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## SUMMARY

- I The conference papers almost all raise central problems of political theory. The object of the paper is to see what light is shed on these by the corpus of ideas, such as it is, constituting political theory. (Page 2)
- II There are four respects in which the contemporary large Western corporation raises interesting problems:
- (1) Its possession (undisputed) of market power and (more disputed) power over consumers via advertising (Pages 3-5)
  - (2) Macroeconomic effects of its decisions. (Inflation as a Hobbesian problem.) (Pages 5-6)
  - (3) External costs. (Pages 6-7)
  - (4) The authority relationship within the corporation. People obey others regularly on a basis of (i) potential punishment, (ii) potential reward, or (iii) acknowledged right. The two current candidates for (iii) are (a) ownership and (b) expertise, with a third "quid pro quo" notion which shades into (ii). A low level of legitimacy may be concealed by an absence of viable alternatives to obedience; once this changes, behaviour may well change sharply. (Pages 7-12)
- III Four general "solutions" have been offered:
- (1) Capitalism (Pages 12-13)
  - (2) Socialism (Pages 13-14)
  - (3) Democracy (Pages 14-15)
  - (4) Managerialism (Pages 15-16)
- IV These are not really solutions but statements of faith in some sector of the community. The problem is one of detailed institutional design out of familiar components. (Pages 16-17)

I

Several years ago a couple of colleagues at Oxford advertised a course on The Sociology of Industrial Society. When, as the time to give it approached, they began to think about the content of the course, they realised that they would have left little less out if they had simply advertised it as Sociology. As the conference papers illustrate, Technology and Society is just another label on Pandora's Box. Nevertheless, I think one point does emerge strongly from almost all the papers and that is the central significance of what might be called political concerns.<sup>1</sup> Even when a writer does not himself draw out the political significance of his work, this can quite easily be done. Of course, it may be said that this does not necessarily mean that the subject will be illuminated by someone who is a political theorist by trade. Alas, I am sufficiently aware of the deficiencies in what we laughingly call our discipline as well as my own inadequacy to the task to be only too ruefully willing to agree. All the same, there are a fairly limited number of arguments justifying the exercise of power, and a fairly limited number of types of institution for channelling that exercise. As David Hume remarked, "new discoveries are not to be expected in these matters". This being so, there should be some interest to be derived from asking how these well-worn ideas and devices can be adapted to the kinds of technical and economic change discussed in the papers. Not only are the elements finite but the number of combinations can be reduced below the number of logically possible ones. Although we are not very strong on empirical generalizations in our ramshackle discipline, we do have an idea that, on the basis of experience plus what can only be called applied common sense, some describable states of affairs are not very likely. Generalizations of this very modest negative kind are, I think, capable of suggesting that the available lines of change are pretty limited in scope.<sup>2</sup>

II

Within the general area of technology and society our concern is, as I understand it, with the modern corporation. Four politically significant features of the large corporation (whether privately or publicly owned) seem to be as follows:

- (1) A point which has not, as far as I am aware, been controversial among the economic community for many years is that corporations selling manufactured products are not normally "price-takers" as the conditions of perfect competition require. The political significance of this relates to the ideological role that has been played by the perfect-competition model in Western societies. Crudely, institutions can be, and have to be, defended on two counts, though to some extent (which is not established) the two kinds of defence can be substituted for one another. First, it has to be shown that an institution produces, over the long haul, good results - at any rate in relation to those that might be expected from any plausible alternative. Second, the exercise of power has to be shown to be legitimate, in terms of some conception of the kinds of title in virtue of which rule is justifiable. The independence of the second principle has often been assaulted, perhaps most systematically by the English utilitarians, and it seems reasonable to suggest that there has been something of a secular drift towards justification by results over the last few centuries. But pragmatism has never completely triumphed and has of recent years run into a new intellectual challenge, albeit of a pretty inchoate form.<sup>3</sup>

The ideological defence of capitalistic enterprise based on perfect competition copes with both kinds of justification, the second rather subtly. The justification by results takes two lines: the system is a rational and efficient way of satisfying effective demand and it rewards factors according to their marginal product (which can be represented as in some sense "fair"). The justification of the exercise of power simply consists in pointing out that the enterprise cannot exercise any important power-if it wishes to maximize profits (and it must if it is to survive, since in the long run there are no excess profits) the prices at which it buys and sells and even the

amounts are fixed. Of course, as Marx (or for that matter John Stuart Mill) pointed out, even if the system operated without detailed political intervention, it was nevertheless a product of a politically-created framework.<sup>4</sup> But this still got the individual firm off the hook.

Although these simple verities are still expounded by Enoch Powell or Barry Goldwater, they are not now put forward by the more sophisticated even of the paid defenders of "free enterprise" such as, in Britain, Aims of Industry. How far the reality diverges from the model of perfect competition (and how much, if at all, more than it used, taking into account bigger markets and lower transport costs) are clearly questions in dispute among economists.<sup>5</sup> It is, I think, worth noticing that there are really two questions here - what actually happens and what counts as an important deviation. For example, one might admit that the efficiency effects are relatively small but still emphasise the large dent which is made in the doctrine of the powerlessness of the firm.

