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DEVELOPMENTS IN THE THEORY OF POWER AND EXCHANGE

POWER RESOURCES APPROACH VS. ACTION AND CONFLICT: ON CAUSAL AND INTENTIONAL EXPLANATIONS IN THE STUDY OF POWER

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One of the most controversial concepts in the social sciences is power. Among social scientists we find diametrically opposed views—explicit or implicit—on its relevance, nature, and distribution. While many economists as well as other social scientists exclude differences in power from their areas of study, throughout the centuries others have made power the fulcrum for the understanding of their societies. Antithetical views on the nature of power underlie the “consensus” and “conflict” models of society, which compete in several disciplines. A fundamental issue in the social sciences today is to what extent the free-enterprise or capitalist democracies are to be understood as systems of powers in balance or as hierarchies of power. The controversy over the role of power is perhaps most clearly evident in relation to the classical questions about the causes of inequalities in the distribution of man’s worldly goods. The predicament of social scientists—that they are themselves actors in the systems which they attempt to explain and thus likely to become victims of different types of biases in their work—finds one of its clearest expressions in the debate on power.

In spite of its highly controversial subject matter, the power debate has been rather muted in recent years. The many contradictory views have reached a rather uneasy co-existence, largely based on ignorance of or contempt for the standpoints of others. The great controversy in the 1950s and 1960s between “pluralists” and “elitists” on the conceptualization of and methods for the study of power petered out without having been resolved in any clearcut way. Although often prefatory and incomplete in its formulations, the pluralist-elitist debate raised issues which remain central for the understanding of power. These issues have been sharpened by later “neo-elitist” and “three-dimensional” critics of the pluralist positions.

In my view a crucial limitation in the approaches of the pluralists as well as of their neo-elitist and three-dimensional critics is the focus on the exercise of power. The effort to focus on observable behavior reflects a strong reliance on the causal mode of explanation in the analysis of power. In this area, however, causal analysis must be supplemented by the mode of analysis unique to the social sciences, intentional explanation, in which the desires and beliefs of actors are taken into account and action is seen as rational and directed to bring about some goal.

By now the writings on power constitute a vast and highly heterogeneous literature characterized by considerable conceptual confusion. The purpose of this essay is to attempt to clarify some of the conceptual issues in this area and to indicate how the controversies between the pluralists and their later critics can be analyzed and understood in terms of an alternative approach to the study of power, one which takes its starting-point in power resources, or the bases of power, rather than in the exercise of power. Such a power resource perspective invites us to supplement the prevailing causal approach to the study of power with an explicitly intentional mode of explanation. In combination with the intentional mode of explanation, the power resource approach clarifies some of the complex relationships between power and conflict. It facilitates the analysis of the role of power in the context of exchange, an area from which power as well as differences in power often are excluded. This approach also sheds light on the role of social structure in transmitting the consequences of power. It provides a conceptual basis for the rational explanation of the indirect and disguised consequences of power, which the critics of the pluralist approach have drawn attention to but which they have been less successful in clarifying.

THE BEHAVIORAL TRADITION AND ITS CRITICS

Although the pluralist or behavioral¹ tradition includes quite different voices, the leitmotif in this body of thought has been the programmatic claim that the essence of power and its consequences are revealed and can be studied primarily in situations where power is actually exercised. “Pluralists concentrate on the power exercise itself” (Polsby 1980:119). In this approach power tends to be conceived of in terms of behavior more or less closely associated with manifest conflict, sometimes with the added restriction that the exercise of power involves only punishments (negative sanctions). This tradition has one of its intellectual roots in the well-known and often misinterpreted definition, erroneously ascribed to Weber (1947:152), that power is “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance.”² With its implication of action and conflict, Dahl’s (1957:202) “intuitive notion” that “A has power over B to the extent that he can get B to do

something that B would not otherwise do" has been central to the behavioral tradition.³

Writers in the behavioral tradition have argued that the empirical study of power must focus on the analysis of concrete decision-making involving key issues rather than routine decisions (e.g. Dahl 1958; Merelman 1968; Rose 1967:52–3). They have tended to claim that power is revealed primarily in conflicts related to the making of such decisions (e.g. Dahl 1958:466; Merelman 1968:457). A central tenet of the behaviorists has been that the identification of who prevails in decision-making "seems the best way to determine which individuals and groups have 'more' power in social life, because direct conflict between actors presents a situation most closely approximating an experimental test of their capacities to affect outcomes" (Polsby 1980:4). However, some of them have recognized that power can also be exercised in situations without overt conflict (e.g. Wolfinger 1971:1102; Polsby 1980:192–3, 217).

In its program but not always in its practice, the behavioral approach thus limited itself to a traditional causal mode of explanation, where the exercise of power via participation in decision-making constituted the observable explanans. The association of power with manifest conflict presented unambiguous evidence for the counterfactual argument of conflicting interests and made it possible for the behaviorists to lean back on the old dictum that each man is the best judge of his own interests. The phenomena that were subjected to study in the behavioral approach were unquestionably manifestations of power. However, as C.J. Friedrich (1963:203) has noted, it is often the case that "power hides." The troubling question which its critics came to raise was if these phenomena in fact included the major consequences of power or if they perhaps only constituted the visible part of the iceberg of power.

The behavioral approach thus came under attack for concentrating itself on observable participation in decision-making. The critics—labelled elitist or neo-elitists by defenders of the behavioral tradition—wanted to extend the focus of study to include activities which precede actual decision-making. As is well-known they introduced the concepts "non-issues" and "non-decision-making" to refer to such processes neglected in the behavioral tradition. However, these critics remained close to the behavioral tradition in conceptualizing power as behavior tied to manifest conflict (Bachrach and Baratz 1962, 1963, 1970; cf also Frey 1971).⁴ The neo-elitist approach thus largely remained limited to the causal mode of explanation, while extending the explanans—the exercise of power—to include also less easily observable behavior.

In a significant contribution to the study of power, Lukes (1974) criticized both the behavioral and neo-elitist conceptualizations, labelling the former as an "one-dimensional" and the latter as a "two-dimensional" view of power. In his own "three-dimensional" perspective on power, Lukes went beyond

the two-dimensional view primarily by explicitly assuming that power need not be connected with manifest conflicts. Instead he associated power with the presence of conflicts of interest, i.e. latent conflicts, which he defined as "a contradiction between the interests of those exercising power and the *real interests* of those they exclude" (Lukes 1974:24–5).⁵

Also Lukes, however, remained confined to the view that power must be studied in and through its exercise. In fact, Lukes (1974:27) recognized that all these "three views . . . can be seen as alternative interpretations and applications of one and the same underlying concept of power, according to which *A exercises power over B when A affects B* in a manner contrary to B's interests" (italics mine). Like the "two-dimensional" critics of the pluralist position, Lukes also largely retained the causal mode of explanation and attempted to extend the definition of the explanations—the exercise of power. Thus he elaborated on the concept "non-decisions" and "non-issues" by including in the exercise of power inaction as well as action, and unconscious as well as conscious exercises of power (Lukes 1974:39–42 and 50–5). In the resulting cross-classification based on the degree of action and the degree of consciousness we can thus potentially discern ways of exercising power which involve unconscious action as well as unconscious inaction, concepts which are unlikely to appear inviting to empirically inclined social scientists.

