Perrow (1970) specified two distinct attributes of raw materials as having an important effect on organization structure. The first, variety of exceptional cases, refers to »the variability of the stimuli presented to an individual (p. 77).« The second, search behavior, is analyzable when the stimulus is familiar and the individual has learned what to do about it; search behavior is unanalyzable when the stimulus is unfamiliar requiring judgment or intuition to discover an appropriate action. For reasons too complicated to go into here this author believes that, except for organizations whose »raw materials« are human beings, analyzability of search procedure is the more important of the two attributes in determining technological outcomes.

⁸ In the author's forthcoming book, the cross-classification yields mass-production, craft, batch and problem-solving technologies.

combination of market strategy and raw materials, the likelihood is greater that responsibility for controlling exceptional cases will shift from operatives to higher levels as analyzable search methods are developed. The latter might then specify the goal which operatives are to meet, determining the means necessary to achieve the goal, partition the means into detailed activities to be assigned to individual operatives and provide each operative with only enough information to achieve the goal in the manner specified. If higher levels were to do all this, the environment faced by operatives would be placid-randomized. From the perspective of each operative, the goal assigned to him can only be accomplished by attempting to do one's best on a purely local basis. Under such conditions there is no distinction between tactics and strategy (see Schützenberger, 1969, for a useful way to distinguish between the two). In such environments little learning takes place or is necessary for there is no basis to generalize to other situations. What learning does occur is by trial and error only, but since any change in the environment is seen as »unique«, the individual must begin anew to achieve his goals. McWhinney (1968) describes this environment as having »the double aspect of placing the member . . . in a position totally *dependent* on his environment — for the inhabitant of an organized area has no ability to predict what his environment will do — and totally *independent* of it for there is nothing to know about it so concern with it is useless (p. 270).«

The decision modality which McWhinney describes as »appropriate« to a placid-randomized environment would appear to be the conditions which lead characterize alienation, namely apathy and withdrawal. The properties of a placid-randomized environment would appear to be the conditions which lead to powerlessness as »the expectancy or probability held by an individual that his own behavior cannot determine the occurrence of outcomes or reinforcements he seeks.« Meaninglessness is defined as »a low expectancy that satisfactory predictions about future outcomes of behavior can be made.« These two concepts will be discussed again in a later section.

When rationalization has permitted higher organizational levels to create placid-randomized operative environments, design decisions can be made to transform these environments into placid-clustered ones. These decisions include assigning to the group or individual a goal which represents the completion of a meaningful »whole« such as responsibility for producing a complete product, delegating sufficient discretion to carry out the goal, providing the individual or group with sufficient information to understand the relationship of this goal meeting the organization's objectives and the relationship of the various means to the goal, and finally, sufficient feedback to evaluate their own performance. These decisions create an environment for operatives which does not contain as many randomized elements and events as are contained in a placid randomized environment. Instead, elements and events become means-objects with respect to goal attainment. Strategy becomes distinct from tactics because the operative's »span of foresight« (Schützenberger, 1954) is much greater than under a placid-randomized environment and an appropriate response to environmental elements and events can be planned. Decentralization over which methods to use and to whom they should be allocated may result in improved performance because operatives may be able to learn more about their environments than higher organization levels and how to react to them.. The appropriate decision-making modality for an operative placid-clustered environment is learning through *pattern recognition*.

This completes the translation of the Emery and Trist typology of environments from the macro level to the micro-level. Table 2 on the following page provides a summary of the translation as well as examples of decision modalities appropriate to each type of environment.

THE INFLUENCE OF ORGANIZATIONAL DECISIONS ON THE COMPLEXITY OF OPERATIVE ENVIRONMENTS

Two major points may be summarized from the analysis thus far. First, the decisions made at higher organization levels to reduce uncertainty over basic organizational values and strategy do not at the same time necessarily »degrade« the complexity of the environment which operatives face. The impression given by several writers (Parsons, 1960; Thompson, 1967; McWhinney, 1968), whether intended or implicit, is that reduction of uncertainty steadily increases from the periphery of the organization to its core interior. While this appears to be the case if one focuses only on the macro-issues facing the organization as a whole, it is not true when one looks at qualitative uncertain-

Table 2. **Decision modality, and typical examples for micro-level analysis of environmental types**

<i>Environmental type</i>	<i>Decision modality</i>	<i>Representative example</i>
Type I placid, randomized	trial and error learning; no generalizations possible; dependence, apathy and withdrawal is likely.	Repetitive, highly programmed tasks, no feedback on performance available.
Type II placid, clustered	generalizations are possible, learning takes place through pattern recognition.	Batch, craft, some engineering, technologies: feedback available to operatives; operatives responsible for some unanalyzable search.
Type III disturbed, reactive	reflexive role behavior, taking the role of the other.	Raw materials contain reactive attributes. This is characteristic of people processing or people changing organizations with rehabilitative or therapeutic goals.
Type IV turbulent	achieving consensus through problem solving.	Lack of coordination among professionals of varied backgrounds and value premises.

ty in general. This becomes clear when it is recognized that environment is a term relative to the »decision-making space« faced by different organizational levels and is determined by the decisions made at higher organization levels making particular elements and events relevant for the goal setting or goal attainment of lower organizational levels. Second, if the complexity of the environment of operatives is determined by the decisions of higher organizational levels, then design strategies may be available to alter organization variables to increase the complexity of operative environments and thereby increase the operative's opportunity to learn new and challenging skills.

Examples of organizational variables the alteration of which are likely to affect the complexity of operative environments are presented below to assist the reader in understanding the manner in which higher level decisions affect these environments. The decisions presented below are by no means exhaustive nor are the effects of these decisions independent of each other. The decisions are presented to suggest the usefulness of the preceding analysis for taking actions to upgrade operative environments or, at the very least, to anticipate the consequences these decisions might have on such environments.

Decisions concerning what products to produce affect operative environments by determining what raw materials are to be transformed. Raw materials may vary in complexity according to the variety of exceptional cases arising from the materials, the analyzability of the search procedures to reduce or eliminate exceptional cases and by their degree of reactivity.

Decisions concerning organizational goals affect the nature of raw materials by determining what attributes of raw materials to attend to or ignore. In the case of people changing or people processing organizations, reactivity may be ignored by treating clients or patients as physical objects rather than as human beings with emotions and thoughts. This occurs, for example, when the goal of a prison or other correctional institution is custodial rather than rehabilitative resulting in a reduction in the complexity of the operative's environment.

Decisions concerning the length of product run affect the amount of time available to higher organization levels to develop procedures to control the production process. If the time is used to develop procedures whose ultimate effect is to centralize control over the production process, the operative environment may become devoid of opportunities to learn very much about what is contained within it. This may be counteracted if the design criteria mentioned on page 12 are utilized to assure that operatives will face a placid-clustered rather than a placid-randomized environment.

Decisions on the manner in which operatives are rewarded may effect the complexity of the operative environment by encouraging competition rather than cooperation between those organization members (other operatives or members of higher organizational levels) who are relevant for goal setting or goal attainment.⁹ Competition creates a disturbed reactive or turbulent environment which requires mutual problem-solving or coalitions among the parties to bring complexity or in this case, uncertainty, within a manageable level. While environmental complexity is, in some cases, unavoidable or actually desirable, the costs of the unintended consequences which can result from it might be high.

⁹ See footnote 6 for description of disturbed-reactive conditions.

THE REDUCTION OF ALIENATION

Design strategies which alter the complexity of the operative's environment can make an important contribution to reducing alienation by permitting him to plan and make decisions which challenge his abilities and permit him to learn new skills. For the purposes of this analysis, alienation is defined by two of the five variants distinguished by Seeman (1959); powerlessness and meaninglessness.¹⁰ *Powerlessness* occurs when the individual feels he is an object controlled and manipulated by other persons or by an impersonal system. The individual does not feel he can control nor assert himself over the conditions of his immediate work situation. *Meaninglessness* occurs when an individual occupies an organizational role which lacks a sense of organic connection with the whole structure of roles. The result is that the employee lacks understanding of the coordinated activity and purpose of his work.¹¹

It is difficult to determine the manner in which these two variants interact with each other or with the other three variants mentioned by Seeman.¹² It may be the case that any one term alone is adequate as a definition of alienation from work since the processes the terms refer to may be found separately or together and no necessity exists to regard them as part of a basic underlying dimension of alienation. The analyses by Schacht (1970) and Israel (1971) both demonstrate that alienation is not a uni-dimensional concept and that writers should carefully clarify the type of alienation to which they refer and the context in which they use it.

The reduction in alienation is assumed to be partial unless the operative is also permitted to influence other decisions which affect his working and societal life. Such influence may be gained through autonomy over some decisions, and through some form of participation or representation over other decisions. It is beyond the scope of this paper to determine the extent to which participation and/or representation in some spheres of working life interact with autonomy in the operative's working environment to reduce alienation; however, autonomy over the working environment, where so much of the operative's daily life is spent, is assumed to make a very important contribution to the reduction of alienation and may actually be necessary for the other forms of power equalization to make a supplementary contribution to the reduction of alienation.¹³

ORGANIZATIONAL EFFECTIVENESS AND THE REDUCTION OF ALIENATION

The final point concerns whether efficiency of effectiveness must be sacrificed in order to reduce alienation through upgrading the complexity of operative environments. This question cannot be simply answered because there are undoubtedly conditions under which both alienation is reduced and effec-

¹⁰ Seeman's other three variants are normlessness, self-estrangement, and isolation. See his article for definitions.

¹¹ These definitions are modifications of Seeman's terms which the author previously used for an organization analysis (Susman, 1972).

¹² Not to mention the added difficulty of considering the additional interaction with societal and economic conditions producing anomia (Durkheim, 1964) or reification (Israel, 1971), assuming that one can arrive at a clear-cut analytic distinction between these terms and those of Seeman.

¹³ Control over the work-place as a necessary pre-condition for the success of participation and representation at higher organization levels is reinforced by studies by Emery and Thorsrud (1967) and Flanders, Pomeranz and Woodward (1970).

tiveness increased" as well as conditions under which choices must be made between reduced alienation or greater efficiency and effectiveness. One might suspect there would be more examples of the former situation if organization decision-makers would plan ahead for the consequences of alternative decisions on operative environmental complexity. In an open-system such as an organization there are alternative ways to achieve the same product outcome some of which would include more challenging environments for operatives. The main difficulties arise after decision-makers have committed the organization to capital investments which are fixed in the short-run or whose alteration would result in large sunk costs. One of the virtues of human beings is their infinite flexibility to adjust to alternative conditions; it is also a weakness because it makes them the last-to-be-considered element in the decision-matrix for organizational planning.