While the "two- and three-dimensional" critics of the behavioral school have succeeded in drawing attention to the serious limitations in this approach, they have thus been less successful in conceptually clarifying the issues involved and in developing a theoretical base for alternatives to the approach which they have attacked. The above discussion indicates that it is necessary to escape from the confines of the behavioral approach through other routes than by extending the definition of the explanations—the exercise of power—into obscurity. Instead we must supplement the causal mode of explanation in the study of power with intentional explanation, where we explicitly try to take account of the capacity of human beings for strategic action in the pursuit of goals. According to Elster (1983, chap.3), an action by an individual is explained intentionally when we can specify the future state it was intended to bring about. An intentional actor chooses to act in ways which he believes will be means to his goal. What he regards as means towards the goal will, in turn, depend on his beliefs about the factual environment and its interrelations. Thus intentional explanation comes to involve "a triadic relation between action, desire and belief" (Elster 1983:70). The emergence of desires and beliefs can, in turn, be explained causally.

Intentional action is related to the future. The intentional actor is seen as making conscious choices, as attempting to take account of his environment in pursuing his goal, and as being capable of strategic

behavior, also indirect strategies such as "taking one step back" in order to be able to take "two steps forward" at a later point in time. His environment includes other actors who can also be assumed to be intentional and rational. The intentional mode of explanation thus leads to an analysis of interdependent choices, an approach which is presently best formalized in game theory, where the decision of each is seen as dependent on the decisions of all.

The intentional mode of explanation of interdependent choices involves as key elements an actors' expectations about the actions of other actors as well as his expectations of the expectations of other actors. Each actor must try to foresee the decisions of other actors, knowing that they are trying to foresee his decision. In such situations of interdependence, the capacities for action as well as the expectations of actors can be assumed to depend on and to reflect their relative power resources. In the perspective the making of interdependent choices, the distribution of power resources among actors is thus brought into the focus of interest. The intentional mode of explanation therefore suggests that we should reverse the behavioral approach and begin the study of power with power resources rather than with the exercise of power.⁶ By starting the analysis with power resources and their characteristics, we can facilitate the understanding of the rational motives for the differing uses and consequences of power. The power resource approach outlined below provides a conceptual framework for the understanding of the relationships of power to conflict, exchange, and inequality. It enables us to incorporate in the same theoretical framework not only the exercise of power but also its more indirect and hidden consequences, "the other face" of power, and allows us to see familiar phenomena in a somewhat different light. To provide a background for the discussion of the implications which the view of power as a dispositional concept has in an intentional mode of analysis, we will now turn to a discussion of the diverse characteristics of different types of power resources.

POWER RESOURCES AND THEIR CONSEQUENCES

As indicated above, students of power have often made the distinction between power as a dispositional concept; i.e., as an ability or capacity, and power in use or the exercise of power (e.g. Blalock 1967:110; Gamson 1968: chap. 5; cf. also Rogers 1974, Wrong 1978: chap. 1 and Benton, 1981). The view that power is primarily a capacity or an ability has old traditions. Thus more than three centuries ago Thomas Hobbes (1651, 1962:72) defined the power of a man as "his present means to obtain some future apparent good." A century later, Adam Smith followed Hobbes in treating power as a capacity (Smith 1776, 1970:134). In the first quarter of the 19th century James Mill (1816, 1939:864-865) also defined power as a capacity: "Power is a means

to an end. . . . Power, in its most appropriate signification, therefore, means security for the conformity between the will of one man and the acts of other men. . . . There are two classes of (securities) by which the conformity between the will of one man and the acts of other men may be accomplished. The one is pleasure, the other pain."

To delimit the concept of power so that it does not become equated with all types of social causation, we will here define power resources as the attributes (capacities or means) of actors (individuals or collectivities), which enable them to reward or to punish other actors.⁷ Since power is a relational concept, the attributes of actors become power resources only among two or more interdependent actors, who have at least some interests in the attributes of the other actor.⁸ From the power resource perspective, power is not a zero-sum concept. Power in use, or the exercise of power, can be defined in terms of the activation of power resources in relation to other actors. As will be discussed below, however, power resources can have important consequences even without being activated.

Power resources differ in terms of a multiplicity of dimensions. An aspect often considered significant in this context is the domain of a power resource, i.e. the number of actors who are receptive to rewards or punishments via this resource. Another is its scope; i.e., the range of activities of other actors that can be rewarded or punished via the resource. As noted above, power resources can also be classified according to whether they reward or punish other actors, that is, if the resource is an inducement or a pressure resource.⁹

The costs involved in using a power resource are crucial characteristics of power resources. Costs can be defined in terms of opportunity costs (Harsanyi 1962; Baldwin 1971b) and can result from two different sources: mobilization and application. Mobilization costs concern the relative ease with which a resource can be mobilized or made ready for use.¹⁰ Thus, for instance, partly because of the "free rider" problem, resources which require coordination or collective action by a large number of actors to become ready for use tend to be more costly to mobilize than resources which can be put into use by a single actor or a small group of actors. Application costs derive from the actual use of a power resource. Application costs partly depend on whether it is possible for an actor to use promises or threats to attempt to affect others and if these commitments have to be redeemed.

Application costs depend to a significant extent on the orientations or attitudes held by those affected by the use of a power resource towards the actor using the resource. Etzioni (1961:4-6) has suggested a classification of power resources from this latter point of view.¹¹ Coercive power resources which involve physical sanctions generate alienation among persons subject to them; i.e., a strongly negative attitude towards the actors using these resources.

Renumerative power resources involving control over material rewards tend to create a calculative orientation; i.e., a mildly negative or positive attitude. Normative power resources, which involve the allocation or manipulation of symbolic rewards and deprivations, generate positive orientations among those subject to them. The costs involved in the application of power resources (e.g. in terms of the need to monitor activities of those subject to power) tend to be highest for coercive and lowest for normative power resources.

Some types of power resources can be described as basic in the sense that they in themselves provide the capacity to reward or to punish other actors. Through processes of conversion, from basic power resources actors can derive other power resources, which, however, ultimately depend on the basic power resources for their effectiveness. The distinction between basic and derived power resources is not easy to draw but appears fruitful. Thus, for instance, normative power resources can be assumed to be ultimately based on resources which provide the capability to apply coercive or renumerative sanctions.

Tentatively some additional aspects of power resources can be briefly suggested. Scarcity refers to the extent to which a resource is available. Centrality reflects the extent to which a resource is necessary for the daily life of other actors. Concentration potential indicates the extent to which a resource can be concentrated to one or a few actors. Storage potential refers to the extent to which a resource can be preserved over time. Liquidity refers to the degree to which a resource is ready to be used.