Even with sufficient planning conditions will exist in which choices must be made between reduced alienation and organizational effectiveness and efficiency. In these situations priorities must be set to make such choices and these will depend on the manner in which the larger society rewards organizations for the contributions they make to the quality of life of its citizens. A society will determine what is meant by quality of life by the basic values which guide the conduct and spiritual life of its members, be these values economic, political, humanistic, etc. In closing, it is important to remind the reader of the hard choices which will have to be made for those whose motivation to improve the quality of working life is based on humanistic principles. Robert Boguslaw (1965) reminds us that humanism is an end in itself and »simply asserts that humanity is more important than non-humanity... [which] is inconsistent with an orientation that values only truth and efficiency« (p. 98). One of the important future problems facing both developed and developing countries is which orientation to choose when a conflict arises.

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¹⁴ A number of studies suggest that increases in autonomy and effectiveness are possible, e.g. Rice, 1958; Melman, 1958; Trist, et al., 1963; Ford, 1971; Maher, 1971). None of these studies measured alienation per se, but one might infer a reduction in alienation by the positive changes in work attitudes and reduction of absenteeism and turnover.

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PEASANT PARTICIPATION AND SELF-MANAGEMENT IN THE DEVELOPMENT OF POLISH AGRICULTURE

Self-government plays a role of much greater importance in socio-economic development of the rural areas than in that of the towns and urban settlements. What seems worth indicating, above all, is the fact that in the country this role results from an objective necessity, hence its spontaneous rise and development there. It is based on the community of interests of the groups of the population inhabiting the given territory and mutually connected by numerous bonds in the spheres of family, religion, cultural life, and productive activity. In the most of the European countries, with a long history of feudal development, it is the village or commune that makes up the community characterized by relationships of this type. Such did not evolve in the United States and other countries where capitalism entered agriculture on the »American« pattern route (as defined by Lenin). In the prevailing European model of a rural community, self-management is quite natural because certain needs can be met only by joint, self-government activity. Thus, before self-government became a socio-political concept, it had been a reality in the rural areas, however primitive its forms were.

Putting aside the historical aspects of the development of rural self-government (though such an analysis would be highly instructive), the authors wish to deal only with its contemporary situation in Poland. There are good grounds to assume that the forms existing in this country also appear in other countries. The exemplifications discussed in the present paper may also have implications, if only in outline, to rural self-government abroad.

The authors, as the economists engaged in agriculture, are interested, above all, in functioning of the self-government and, hence, in the accumulation and division of income, utilization of the resources, and the structure and efficiency of the management machine, etc. What are they going to omit are the sociological aspects in the functioning of peasant self-management.

The latter can boast of a long history in Poland. Originating from the wealthy traditions of social and co-operative activities within the rural milieu, it is determined by socio-economic standards of the rural areas and agriculture. In Poland much has been done after the war to promote the growth of peasant self-management. The latter — especially in the form of co-operatives, planters and breeders' associations and agricultural companies — favours not only the growth of activities displayed by the rural population in socio-economic and political sphere, but also makes the principal instrument of gradual transformation of peasant farming (private sector of agriculture) into a so-

cialist one. Moreover, it also plays a significant part in the creation of socialist property and social forms of production activity. Last, but not least, it is a highly efficient form of directing the development of agriculture, and one of the most effective — of safeguarding the latter's interests (an instrument of internal inspection).

In Poland the rural self-government is put into effect in three main forms:

- I. the system of people's councils;
- II. the rural cooperative movement;
- III. the social and vocational organizations operating in the countryside.

I. THE SYSTEM OF THE PEOPLE'S COUNCILS

The people's councils are the regional bodies encompassing communities and districts of a uniform system of people's representation. The members of the councils of all ranks are elected by a uniform, direct and secret ballot. The organs of the people's councils are both, their commissions, co-operating directly with the specialist executive units, and their praesidia acting as executive and managing bodies. In Poland there have operated so far 4,700 rural communities, and 217 district people's councils, grouping a total of 130,000 members displaying their activities within 26,000 specialist commissions (on agriculture, education, health, communal economy, etc.) Beginning with January 1st, 1973, the rural community people's councils will have been abolished and 2,100 communes will get in their place the same number of commune people's councils. The reform now under preparation aims at a strengthening the legislative and executive powers of the lowest-ranking bodies, at putting under their jurisdiction many matters so far resting within the sphere of higher ranks authorities. Another objective is the expansion of administrative units of the lowest rank and a simultaneous elevation of their status and role in the socio-economic life of the nation.

The significant participation of the agricultural population in the people's councils creates favourable conditions for shaping the development of agriculture in the given area, for co-ordinations engaged in services to agriculture, for safeguarding its interests and, finally, for the influence being exerted by that population upon the course of general socio-economic processes. Particularly inviting conditions for the growth of rural self-government are those at the lowest rank of the rural community (and, in the future, the commune) and people's councils which are the platform of direct and daily contacts between the authorities and the population. The commissions on agriculture, together with those councils, draw up programmes for the development of agriculture, inspect the activities of state and co-operative institutions operating in the district concerned, look after the interests of the rural population and of the latter's particular groups.