Although power resources refer to particular relations between actors in specific situations, some types of power resources will be much more significant than others. This is because they apply to relations and situations of many different kinds, or to a kind that is very common. For the following discussion we should note that in western societies, such major types of basic power resources include means of violence, property, and labor power.

In terms of the aforementioned dimensions, means of violence have a large domain, wide scope, high concentration potential as well as a relatively high convertibility. Although the legitimate use of violence is typically reserved for the state, resources for violence are not scarce. Their essential drawback is the high costs associated with their use.

Economists often use the concept of property to refer to a very heterogeneous array of power resources including physical capital and "human capital." The differences in the characteristics of the different types of power resources subsumed under the concept of property provide starting points for an understanding of the nature of capitalist democracy. Physical capital in the form of control over the means of production is a very significant power resource with a large domain and a wide scope. It has high centrality, since it involves control over peoples'

livelihood. Furthermore, it has a high concentration potential and involves relatively low application costs. Money is also a significant power resource with a large domain, high concentration potential as well as high convertibility, liquidity, scarcity and storage potential.¹² It has been necessary to restrict its wide scope; e.g., through laws against bribery.

"Human capital" (e.g. labor power, occupational skills and education) clearly includes important power resources. In contrast to money and physical capital, however, human capital generally has a much smaller domain as well as a more narrow scope. It cannot be concentrated to a very high degree, is often difficult to preserve over time and is generally not a scarce resource. Furthermore, it has a relatively low convertibility and its mobilization involves relatively high costs. Of particular significance in this context is the fact that human capital cannot be divested from its owner. It can thus not be sold, only rented.

The relative strength of the power resources of different actors can be tested in contests or manifest conflicts. In real life as well as in the social sciences, however, it is often difficult to evaluate the relative power positions of two contending actors in advance, since their power resources can differ not only quantitatively but also qualitatively. The contending parties may also attempt to present more or less distorted pictures of their resources. Benton (1981:177) hints that if actors "A and B are assumed to utilize their capabilities and resources in whatever conflicts develop between them, then the outcome is predictable and unvarying." Hindess (1982) is right in arguing against such a deterministic view and in underlining the importance of indeterminacy introduced by the arenas of struggle and the course of struggle itself. Thus the patterns of coalition formation that may develop in the course of such struggles are important for the outcome but difficult to predict. In real life situations a varying degree of uncertainty will therefore often surround the actors' estimation of the distribution of power resources as well as of likely outcomes of power contests. The relationship between the distribution of power resources and the outcome of conflicts must therefore be seen as a probabilistic one, where the degree of indeterminacy will covary negatively with the degree of difference in power resources between actors.

Traditional causal analysis leads us to focus on those consequences which result when power resources are activated or exercised. The intentional mode of explanation, however, sensitizes us additionally to other, more indirect but important consequences of power resources, consequences which reflect the diverse characteristics of power resources discussed above. We assume here that in the making of interdependent choices rational actors are likely to allow their own expectations, their expectations of the expectations and actions of others, as well as their evaluations of the different means available to themselves and to actors to be affected by their

perceptions of the distribution of power resources among actors. Intentional actors are also likely to develop longterm strategies and indirect strategies, designed to increase the effectiveness of their power resources. Intentional analysis of actors who control power resources can thus help to clarify the relationship of power to conflict and to exchange.

POWER AND CONFLICT

If manifest conflict often has been viewed as more or less closely associated with power, exchange, on the contrary, has frequently been regarded as the antithesis to power (e.g. Simon 1953; Homans 1961:77-8; Blau 1964:116-117; Eckstein 1973:1161; Barry 1975:92; Martin 1977:42). Interaction based on exchange is thus seen as voluntary, balanced and symmetrical whereas interaction involving power is seen as enforced, imbalanced and asymmetrical. However, Baldwin (1978) and Hernes (1975) have argued that there are important advantages in treating power as a kind of exchange.

These positions reflect conceptual unclarities and contribute to an underestimation of the role of power in social affairs. Power is involved in exchange as well as in conflict, but it is a concept on a different level than the latter ones. The use of power resources by actor A may generate a response by actor B, who also engages power resources. The resulting interaction can be described according to whether it involves rewards and/or pressure resources according to the following four-fold table:

		Type of power used by B	
		Reward	Pressure
Type of power resource used by A	Reward	Exchange	Exploitation
	Pressure	Exploitation	Conflict

Interaction where both parties activate pressure resources constitutes manifest conflict, whereas interaction involving the mutual use of rewards traditionally is called exchange. Interaction where one party activates pressure resources but the other party reward resources can be described as a type of exploitation.¹³ Conflict, exchange and exploitation are thus different types of interaction involving the use of power resources.

Because of its tendency to associate power with conflict, the behavioral approach makes it difficult to analyze the role of power in exchange and in other contexts where conflict is not manifest. While the two- and three-dimensional critics of the behavioral tradition have asserted that this leads to an underestimation of the role of power in social life, they have not provided a satisfactory theoretical account of why this is the case. The intentional mode of explanation indicates that this underestimation arises because in the making of interdependent choices, the distribution of power resources influences the

extent to which rational actors will allow conflicts of interest between them to generate manifest conflicts, i.e. interaction where both parties activate pressure resources. The difference in power resources affects the evaluation of the means available to the actors as well as their expectations about the actions of the other party, and a rational actor will take this difference into consideration before he activates his pressure resources (Korpi 1974).¹⁴

The probability that an actor will activate pressure resources can be seen as a multiplicative function of his expectancy of success and of his motivation for (or the subjective utility of) reaching the goal. Both these factors are likely to be affected by the perceived difference in power resources between actors. The probability of success which an actor estimates that the use of pressure resources will have, can thus be expected to decline with an increasing disadvantage in power resources between the actor and his adversary. The perceived difference in power resources will, however, affect also the motivation of the weaker actor for reaching the goal. This effect is produced along two different routes. Firstly, the costs associated with reaching the goal will depend on the difference in power resources. The greater an actor's disadvantage in power resources, the greater is the probability that the adversary will oppose his action, something which increases his estimated costs for reaching the goal and decreases his "net" reward. Secondly, at least in the long run, the distribution of power resources will affect the level of aspiration of an actor and thereby also the degree of relative

deprivation he experiences in relation to another actor. Thus the greater the difference in power resources between two actors, the lower is also the motivation of the weaker actor to exercise pressure resources in relation to the stronger one.

The intentional mode of explanation thus indicates that where the difference in power resources between two interdependent actors is great, the weaker actor is unlikely to exercise pressure resources. The stronger actor, however, is likely to use pressure resources, if necessary, to reach his goal. But since manifest conflict requires that both actors use pressure resources, between actors with great power disparities conflicts of interest are relatively unlikely to turn into overt conflicts. In such situations, the weaker actor may not reveal his preferences and various forms of "non-decision-making" and exploitation are likely to occur. Where the difference in power resources between two actors is relatively small, however, the probability of success and the motivation of the weaker party are higher, some-

thing which increases the probability of overt conflicts. The power resource approach thus indicates that since the probability of manifest conflicts decreases with increasing differences in power resources between actors, to focus the study of power on situations involving manifest conflicts considerably increases the likelihood of discovering "pluralist" power structures.¹⁵ The face validity which the behavioral approach acquires through its tendency to associate power with conflict therefore exacts the price of potential bias in results.

POWER, EXCHANGE, AND INEQUALITY

While the debate between the pluralists and their two- and three-dimensional critics totally has bypassed the role of power in exchange, the power resource approach invites to an analysis of this area, which remains one of the most confounded in power theory. Since exchange forms the very base of economic life in the free-market or capitalist democracies, it is a crucial area for the understanding of the role of power in and thus the nature of these societies.

The opposition of power to exchange is generally based on the unwarranted exclusion of inducement resources from the definition of power. Exchange situations involving the mutual use of inducement resources can be regarded as cases of "positive sum" conflicts. The parties have a common interest in reaching an agreement; i.e., they can both derive what we heuristically can call utility from the exchange relationship, but they have opposed interests in setting the terms for the exchange.

Among the social sciences, economics is the discipline which has specialized in the analysis of exchange relationships. The basic theoretical tool for the analysis of exchange in the presently dominant neo-classical school of economics is the model of perfect competition. One of the crucial assumptions in this model is that all actors on the market are price takers; i.e., each actor is so small in relation to the market that it cannot affect market prices. Thus, in effect, significant differences in power resources between actors are defined out of the model of perfect competition. Although the theories of monopoly, oligopoly and monopsony provide models for analyzing exchange relationships where the power resources of the parties are unequal, it would appear that the views of neo-classical economists on the functioning of markets in western societies are often premised on the model of perfect competition (Morgenstern 1972).¹⁶ This tendency contributes to the assumption especially widespread among neo-classical economists that capitalist democracies are based on a balance of powers.

For example, Milton Friedman takes the primitive market as the fulcrum for his analysis of the functioning of markets in western societies which he contrasts with the functioning of politics. In the simplest form a society consists of independent households, where each household retains the alter-

native of producing for itself rather than entering into exchange with other households. "Since the household always has the alternative of producing directly for itself, it need not enter into any exchange unless it benefits from it. Here, no exchange will take place unless both parties do benefit from it. Cooperation is thereby achieved without coercion. . . . As in that simple model, so in the complex enterprise and money-exchange economy, co-operation is strictly individual and voluntary *provided*: (a) that enterprises are private, so that the ultimate contracting parties are individuals and (b) that individuals are effectively free to enter or not to enter into any particular exchange relationship, so that every transaction is strictly voluntary" (Friedman 1962:13-14). Although his arguments are partly circular, Friedman tacitly assumes that in Western societies market exchange tends to be voluntary as well as mutually satisfying and benefitting to both parties. Politics, on the contrary, he sees as involving coercion and concentration of power.

In neo-classical economics theories of the firm are also often premised on the assumption of perfect competition and thus on the absence of differences in power in the relationship between sellers and buyers of labor power. Thus in developing the contractual theory of the firm, widely accepted among economists, Alchian and Demsetz (1972:777) write: "The firm . . . has no power of fiat, no authority, no disciplinary action any different in the slightest degree from ordinary market contracting between any two people. . . . What then is the content of the presumed power to manage and assign workers to various tasks? Exactly the same as one little consumer's power to manage and assign his grocer to various tasks. The single consumer can assign his grocer to the task of obtaining whatever the customer can induce the grocer to provide at a price acceptable to both parties. That is precisely all that an employer can do to an employee. To speak of managing, directing, or assigning workers to various tasks is a deceptive way of noting that the employer continually is involved in renegotiation of contracts on terms that must be acceptable to both parties."

The power resource approach indicates that the widespread views among neo-classical economists that exchange on markets and in firms in the western nations is voluntary, equal, and equitable is valid only in special cases. Standard sociological theory indicates that in analyzing exchange between two actors, A and B, we can compare the outcome or utility which an actor receives from this exchange with the utility he can receive in his best alternative exchange relationship and with his level of aspiration with respect to utility. Actor A will not continue an exchange with actor B unless A's utility in this exchange relationship is equal to or greater than the utility he can receive in his next best exchange alternative. The difference between A's utility here and the utility which he can receive in his next best exchange option indicates his degree of dependence

on this particular exchange relationship, or B's power over A in this relationship. The extent to which an actor is satisfied or dissatisfied depends on the difference between his level of aspiration and the utility which he receives. Because of the lack of better alternatives, an actor can thus be obliged to continue an exchange which he finds dissatisfying.

A situation of perfect competition, by definition, implies that both actors will have many and about equally good exchange alternatives. In perfect competition the dependence of both actors on a particular exchange relationship is therefore small and of about the same size. Here exchange can be assumed to be voluntary and of about equal benefit to both parties and to reveal the preferences of the actors.

But in exchange situations where the parties have different power resources, the exchange process is likely to work out quite differently. Here it is important to view exchange as a process over time involving bargaining. In a situation where actor A is much less dependent on this particular exchange relationship than actor B, actor A is likely to initiate a bargaining process by which he can decrease the utility of actor B until both became equally dependent on their mutual exchange relationship. Because of his lack of better exchange options actor B will continue the exchange despite the fact that he is likely to be dissatisfied with the decreasing returns.¹⁷ It is not meaningful to describe actor B's deliberate choice between the lesser of two evils as voluntary. Unlike the standard mode of neo-classical economic analysis, the power resource approach thus leads to the hypothesis of "the Matthew effect" in exchange: to him that hath, shall be given.

The crucial question raised by the foregoing discussion is whether it is fruitful to assume that markets in western societies tend to be characterized by perfect competition in the sense that actors cannot affect their terms of exchange. Of central relevance in this context is the labor market. The classical writers had a much less idyllic view on these matters than their neo-classical followers. Thus when discussing the setting of wages, Adam Smith (1776, 1970:169) observed: "The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labour. It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. . . . In all such disputes, the masters can hold out much longer."

The institutional structures of western societies have of course changed much since the days of Adam Smith. But is the power relationship between the employer and the employee equivalent to that between the customer and his grocer, something which many neo-classical economists as well as others maintain? A significant fact which speaks against this interpretation is that in the western societies, labor law expresses and institutionalizes a disadvantage in power

resources of the employees by recognizing and supporting, through state power, the basic managerial prerogatives of hiring and firing and the employers' right to issue orders to employees during working time as well as the employees' duty to obey these orders. Thus in the situation where labor and capital are most directly confronted in the capitalist democracies—the place of work—labor is clearly accorded a subordinate role. No similar or parallel legal rights support the customer's relationship to the grocer.