In the people's councils of rural community (commune) and district level is vested the major part of the powers and means for directing the development of agriculture in the given area. These are of the administrative, organizational and economic nature. The people's councils of this rank draw up — on the basis of the guidelines made by the state — the longrange and yearly plans for the expansion of agriculture and assess most of the programmes for the development and activity of the institutions connected with agriculture.

The praesidia of those councils — being their executive bodies — have almost all the powers in administering the development of agriculture, the powers ensuing from relevant laws (on holding and use of land, on taxes, economic plan, breeding and sowing economy, plant and animal protection and, also, protection of natural environment, on land reclamation, electrification, the country's regional development, etc.) Almost the whole of the state's outlays on peasant farming and on development of the infrastructure wanted for agricultural purposes and realized by the people's councils of that rank. Both, the system of agricultural education and dissemination of agricultural knowledge, come under the councils discussed. Under the conditions prevailing in Poland the strong impact exerted by the peoples councils upon the growth of agriculture is a resultant of the following factors:

5. The dominant role of agricultural problems within the operational framework of the rural community (commune) people's councils (the agricultural population making more than 60% of the total population in the Polish country-side).
2. A relatively large degree of the state's legal and organizational interference with expansion of agriculture, put into effect by the people's councils (holding of — and turnover in — land, farming discipline, infrastructure). That interference by state organs is much more pronounced in Poland than in the West European countries but it is still weaker than in other socialist countries. The power of representative bodies are directly proportional to the scope and intensity of that interference.
3. The great role of state budget allocations in both, the finance of extended reproduction in agriculture and the development of infrastructure in the rural areas and agricultural economy.

The people's councils allocated from their budgets means for the outlays in the following fields: animal protection, sowing and breeding economy, dissemination of agricultural knowledge, land reclamation, electrification of farms, etc. Finance and direction by the people's councils of investment in the private peasant holdings take diverse forms (allocations, tax reliefs, credits given by the state, etc.). This momentous part played by the state allocations in financing the development of agriculture, results from the concept, adopted in Poland, which is piloting the growth of production and socio-economic transformations in the rural areas. In short, the concept is based on the principles of relatively low prices of agricultural produce, providing for a small accumulation by the private-owned peasant farms and financing the development through the credit and public means. And, in turn, this enables an effective steering of the standard and structure of outlays and accretion of social property within agriculture, which is one of the fundamental factors of social transformation.

An important part of the funds used to finance the infrastructure in the rural areas and agriculture is accumulation in the form of the so-called rural community fund, collected through voluntary subscriptions contributed (in the form of self-imposed tax) by the farmers for public purposes (construction of roads, water supply networks, lighting system, social and cultural facilities, etc.).

The people's councils' financial resources intended for the expansion of agriculture and the purpose of the commune, and their powers regarding accumulation and use of the social fund of the rural community make the economic basis of self-government activities carried out by them.

For more than ten years back there has been observed a steady — though uneven — growth of the conscious drive of the political authorities toward expansion of people's power and of maturing of the objective conditions for the development of self-government and namely: the growth of political and social consciousness and vocational standards of the population, improvement of the financial position of local agencies, perfection of the system of political and legal institutions, etc. The powers of the local councils are systematically expanded. The progressing decentralization of the decision-making process is a natural consequence of the socio-economic development.

Two facts are worth emphasizing in this connection: the growing powers of the people's councils in co-ordinating the work of institutions and enterprises operating in the areas within their field of competence, and the significant growth of the local budgets. Thus, for example, the incomes of the rural community councils grew from 2,400,000,000 to 8,500,000,000 zlotys in 1960—1970 and their share in the incomes of local budgets of all ranks — from 4.2% to 7.7% in the period discussed. The main source of increment is the participation of people's councils in the tax on enterprises and in the wage fund, but a slight increase in the land-tax. The voluntarily accumulated rural community fund has doubled to amount of some 2,000,000,000 zlotys at present.

The evolution of the activities of the people's councils was progressing at a slower pace than was required by the development of agriculture and expansion of the activities of economic institutions within the rural milieu. This has necessitated a reform, to be carried out this year, of the system of the rural community people's councils, reducing their number and enhancing their economic resources (budget), and curbing powers, in the first instance of the state administration and, especially, of the executive agencies.

2. THE RURAL CO-OPERATIVE MOVEMENT

The rural co-operative movement in Poland is the widest platform for displaying self-government in socio-economic activities within agriculture. Poland ranks among the countries with the most developed rural co-operative movement (supply and purchase, co-operatives, dairy co-operatives, horticultural ones, and co-operative credit banks). The co-operatives discussed have nearly 9,000,000 members. This means that almost every farmer is a member of two to three cooperatives at the same time. Another illustration of the importance of the rural co-operative movement may be the scope of their activity. The value of the fixed assets of the co-operatives exceeds 30,000,000,000 zlotys (without those of the agricultural circles), the value of their turnovers amounting to some 440,000,000,000 zlotys (for more detailed information see Table 1). The co-operatives purchase the bulk of commodity production (both plant and animal) and almost wholly supply agriculture with the means of production (fertilizers, fodders, pesticides, machines, building materials). The dairy and horticultural co-operative process or refine almost the whole amount of the produce purchased. And, finally, co-operative credit banks are

almost the only institutions of this kind in the rural areas. They give circa 16,000,000,000 zlotys of turnover and medium-term credits and, at present, keep in custody more than ten milliard zlotys worth savings of private peasant holdings. It seems worth mentioning the rural co-operative movement runs export and import enterprises of its own.