When it comes to views and assumptions concerning the power relationship between employers and employees in the western nations, what is a self-evident axiom for one social scientist can be a value-distorted misrepresentation for another. A focus on the nature of the power resources available to business interests and to wage earners can provide a basis for an evaluation of the potential fruitfulness of the differing assumptions. In view of the differences between the characteristics of capital and "human capital" as power resources, it would appear to be a fruitful hypothesis that in capitalist democracies, business interests and employers generally have greater power resources than employees. Differences in the initial distribution of power resources can also be assumed to affect the degree of inequality generated through exchange.¹⁸

INDIRECT STRATEGIES AND POWER RESOURCE INVESTMENTS

When power resources are mobilized and exercised, some part of them are consumed in the process and the use of power resources always involves opportunity costs. The continuous *ad hoc* engagement of resources in repeated controversies related to decision-making also involves high costs for the maintenance of liquidity of resources. Furthermore, the application of pressure resources can increase uncertainty and the potential for uncontrollable change. The power resources approach thus indicates that prudent managers of power resources have strong incentives to avoid the exercise of power, which constitutes the very explanans in the causal analysis of power and which has been in the focus of attention in the behavioral tradition of power studies. There are especially high premiums attached to avoiding uses of power resources, which are likely to elicit controversies, the most favored object of behavioral power studies. In this context intentional analysis of the relative advantages of the courses of action available to rational managers of power resources opens up ways for the understanding of phenomena related to indirect consequences of power and to "the other face" of power. In the following we will focus on the ways in which rational managers of power resources are likely to attempt to decrease their costs by trying to find strategies for the generalized and routine handling of decision-making and potential controversies.

The indirect strategies for an economical man-

agement of power resources involve processes which we can refer to as investments of power resources; i.e., present sacrifices through the conversion of resources in ways which can increase future benefits. At least four major forms of such investment processes can be discerned: development of channels for the mobilization of power resources, creation of institutions for decision-making and conflict regulation, conversion of power resources from more costly to less costly types, and the fostering of anticipated reactions. An analysis of such investment processes can thus give rational explanations of the "hidden" consequences of power, parts of which the critics of the behavioral approach have attempted to include in the explanans of causal explanation under such headings as "non-issues," "non-decision-making," and "inactive or unconscious exercises of power."

MOBILIZATION CHANNELS

Investments intended to develop routines and institutions to facilitate the mobilization of power resources can decrease the costs of mobilization and augment the effectiveness of power resources by increasing their liquidity. The creation of organizations—in Schattschneider's (1960) term "the mobilization of bias"—is perhaps the single most important type of investment of this type. The capacity to act collectively tends to increase the effectiveness of most power resources. The growth of "juristic persons" and corporate actors throughout the past centuries (cf. Coleman 1974: chap. 1) can be seen as a reflection of this fact. However, organizations play especially important roles in facilitating the mobilization of power resources which require collective action to be of major importance, such as the mobilization of "human capital" through union organizations and of numbers through political parties.

INSTITUTIONALIZATION OF POWER

Through processes of investment, power resources can be used to structure the conditions and the situations in which action and decision-making take place as well as to create institutional structures for decision-making and conflict resolution.¹⁹ By determining the context and conditions as well as the methods, principles, and structures for decision-making, power resources can have major consequences without being directly or continuously exercised in decision-making. Differing views on the role of power are found in the prevailing theoretical approaches to the existence, origin and role of societal institutions such as the state, political democracy, collective bargaining, and the welfare state.

The presently most influential type of model in the social sciences, the celebrated general equilibrium models of the Arrow-Debreu variety in neo-classical economics, define out the very existence of societal institutions such as the state. The only insti-

tution we find in the world recreated in these models is the perfect or competitive market, but there is no state, no money, no interest organizations. The absence of societal institutions in the general equilibrium models of the economy is the ultimate consequence of the model's disregard for differences in power resources between actors.

In sociology and political science, the functionalist perspective on societal institutions is presently represented in two different versions. Thus the structural functionalists tend to regard institutions such as the state as originating in the needs of the whole society and as serving the interests of different groups in relatively unbiased ways (e.g. Kerr *et al.* 1973; Parsons 1966). Those who have made a structuralist or functionalist interpretation of Marx tend to view the state as originating in and as serving the needs of the economically dominant class—in the capitalist societies, the bourgeoisie (e.g. Althusser 1971; Poulanzas 1978). According to Elster (1982:460) in "Marxist social science proper, we find that functionalism is rampant."²⁰

The power resource approach, however, leads us to view societal institutions largely as the residues of previous activations of power resources, often in the context of manifest conflicts which for the time being have been settled through various types of compromises. By developing institutions, bureaucracies, structures and rules for the making of decisions and for the distribution of rewards and punishments, the need to continuously activate power resources can be limited.²¹ In comparison with an unregulated situation, these various forms for the "creation of order" can give some benefits to both parties, at least in the short run, by decreasing uncertainty and the costs of mobilizing and activating power resources as well as the costs of keeping resources liquid. However, the benefits of order can be unequally distributed. My hypothesis is that the distribution of power resources between the parties is reflected and "built into" these institutions and structures and that the parties may thus have unequal gains from their operation. The conflictual background to such institutions and structures need not be manifest in their day-to-day operations.²² The power resource approach thus resolves the actionist-structuralist dispute in power analysis by indicting that actors can invest power resources in structures and institutions which, in the long run, affect and constrain the behavior of others.

Of central importance for our interpretation of the consequences of the operation of institutional structures such as the state now becomes the question of the distribution of power resources and its stability in the capitalist democracies. In view of the importance which organizations for collective action can play for increasing the effectiveness of wage-earners' power resources in relation to those of business interests, it would therefore appear to be a fruitful hypothesis that the degree of the subordination of wage-earners can vary over time as well

as between countries as a result of the extent to which employees are organized for collective action in unions and in political parties based on the working class. Variations in the difference in power resources between classes can be assumed to have significant consequences for distributive processes, levels of aspiration, and patterns of conflict as well as for institutional structures and for the functioning of the state and of various state organs. In contrast to the pluralist perspective as well as to the functionalist interpretations of Marxism, which assume that the state in capitalist democracies is more or less a constant, and basically reflects either the interests of the plurality of pressure groups in society or the interests of the economically dominant class, the power resource approach leads to the hypothesis that the extent of bias in the functioning of the state can vary considerably as a reflection of the distribution of power resources in these societies and thus that politics can be expected to matter; e.g., for the distributive processes in society.

In this context the institution of political democracy, created in most countries as a residue of serious conflicts, is of particular significance. It limited the legitimate use of the means of violence in societal conflicts and based control over the government, in principle, on numbers rather than on economic resources. At the same time it formed the basis for the gradually increasing tensions between markets and politics arising from the fact that unequally distributed power resources on the markets are confronted with—at least in principle—equally distributed power resources in politics.

In the recent debate on the origins of the welfare state, some "pluralist" writers have claimed that the rise of the welfare state primarily reflects the needs of the citizens generated by demographic changes as well as the increasing resources of industrializing societies (e.g. Wilensky 1975), whereas some neo-Marxist writers have tended to see the welfare state as arising from the needs of capital to stabilize its positions (e.g. Ginsburg 1979). Both views assume that party politics and parliamentary conflicts have played insignificant roles in this context. The power resource approach, however, leads us to expect that the welfare state in its modern version reflects the distribution of power between the contending classes or collectivities and that its development is significantly affected by the extent to which power based on universal and equal suffrage has made inroads into the power resources on the markets.²³

CONVERSION AND CONSCIOUSNESS

One of the classical issues in the debate on power concerns the potential role of ideologies and preferences as potential mediators of power. These issues are often considered under such labels as "false consciousness" and "real interests." In the intentional mode of explanation this problem emerges in questions concerning the factors affecting motiva-

tional structures and beliefs concerning the actor's environment. Elster (1983:84–5) argues that in the social sciences, causal analysis is the proper mode of explanation of variations in motives and beliefs. In spite of its reliance on causal analysis the behavioral tradition has confronted major problems in recognizing the role of power in the formation of the social consciousness of citizens, including levels of aspirations, norms of fairness, values and ideologies.²⁴ Writers in this tradition have sometimes dismissed the question of "false consciousness" as "a label for popular opinion that does not follow leftist prescriptions and a shorthand of saying that 'the people' do not know what is good for them" (Wolfiner 1971:1066). Although they have admitted the existence especially of historical cases of "false consciousness" where the "real interests" of large groups of citizens were not articulated, the analysis of the role of ideologies and beliefs in the context of power cannot be easily incorporated into the behavioral approach to the study of power.²⁵

The power resource approach invites us to apply the intentional mode of explanation in analyzing the rational considerations of managers of power resources, which can lead them to use indirect strategies involving attempts to affect ideologies, motives and beliefs of other actors. Because different types of power resources are associated with differing costs, rational managers of power resources have strong incentives to invest in the conversion of high-cost power resources into low-cost ones. Since normative power resources generally have the lowest costs, we can expect much investment efforts to be directed to the conversion of coercive and remunerative power resources into normative resources. To put it in Weberian terms (Weber 1922, 1980:12), one can say that such a conversion of power resources changes the basis and orientation of action from the rational weighing of the relative utilities of alternative courses of action (*Zweckrationalität*) to the pursuit of an internalized value (*Wertrationalität*), an activity which largely constitutes its own reward. Attempts to develop and to spread ideologies and to cultivate legitimacy can be regarded as conversion techniques for decreasing the costs of power. Contrary to Dahrendorf (1968:26), the power resource perspective indicates that among actors with conflicting interests, power has to be understood as anterior to social norms.

It must be remembered, however, that the creation of ideologies serves similar purposes also in broadly-based collective action. By defining rational action narrowly in terms of individual and material benefits, economists have found it very difficult to find rational explanations to ubiquitous actions for a public good; e.g., voting and joining a union. From this starting-point collective action for a public good is seen as inhibited because of the "free rider" problem (Olson 1965). By creating internalized values, the development of ideologies in social movements can help to overcome the free-rider problem and form the bases for *werrational* collective action.

ANTICIPATED REACTIONS

Friedrich (1963:203) noted that "the inclination of all persons exposed to influence to anticipate the reactions of him who has power to issue commands, bestow benefits, offer advantages of all sorts, constitutes a general rule in politics." This well-known "rule of anticipated reactions" draws attention to large areas where power resources have consequences without being activated or exercised. The focus on conflict and participation in decision-making in the behavioral tradition has tended to divert attention away from anticipated reactions.²⁶

The difficulties which the behavioral approach creates for the recognition of consequences of power which are not associated with the exercise of power are illustrated by Nelson W. Polsby (1980) in his discussion of Crenson's study of the potential role of steel companies in inhibiting citizens' protests against air pollution in middle-sized American cities (Crenson 1971). On the same page where Polsby argues that pluralists do not neglect anticipated reactions, he maintains that in the absence of evidence that the steel company had activity suppressed community protests against air pollution, the lack of such protests can be interpreted as reflecting a "genuine consensus" based on a conscious trade-off by the citizens of air pollution against employment (Polsby 1980:217). Polsby does not appear to recognize the possibility that this very trade-off could be a consequence of citizens' awareness of the power resources of the steel company, which may be seen as able to move its production without serious costs to communities where pollution is accepted.

Anticipated reactions are also difficult to incorporate in the neo-elitist approach, with its continued focus on the exercise of power. While in the "three-dimensional" approach anticipated reactions perhaps can be taken as examples of the "unconscious or inactive" exercise of power, this way of conceptualizing the phenomenon becomes unnecessarily awkward.

The power resource approach indicates that the fostering of anticipated reactions can be seen as an important strategy of investments to increase the economical use of power resources. One area of significance in this context is the credibility of threats of punishment. If threats are effective, the costs associated with the use of pressure resources can be considerably decreased. Therefore, managers of power resources have incentives to invest resources to increase the credibility of threats; e.g., by the staging and setting of examples and through attempts to bind themselves to the carrying out the threats if necessary.²⁷ The idea of general deterrence in legal thought is based on the strengthening of anticipated reactions.

SUMMARY AND CONCLUSIONS

While especially neo-classical economists typically define away differences in power resources

from their analyses of western democracies, the behavioral paradigm started in the observation that in these societies "knowledge, wealth, social position, access to officials, and other resources are unequally distributed" (Dahl 1961:1) and asked the question who then actually governs. The answer of the pluralists was that in spite of these seemingly unfavorable initial positions, something approximating a pluralist democracy can exist if resources are spread at least to some extent. Their argument "entails not perfect equality of resources and not that everyone or every group has some resources but only that political resources not be monopolized by one group or closely held by a few" (Polsby 1980:195). The conclusion was thus that the differences in power resources presently existing in the western societies did not have very significant consequences for the functioning of pluralist democracy. The pluralists arrived at this conclusion through the proven methods of causal analysis and relied on empirical research having a high face validity.

If the pluralists are guilty of rushing too hastily to their conclusions, it is not as much a result of sins of commission as of sins of omission.²⁸ I can agree with the pluralists that in the western democracies, power resources, and especially political power resources, are not literally monopolized by any one group, but are instead less unequally distributed than in any other type of past or present complex society. Yet we must ask if the research methodology relied upon in the behavioral approach can adequately account for the consequences of the inequalities of power resources still remaining in these societies.

The conclusion of this paper is that the existing inequalities in the distribution of power resources in western democracies are great enough to be of crucial importance for the functioning of these societies. Furthermore, the differences in the degree of inequality in the distribution of power resources between countries and between time periods provide a fruitful base for the understanding of variations among the western democracies.²⁹ To be able to appreciate the consequences of the distribution of power resources, we must complement traditional causal analysis with the intentional mode of explanation. In interdependent decision-making the distribution of power resources among rational actors is likely to be crucial for their choice of strategies. Since power resources provide the *sine qua non* for the consequences of power, by starting the analysis from the perspective of power resources we are in a strategically good position to chart the diverse types of consequences of power.