Economic self-sufficiency is the basis of the development of self-management. The latter's growth is also favoured by the tendency to expand the powers of the co-operatives and their agencies in making decisions concerning their activity. This drive is one of the exponents in changing the general model of planned development of economy and of perfecting the socio-political life in Poland. A total of some 300,000 members participate in the work of various bodies of co-operative self-government. Many of collaborations between various co-operatives and of participation by representatives of co-operative self-government on all levels of state authority and, also, of collaboration of the rural co-operative movement with state industry have evolved great scope of the economic activities carried on by the rural co-operative movement, which ensues from certain traditions of co-operative proceedings and, above all, from the consistent drive of the state towards transferring to co-operative organizations almost all the functions in the sphere of brokerage (between agriculture and national economy). And this is a great opportunity for the growth of the movement, though also the source of problems of not only economic but social and self-government nature as well.

3. SOCIAL AND VOCATIONAL ORGANIZATIONS OPERATING IN THE RURAL AREAS

The third form in which peasant self-management manifests itself are agricultural organizations of various kinds. They are numerous — beginning from such a universal organization as the agricultural circles, through Rural Housewives' Circles, Planters' and Breeders' Associations and ending with the technical ones grouping specialistic agricultural personnel.

In Poland, a country with 3,200,000 private holdings, the said universal organizations and, namely, the agricultural circles, and Planters' and Breeders' Associations co-operating with them, play a part of a great significance. They blend and organize social and economic initiatives of the inhabitants of the rural areas and concentrate them on the main tasks of agriculture: increasing of the production, technical modernization, and specialization of that branch of economy, and social transformations in the rural areas. They can boast of a wealthy and long tradition dating back to the last fourth of the past century. After 1956 the agricultural circles have become the dominant factor of the peasant self-management movement. They have covered with their activities almost all villages and nearly a half of the privately owned farms. In the course of time, the functions of the circles and the character of their activities have undergone a basic transformation. From a social organization engaged in dissemination of agricultural knowledge, representation of farmers' interests and in the cultural and social activities in the rural areas, the circles have turned into a big social, self-government and, at the same time, economic organization with notable potential as regards production and services. In the decade between 1960—1970 the property of the agricultural circles amounted to

Table 1.

**Organizational Status of the Institutions of Co-operative Self-Government and Their Economic Potential
(as per December 31st, 1971)**

Organizations	Year	Membership (thousands)	Members of self-govern- ment bodies (thousands)	Value of fixed assets (nett in bil- lions zlotys)	Value of economic turnovers (billions zlotys)	Balance profit (billions zlotys)	Value of investments (billions zlotys)	Number of basic organiza- tions
Agricultural Circles	1961	907.9	178.5 ^b	2.2	0.9	0.06	1.3 ^e	25,514 ^f
	1971	2666.2	281.0 ^b	9.2 ^c	13.5	0.5	5.7 ^e	35,248 ^f
Supply and Purchase Cooperatives	1961	3692.0	179.2	.	158.4	2.2	1.2	2,678 ^g
	1971	4579.7	230.2	23.3	352.0	4.6	3.5	2,530 ^g
Dairy Cooperatives	1961	774.9	95.9	3.5	23.3	0.4	0.6	659
	1971	1158.1	90.0	7.5	42.8	1.5	1.4	388
Horticultural Co-operatives	1961	196.1	9.3	.	8.9	0.1	0.1	133
	1971	410.8	14.3	2.2	24.8	0.4	0.5	140
Co-operative Credit Banks	1961	2065.6	22.2	.	5.7 ^d	0.1	—	1,471 ^h
	1971	3375.7	27.7	0.6	15.7 ^d	0.3	0.03	1,644 ^h

a — members of the councils, boards and members committees

b — members of audit committees and boards (1961 — estimate data)

c — applies to Agricultural Circles and Inter-circle Machine Bases

d — value of credits given

e — investment outlays in Agricultural Circles and Inter-Circle Machine Bases made from the Fund for the

Development of Agriculture and other sources

f — engaged and non-engaged in economic activity

g — of which supplies and purchase co-operatives in 1961 — 2425 and 2,121 in 1971

h — active co-operatives, exclusively co-operative loan and saving banks (without branches and cashier's offices).

45,000,000,000 zlotys, thus notably exceeding that accumulated by various branches of the rural co-operative movement in Poland throughout its history. That property increases every year by 5,000,000,000 zlotys, the sum being almost an equivalent of the land-tax. At present, investments made by the agricultural circles amount nearly to 60% of total investments in peasant farming. The agricultural circles have at their disposal more than 100,000 tractors and a major part of auxiliary machines. This big social property, and the development of production services which is based on it, favours transformation of the circles into a cooperative organization (encompassing engineering co-operatives, production and service co-operatives, co-operative agricultural centres, etc.). And, indeed, the agricultural circles have reached a turning point in their development.