In combination with the intentional mode of explanation, the power resource approach outlined here provides conceptual tools for incorporating into the same theoretical framework not only the direct exercise of power resources focused upon in the behavioral tradition, but also the more disguised consequences of power which the critics of the pluralist approach have tried to handle by inflating

their major explanans—the concept of the exercise of power. The power resources approach enables us to see familiar aspects of power in a partly new light. It explains why a focus on behavior and conflictual issues in the study of power is likely to introduce a systematic bias into the results in favor of the discovery of “pluralist” power structures. The widespread opposition of power to exchange has not only disguised the relationships between power and exchange but has also been very important for the current underestimation of the role of power; e.g., in market relationships.

Phenomena which the critics of the behavioral approach have labelled “the other face” of power, and inactive or unconscious uses of power, can be incorporated into the power resource approach as indirect strategies for the rational deployment of power resources. The intentional mode of explanation indicates that because of the costs involved in the exercise of power, thrifty managers of power resources have rational motives for avoiding the very explanans central in the behavioral tradition; i.e., participation in non-routine decision-making related to controversial issues. Power resource managers are instead likely to develop indirect strategies for the more efficient long-run use of their resources, strategies involving the investment of power resources. The intentional mode of explanation makes it possible to analyze the rational background to such investments and the less readily visible consequences of power. Important among the different forms the investments of power resources may take are the development of channels or organizations for the mobilization of power resources, the creation of institutions for decision-making and conflict resolution, the conversion of high-cost resources into low-cost ones and the fostering of anticipated reactions.

The power resource approach indicates that the distribution of power resources between collectivities or classes and the changes in this distribution are of crucial importance for societal processes and for social change. In capitalist democracies capital and “human capital” form the major types of basic power resources. Because of differences in the characteristics of their power resources, a fruitful hypothesis is that in comparison with employers and business interests, wage-earners are generally at a disadvantage with respect to power resources but that, through their capacity for collective action, the extent of their disadvantage can vary over time as well as between countries. These hypotheses are contrary to pluralist as well as to functionalist Marxian assumptions.

Like several other concepts in the social sciences, the interpretation of the concept of power is closely associated with the moral and political values of the social scientist. This connection has stimulated an interesting philosophical debate on whether or not power is an “essentially contested” concept (e.g. Lukes 1979; Bloch et al. 1979; Smith 1980). In

practice, however, the study of power is severely hampered also by the disciplinary and intellectual separation between scholars who work with more or less sharply opposed assumptions about power and its distribution in the western nations. If judged by their views and beliefs about power, the different communities of social scientists in the western democracies often appear to be studying and living in disparate worlds. By its focus on empirically observable power resources and on the clarification of strategies generated by rational motives to use power resources efficiently, the power resource approach can provide an arena for a fruitful debate among social scientists and may contribute to the narrowing of the area of disagreement over power.

A focus on the distribution of power resources also invites and encourages a comparative approach in the empirical study of power. We may never agree on what the “real” interests of people are, but we can compare similar persons in situations where their relative power resources differ significantly. The empirical comparison of the conditions, consciousness, and actions of similar persons in differing power resource contexts can provide fruitful avenues for furthering the study of power.

NOTES

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1. As Frey (1971:1081) notes the labels “elitist” and “pluralist” used in the debate carry heavy evaluative overtones. Mills’ (1956) study of *The Power Elite* appears to have influenced the choice of labels. This is somewhat ironic since Mills’ formal definition of power is quite pluralist and is phrased in terms of participation in decision-making (Mills 1963:23).
2. In *Wirtschaft und Gesellschaft*, Weber (1922, 1980:28) defined power (Macht) in the following way: “Macht bedeutet jede Chance, innerhalb einer sozialen Beziehung den eigenen Willen *auch* (my italics) gegen Widerstreben durchzusetzen, gleichviel worauf diese Chance beruht.” Weber’s definition of power does thus not see manifest conflict in terms of the undoing of resistance as a *necessary* condition for the exercise of power. The word *auch* (even) also appears in Weber’s similar definition of power on p. 531 in the same book. Wrong (1979:262) is therefore wrong in making Weber himself potentially responsible for the lack of this word in translations that have been available in English. This responsibility rests with the translators. Since Weber defined power in terms of the *probability* of actors’ realizing their will, his definition is a dispositional rather than a behavioral one. This becomes clear in his comments (in which I substitute my own translation in place of Henderson’s and Parsons’ erroneous one): “The concept of ‘power’ is sociologically

- amorphous. All conceivable qualities of a man and all conceivable constellations can put someone in the position to carry out his own will in a given situation." (In this context it can be noted that Henderson and Parsons translate "amorf" as "highly comprehensive.")
3. Through its stress on conflict in combination with actual rather than potential exercise of power, also Wolfinger's (1971:1079) statement that "power is a relationship in which A gets B to do something that B would not otherwise do" gives an indication of how power has tended to be viewed in this approach. Definitions of power in similar terms also include Lasswell and Kaplan 1950:75-6; Deutsch 1963:111; Blau 1964:117; Bierstedt 1950; Kahn 1964; and Polsby 1980:4.
 4. The behavioral perspective with a focus on the exercise of power was thus retained in the view that a "non-decision" is "a decision that results in suppression and thwarting of a latent or manifest challenge to the values or interests of the decision maker," while the tie to manifest conflict reappeared through the assumption that non-decisions can occur only in situations where grievances, conflicts, or power struggles are present (Bachrach and Baratz 1970:44, 46, 49-50). Critical treatments of the behavioral tradition include Barry, 1975 and Nagel, 1975. Alford and Friedland (1975) criticise also the "neo-elitist" approach in the study of power in ways which resembles the criticism presented here.
 5. By defining conflicts of interests in terms of "real" interests, Lukes "maintains that men's wants may themselves be a product of a system which works against their interests, and relates the latter to what they would want and prefer, were they able to make a choice" (Lukes 1974:34). The association of power with "real" interests has generated a vivid debate (for references see e.g. Benton 1981).
 6. Also Alford and Friedland (1975) and Benton (1981:174-178) argue for the study of power from the resource side rather than through its exercise. I have myself developed this approach (Korpi 1974, 1978 and 1983).
 7. It is important to note that not all factors of social causation are power resources (cf e.g. Abell 1977).
 8. Other discussions of the resource concept can be found e.g. in Coleman 1971a and b and 1974, and Clark 1975. As Lukes (1974:26-35) has observed the definition of the interests of actors is of relevance for the conceptualization of power. He excludes from the concept of power those relations where there are no conflicts of interest between actors. I am inclined to include in the definition of power both situations where conflicts of interest are present and situations where they are not. In the former case we can talk about "vertical" power, in the latter case about "horizontal" power. The following discussion is limited to "vertical" power.
 9. The limitation of the concept of power to punishment resources is not warranted (e.g. Baldwin 1971a:28; Barry 1975:92).
 10. In analyses of power the term "mobilization" is used interchangeably to refer to the processes whereby an actor acquires control over power resources and makes them ready for use as well as for the actual use of power resources; i.e., the exercise of power. I have here chosen to use it in its former meaning.
 11. Etzioni's classification must be seen as a preliminary one. It is not clear how information is to be placed in this typology, which also appears to have a built-in distinction between pressure and reward resources.
 12. Parsons (1967) has argued that in the political sphere, power is a medium of exchange similar to what money is in the economic sphere. This parallel is, however, not a fruitful one.
 13. The term exploitation has also been used to characterize "unfair" exchange relations, something which assumes that we can determine what is a fair exchange relation. No such assumptions are involved in the present use of the term which is not intended to cover all the possible forms of exploitation. Some writers use the term exchange very broadly to also include the use of pressure resources (e.g. Lively 1975:12; Oppenheim 1978:596-7).
 14. During the postwar period the dominant tradition in conflict analysis has seen manifest conflict primarily as a response to an increasing gap between expectations and actual achievements; i.e., increasing relative deprivation (e.g. Davies 1962; Gurr 1970, for an alternative view, see Korpi 1974). From this perspective the association of power and manifest conflict can be interpreted to mean that when conflicts of interest increase in intensity, the likelihood increases that power will be used to settle such conflicts. The behavioral tradition in power analysis appears to be premised on such an interpretation.
 15. This approach indicates that the absence of manifest conflict in a decision-making process cannot be taken as sufficient proof that all the concerned parties have an equal influence on it. Thus when Dahl (1961:75) observes that there were no overt conflicts between the longtime leader of the Democratic party in New Haven and the Economic Notables in the city, nor between the party leader and the factory hands, the former observation is more telling than the latter, since those having great power resources are much more likely than the factory hands to take action if their interests are hurt.
 16. For discussions of the role of power in economics Rotschild (1971) and Lindblom (1977) compare politics and markets without assuming perfect competition. In this context it should be noted that the behavioral approach does not assume equally distributed power resources (cf. e.g. Dahl 1961:4-5).
 17. In his later treatments of exchange, Homans (1974:88) recognizes that the power distribution between the actors affects the outcome of bargaining. See also Emerson (1976:354-5) on exchange ratios. One example of the effects of variations in distribution of power resources on the outcome of exchange is the covariation long observed between changes in unemployment, a rough indicator of the relative power position of sellers and buyers of labor power, and the rate of change of money wages; i.e., the Phillips curve (Phillips 1957).
 18. In arguing that the genesis of power resources is to be found in imbalanced exchange relations, Blau (1964) and Homans (1961, 1974) assume that power derives from a unilateral provision of services which is matched or balanced by approval, conformity, etc. This view has been criticized by Birnbaum (1975) and Lively (1975) on the grounds that it neglects the extent to which social power derives from a position within a structure of distribution as well as the extent to which exchange is governed by rules imposed by the larger society. It appears that what Blau and Homans regard as the genesis of power resources often is the estab-

- ishment of particular power relationships on the initiative of the weaker actors. The notion of "secondary exchange" (Blau 1964:157-8) assumes that powerful actors abstain from using power resources to their full advantage in exchange for the social approval of the weaker actors. Social approval by weak actors, however, is not a very efficient power resource and must therefore be assumed to have only marginal effects on exchange rates.
19. Alford and Friedland (1975) refer to the former as "systemic power" and to the latter as "structural power."
 20. It must be noted, however, that classical Marxists, including presumably Marx himself as well as Gramsci, and numerous "neo-Marxist" writers, have not ascribed to this functionalist view of the state (cf. e.g. Gough 1979; Holloway and Picciotta 1978, and Jessop 1982).
 21. This perspective puts in a new light the programmatic claim by scholars in the behavioral tradition to study controversial issues of extraordinary importance and to avoid the routine varieties of decision-making. The critics of this tradition have often questioned the choice of issues on the grounds that these scholars may not have achieved their goal in the selection of key issues. However, the goal itself, involving the exclusion from attention of the institutionalized and routine forms of decision-making, has rarely been criticised. Yet this goal itself involves a crucial limitation in the study of power.
 22. Institutionalization of decision-making and conflict regulation are not limited to the governmental or public sector, which has been the focus of study in the behavioral tradition. The labor market, collective bargaining, industrial technology and physical planning are other examples of such investments.
 23. In the 1970's this tension became evident, for example, in the confrontation between "keynesian" and "monetarist" economic policies. The central issue in this conflict is whether the citizens through the government can and should take responsibility for the level of employment, crucial for their welfare, or if the level of employment should be left to be an outcome of market forces.
 24. Writers in the behavioral tradition of power analysis have argued that ideologies and values are not power resources on the grounds that we apparently cannot discover any consensus on elite values or any internally consistent, unidimensional body of beliefs in the population (e.g. Merelman 1968:453-4; Wolfinger 1971:1072-3). However, to have consequences for social behavior the cultivation of values, ideologies and legitimacy need not meet with complete success. As Mann (1970) has pointed out, the cohesion of liberal democracy is not based on the normative acceptance by the great majority of the population of the values of a "ruling class." Instead, the compliance of large segments of the population can be based more on a pragmatic acceptance of specific roles and on the absence of a shared ideology questioning the basic working of their society (cf Abercrombie and Turner: 1978).
 25. Dahl (1961:17) thus notes that in the 18th and 19th centuries, the New Haven "elite seems to have possessed that most indispensable of all characteristics in a dominant group—the sense, shared not only by themselves but by the populace—that their claim to govern was legitimate." Also other historical examples of "false consciousness" and manipulation through values, levels of aspiration and institutional practices; e.g., the long period of acquiescence by the blacks in the American South, are widely recognized (Wolfinger 1971:1077).
 26. Writers in the behavioural tradition have not been unaware of the role of anticipated reactions. But, such reactions often tend to enter their analyses in a reversed version (reminding of the concept of "secondary exchange") as "indirect influence," which makes "elected leaders keep the real or imagined preferences of constituents constantly in mind in deciding what policies to adopt or reject" (Dahl 1961:164; cf. also Wolfinger 1971:1067-8). While Merelman (1968:455) correctly points out that anticipated reactions can be found among the stronger as well as among the weaker actors, the power resource approach indicates that the consequences of anticipated reactions will depend on the difference in power resources between actors and tend to be greater among the weaker than among the stronger actors.
 27. Cf. Schelling (1960, part I) for a discussion of techniques for making threats credible.
 28. While a high standard characterizes empirical research in the behavioral tradition, in this context it can be noted that in the study of community power, researchers relying on the behavioral approach have come out with results which predominantly indicate that power is not hierarchially distributed, whereas those using the "stratificationist" approach have found results which are closer to 50-50 distribution between "pyramidal" and "other" power distributions (Polsby 1980:146, 148). While these results can reflect a number of different factors, such as choice of communities and reliability of research methods, there is also the possibility that this may reflect a tendency toward bias in research methodology.
 29. For attempts to use differences in the internal distribution of power resources among OECD-countries as explanatory variables in explaining phenomena such as patterns of industrial conflict, social policy and welfare states, cf. Korpi 1983: chapters 8 and 9 and Esping-Anderson and Korpi (in press).

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