The main functions of the circles are as follows:

- a) partnership with the people's councils in stimulating social advancement of, and growth of production in, the rural areas (collaboration in drawing up and implementation of programmes for the development of the rural districts, participation in putting into effect plans for progress in agriculture, especially with regard to sowing, application of fertilizers, development of services, etc., fostering of various forms of associations and production co-operation of farmers, acceleration of the process of specialization of production, consolidation of social discipline of management);
- b) dissemination of agricultural knowledge among farmers and preparation of the youth for professional work in agriculture;
- c) development of production services in agriculture and, above all, of extension service;
- d) initiation of collective land use (arable land, meadows, pastures, construction of storage plants, etc.);
- e) expansion of processing and of investment and building services;
- f) stimulation of all kinds of social and cultural activities within the rural milieu, e.g., those of the rural housewives' circles, initiation of voluntary public undertakings.

Corresponding to those tasks and means, the agricultural circles have developed various forms of work beginning with loose forms of collaboration and ending with the highly organized inter-circle and state co-operative enterprises. Moreover, they have also formed a vast self-government and economic superstructure.

The principal aim of the breeders' and planters' associations is to create a platform for co-operation of farmers specializing in the given branch of plant and animal production with relevant industries, and acceleration of agricultural progress in the particular field. They are self-governing and autonomous organizations engaging in energetic activities in all the fields covered by them and having to their credit a great contribution paid to the work on elevating the standards of agriculture and progress of vertical integration within it.

The engineers and technicians working in the sphere of agriculture have their own social and vocational organization which includes agriculturists, specialists in land reclamation, mechanization of agriculture and in other fields. Their association is, in turn, affiliated with the Chief Technical Organi-

zation (NOT). The principal aim of those organizations is popularization of technical progress in agriculture due to supplementary vocational training of their members, collaboration in drafting programmes for the development of its respective branches, submitting to state authorities opinions and motions and consideration for adequate professional status of specialists in the respective lines of agriculture.

It has become a tradition in Poland that all the cooperative self-government organizations and technical associations have their numerous representatives within state authorities of all ranks. This provides for their exerting a direct influence upon the general course of the agricultural policy, its specific programmes and undertakings and favours intensification of social inspection.

4. MAJOR TOPICAL PROBLEMS IN THE DEVELOPMENT OF PEASANT SELF-MANAGEMENT

One of the fundamental and most difficult problems calling for solution under the conditions prevailing in Poland is that of a correct determination of the role to be played in the development of agriculture and the rural community on the one hand by administrative and state bodies, and, on the other, by the self-government ones. The state exerts an impact upon the development of agriculture by administrative, economic and self government means. Yet, their proportions may be different.

The tendency to a large-scale application of all the forms of self-government makes one of the specific features of socialist construction in Poland. Its basis is the general consonance of socialist doctrine with the idea of self-government and co-operative activity.

In the early fifties — upon the conclusion of the so-called »battle for the trade« all types of peasant co-operatives and organizations in Poland were subordinated to the central plan. Some co-operatives (e.g., the dairy and horticultural ones) and planters' and breeders' associations were dissolved then and peasant self-management almost eliminated from life in the rural areas. True, nominally there existed various kinds of peasant socio-economic and agricultural organizations but, de facto, the part played by them was insignificant. They were but a »social extension« of the agricultural administration. The renewal of economic life in Poland after October 1956 was accompanied by restitution of the previously dissolved co-operatives and their unions. The scope of autonomous decisions of the co-operatives and their bodies has been notably expanded. A serious growth has also been affected in their economic potential and their rank within the national economy (especially concerning commercial services for the rural areas) elevated. And, in turn, all this has seriously extended the scope of co-operative self-government. It was of essence here that the agricultural circles had a strong economic basis on the Fund for the Development of Agriculture (FRR — the concept of the Fund will be discussed somewhat later).

Then, in the second half of the sixties there was noted a partial return to the administrative methods of directing agriculture, and the ensuing fascination with administratory and state forms of management. And though this did not alter the status of the co-operatives in Poland, it has nevertheless changed the attitude towards peasant self-management. What followed was its for-

malization, reduction of its creative abilities and possibilities and of »self-inspection« within the framework of the co-operatives, checking of expansion of co-operative movement and, especially, of its influence upon agricultural production and social transformations in agriculture.

This has had, in both cases, a highly disadvantageous effect upon the implementation of the main objectives of the agricultural policy — growth of production and socialist transformations — and has enhanced social costs involved in the development and remodelling of agriculture.

Those negative phenomena in the development of the rural co-operative movement have been noted and work has been initiated on creating optimum conditions for operation of cooperative self-government.

The co-operative is, in its essence, a self-government organization, yet the scope of that self-management, and the degree of autonomy of the respective co-operatives is different. And this depends of the character of the given co-operative, the socio-political and legal system prevailing in the country concerned, and the adopted concept of its internal policy. Experience has shown that the scope of co-operative self-government depends to a larger degree on the adopted concept of governing the country than on the actual role of the co-operative sector within its economy. Hence the conclusion that are given socio-economic functions may be exercised by the co-operative at both, a wide and narrow range of the freedom of decisions. The problem is the efficiency and cost of that activity. As far as the co-operative mobilizes social effort of peasants and transfers management functions into their hands, its operation costs are lower than, for example, those of a state enterprise. On the other hand, one should take into account the fact that the co-operative bears definite social costs resulting from the small scale of its production (activity).

Were the development of the rural co-operative movement considered in the long range terms, one would easily perceive a certain contradiction which comprises the main dilemma of the co-operative movement of today. And that is the contradiction between the co-operative as a form of ownership and self-government mode of administering definite means of production and the co-operative as an enterprise which — as a result of progressing specialization, concentration of the means of production and growth and, also, of a quick pace of technological progress — requires an even more expert management and escapes the supervision of the co-operators. Thus, we are witnessing a phenomenon which might be called — if we draw a historical parallel — a separation of the function of management from the ownership of the means of production. The power of the co-operative movement has been based on the fact that ownership and management have so far rested in one hand. Nevertheless, this model of the co-operative movement is becoming more and more obsolete, giving way to co-operative forms marked by a considerable degree of state interference in the socialist countries, and of private capital, in the free-enterprise ones. The co-operative movement makes attempts at defending itself against it, yet reality proves stronger. As a consequence a situation arises where the co-operative exists »from the outside« but, gradually, ceases to be »from within«. This phenomenon is the most pronounced in such big co-operatives as the supply and purchase ones, in co-operative credit and loan banks and in some of the breeders' and planters' associations (e.g., of market-gardeners', sugarbeet growers', dairy unions etc.). For it is in their

case that there can be observed a slow alienation of the boards of the co-operatives from their membership at large. The co-operative becomes too often a formal matter. Their members have not — and in many cases even do not want to have — an influence upon the matters of the co-operative. And even more frequent is the expectation that the co-operatives will efficiently satisfy the needs of the agricultural population (this applies, above all, to the supply and purchase co-operatives) without the necessity of the farmers' personal interference with the operational machine of the co-operatives. Moreover, too many farmers the latter's mechanism is hard to understand. This state of affairs is not always considered by the co-operators a negative one. From the viewpoint of the good of the co-operative and its members it is of much greater consequence that the decisions are to be made by experts in the fields concerned rather than by the co-operators as such. The latter do realize that there is a poor correlation between the co-operative and the self-government activities of its members.

It is impossible to forejudge at the moment to what degree this state of affairs has resulted from certain irregularities in the development (manifest, in the past, in excessive number of personnel), and to what, from the general tendency of growth. It seems as confirmed by historical data, that both factors are relevant here.

A characteristic feature of the model of the Polish rural co-operative movement (the authors omit agricultural production co-operatives since this sector has not developed in Poland yet) is linking of peasants' self-management activities and own resources with the means derived from the state. And, as far as directing the development of agriculture is concerned, we have to deal here with a combination of three methods: administrative, economic (economic incentives) and the self-management one. It is worth indicating that, whatever the fluctuations therein, a growth is observed in the significance of the latter two methods. And this is, it seems, what makes Poland substantially different from other socialist countries and, of course, from the capitalist ones as well. In view of the originality of certain solutions applied, they are worthy of more detailed consideration.

The character of co-operative is determined by its statutes, the system adopted in the given country according to the functioning of economy (economic models) and, above all, by the material base (resources and means) which the co-operative has at its disposal. We can not talk of a true self-government as long as the co-operatives are not free to decide on sinking funds, their distribution, the allocation of the means possessed and on the scope and structure of investments, division of incomes and similar matters of vital importance. And this is quite an elementary question in the co-operative movement. Traditionally, the rural co-operative movement was basing its activity upon the means accumulated in the forms of shares, contributions from part of the profit and upon credits raised on ordinary terms. These forms prevailed in Poland in post-war years and in the case of agricultural circles (restituted after October 1956) in the period from 1956—1959. Yet, they are not in a position to ensure due expansion of the co-operative movement, even under the most favourable conditions.

In Poland, however, one soon realizes that the potentialities of the co-operatives and self-management organizations, in the regeneration of incomes from own resources, are limited and unproportionally small, compared with

actual needs and tasks set before those organizations. At present, the principal among the mentioned tasks is that of technical reconstruction of peasant agriculture and gradual preparation of conditions for its social transformation. The co-operatives and peasant self-management organizations (especially the agricultural circles) have been directly engaged in implementation of production and investment programme for the development of agriculture. It was to them, too, that the integration functions have been assigned (of both, horizontal and vertical kind). Moreover, they have also taken upon themselves the main tasks in the field of production services for the rural areas and agriculture. Implementation of so vast a programme would not be possible but with the resources of the cooperatives and the modest budget of peasant self-management of organizations.¹ The cost involved have to be covered by the state out of national accumulation. Its source are the Rural Community Fund (FG) and the Fund for the Development of Agriculture (FRR).

The first form of accumulation consists in taxes self-imposed by the inhabitants of the given village for the sake of local investments. Those voluntary taxes usually become — as result of the majority vote — the obligatory ones. In this way the rural community fund has sunk its amount making 1/3 that of the land tax. This fund is a means for expansion of the infrastructure of the rural areas and one of the main sources of financial support for the powerful movement of voluntary public undertakings.

The Fund for the Development of Agriculture sunk in 1959 was meant as a form of obligatory accumulation of means necessary for technical and social transformation of agriculture. It has been connected with the so-called quota deliveries (i.e., obligatory supplies of agriculture produce to the state, by private sector of agriculture) and raised due to the differences of the prices paid for those deliveries and the ones paid by the state in free-market purchases. In 1960 the state has resigned — in favour of the rural areas — the sums contributed by peasants for the purposes of national accumulation. From the moment of abolition of quota deliveries (January 1, 1972) the sums equivalent to the Fund for the Development of Agriculture have been calculated in the form of land-tax. Initially, its amount was equal to the liabilities of private farms in the form of tax (6,000,000,000 zlotys). At present, after the amount of both, the tax and the Fund has been reduced, it makes 2/3 of the lump sum of the land-tax. Thus, the means deriving from obligatory accumulation by the respective private farms are conveyed to the self-management socio-economic organization of farmers of the given village, i.e. to the agricultural circle. The latter means are argued by the peasants' voluntary contributions and allocated on strictly defined investment purposes, above all, to the purchase of major agricultural machines for the collective use. It is in this way that social property of the means of production is evolved within the private sector of agriculture.

The originality of this solution consists in the fact that the functions of furnishing the means for accumulation are taken over by the state while the matters concerning redistribution and utilization of those social resources have been entrusted to the self-management peasant organizations. Thus, we have to deal here with a rather far-reaching interference of the state, an

¹ The system of margins and surcharges forming profit, of commissions, interest rates on loan capital, etc. has been fixed in Poland in such a way that the respective economic units are in position to accumulate but a modest profit and conduct reproduction expanded at a small scale only. In this situation, the main costs of development have to be covered from national accumulation (state budget).

interference which does not, however, curb peasant self-management but, on the contrary, provides a material basis for its operation. At the same time, this shows that not every interference by the state is tantamount to restriction of self-government. Hence the impression that the search, under present conditions, for models of »pure« rural self-management (enjoying full economic autonomy and free from interference from the outside) is an utopia. The problem rather consists in finding ways for combining the state (administrative and economic) forms of administering agriculture with those of the rural self-management. The experience acquired in Poland has shown that a reasonable matching of those forms of controlling the development of the rural areas and agriculture yields good results and, above all, makes it possible to respect the interests of the particular rural communities and individual farmers and, simultaneously, to ensure implementation of the tasks and objectives of social nature. And this is, it seems the general tendency in the development of rural self-management. This form of social accumulation has won for itself a full recognition by the rural population, however numerous the difficulties encountered in accumulating the means discussed and in their utilization. A serious problem was, for example, that of fixing rational amounts of encumbrance on various groups of farms and regions from the viewpoint of correct proportion in the development of their potential (the criteria of production accumulation have, of course, to differ from those of the fiscal one). At the same time, the quick quantitative growth of the agricultural circles and their technical and production potential has proved to be at variance with socio-economic activities, of that organization. As has turned out, it is much more difficult to ensure conditions for a rational activity of the agricultural circles than to entrust to them a big property and make them apply complex technological methods. In Poland, the pursuit for effective forms of stimulating the activities of peasant self-management organizations is continued. In 1960—1970 the prevailing tendency was that of passing over from the forms of lower organizational rank (utilization of machines within the framework of a circle and a village) to the concentrated forms of mixed co-operative and state enterprises (joint branches of state machine stations and agricultural circles, inter-circle machine bases, production and service co-operatives). A precocious and rapid concentration of production potential of the circles, though yielding some immediate advantages of economic and technical nature, nevertheless causes, as a rule, a weakening of the activity to find new ways for the conciliation of those somewhat inconsistent tendencies, e.g. by admission of simple forms of basic activities in the field of mechanization (groups of the users of tractors and the most important equipment) and setting up strong local inter-circle co-operatives (repair base, special services, building services, simple processing plants, agricultural centers, etc.).

It is worth indicating that enhanced application of up-to-date agricultural technical equipment — constituting social property — will undoubtedly make peasant husbandry more susceptible to the methods of direct management. It is in the same direction that the development and perfection of conventional relations such as contract cultivation and purchases, agricultural services etc, are moving. And all this is going to favour the development of administrative methods of managing agriculture. Moreover, changes will be also taking place in the character and forms of activity of state administration.

The question is, above all, that administration is to be adjusted to the development of agricultural self-management and that the latter's forces be the source of its own strength as well. So far, the basic form of state-management of agriculture has been the agricultural administration. It seems that those functions will be gradually transferred to economic organizations and enterprises, the role of economic instruments of state management thus assuming an even greater importance. For this method consists not only in operation in prices, credits and other means of economic influence, but also, in gradual substitution of purely administrative institutions with the economic ones.

The cooperative self-government have a highly significant part to play in protection of the interests of agricultural producers and in social inspection of the division of goods and incomes. Life shows that the system of socialist economy does not solve this question automatically, hence the necessity of expanding definite institutions and mechanisms liable to exercise the functions discussed.

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