An ideologically-fraught subset of economic decisions taken by the firm is the payments it makes to employees and shareholders. To the extent that the firm can be seen to be exercising discretion, the question can hardly be avoided in virtue of what title these decisions are being made by whoever makes them.<sup>6</sup>

I have left until last a further revision of the classical model, stated in the most extreme form by Marcuse and his followers, and in a more moderate form by Galbraith in The Affluent Society and The New Industrial State. This is the idea that the firm does not merely satisfy pre-existent wants but creates wants by advertising. This seems to me to run into the most appalling mixture of empirical and conceptual difficulties, which is not, of course, to say there is nothing in it. Fortunately, the only point which is relevant to the present purpose is that the traditional justification of "free enterprise" in terms of efficiency in satisfying wants does not seem to require that the wants should be in some sense natural rather than artificial. But the "no power" theory is more severely damaged if

it is true that the power<sup>of</sup> the firm extends to modifying the tastes (and inevitably some of the beliefs) of the public. If such power is admitted, questions again seem unavoidable about the title in virtue of which it is exercised.

- (2) The second politically significant point that calls for mention is that the decisions of firms have macroeconomic effects and that a decision advantageous to a firm may impose macroeconomic "external costs".<sup>7</sup> The second part of the statement is crucial. In any sort of economy, each economic decision must, obviously, have some effect on employment, the general price-level and so on, however minute; but this need not require active state intervention in the decisions of firms.

I cannot help wondering if economists have entirely come to terms with the political implications of the cliché that inflation is the problem of the present period as unemployment was of the nineteen thirties. Both have in common the fact that the consequences of individual decisions can be in aggregate undesirable, but the difference lies in the way in which the available remedial action operates. If we go back to the inter-war period we find, of course, that the standard socialist argument suggested that the concern of firms with profitable production could not be made compatible with the full utilization of resources; hence the "profit motive" must be replaced by "production for use" according to a national plan in which each plant would be given a physical production quota. However, skirting around the controversy about the relative importance of fiscal and monetary policy, I suppose nearly all economists would now think that it is possible to avoid mass unemployment of the kind experienced in the nineteen thirties.

It is not surprising that when economists address themselves to the "problem of inflation", what they usually seem to be looking for is some equivalent method of leaving individual decision-makers to pursue their own interests as they see them while manipulating central controls so that the final result is satisfactory. But at the risk of being made to look foolish, I am bound to say this appears to me something of a vain hope. The government may, of course, by monetary or fiscal policy

arrange things so that aggregate inflation will be "punished" by aggregate unemployment, but this kind of collective sanction is far from ensuring that it is no longer in the interests of the workers in an industry to demand more pay and the employers to prefer paying up to facing a long and expensive strike. Inflation surely simply reflects the fact that in a market situation you can raise the price of what you sell but you can't lower the price of what you buy. As a result of this asymmetry you can only, for example, increase your real wages by raising your money wages since there is no market mechanism for lowering the prices of what you buy.

To a political theorist an inflationary economy is powerfully reminiscent of Hobbes' state of nature. As Hobbes pointed out, it is useless in a state of nature merely to point out how much nicer it would be not to be in a state of nature and positively irresponsible to ask people to set an example by renouncing the use of force and fraud since a man who does makes himself "a prey to others". The only answer, as Hobbes said, is to change the rules of the game and introduce a coercive authority capable of enforcing peace. The analogy seems to me pretty precise. Much official discussion of inflation consists of saying how much better it would be not to have it and inviting various groups in the community to set a good example. Yet the logic of the situation seems to be exactly that of a Hobbesian state of nature and the solution - recourse to enforceable law - must be the same.<sup>8</sup> Needless to say, if this conclusion is correct and the state cannot in the long run stay out of an active role in the determination of prices and incomes, the political implications are immense and I can for the moment rest my case there.

- (3) The third politically relevant point concerns external costs in the conventional sense of unwanted physical consequences of the production or consumption of goods. There is no need for the present purpose to ask whether external costs per unit of derived utility have increased in the last century or more, or whether it is simply that as the goods themselves yield diminishing marginal utility, we inevitably give a relatively greater weight to the disamenities associated with them.<sup>9</sup>

It is clear enough that state action of some sort is the only solution to external costs which affect large numbers of people, and I shall say no more about it.

- (4) Finally, I should like to deal with the question of authority relationships within the corporation. I raise it at some length, not because I have any expert knowledge of the subject, but because, in spite of my efforts to understand it, I am still puzzled and hope to be enlightened. At the same time it does seem plain that the issues are in many ways closely parallel to those which have always been among the central concerns of political theorists, and I find it interesting to bring these notions to bear on the question.

The point is a very simple one. In any organization, by definition, there is "imperative co-ordination", in other words some people give orders to other people or lay down rules for other people to follow. What can make this legitimate? The echo of Rousseau is intentional, for Rousseau set the problem of authority up in its most severe form by demanding that the solution must lie in finding a form of association in which each should be as free as he was before.

Robert Paul Wolff, in his recent book In Defense of Anarchism, has restated the condition as follows. A high value is to be attached to autonomy, that is to say carrying out our own will rather than the will of others (heteronomy). We may, consistently with autonomy, do something that we are asked to do, but only if we independently think it a good idea. (In practice, therefore, this concession does not amount to anything.) Not altogether surprisingly, Wolff finds it difficult to find a basis for authority which is compatible with the preservation of autonomy. The standard technique has, of course, been to invoke some sort of supposed contract. It is then argued that by agreeing to a procedure for taking collectively binding decisions, one is also agreeing to whatever decisions come out of it. Wolff rejects this formula by saying that it provides for an agreement to give up one's autonomy (just as an agreement to become somebody's slave would be). In the end, the only source of authority for a rule binding on a group



that he finds consistent with autonomy is unanimous agreement to that rule among the members of the group. Even this, however, seems to me fairly dubious on Wolff's own premises : is it much less denial of autonomy that a man should be required to do something he now thinks wrong because he once consented to it (perhaps decades ago) than that he should be held to something because he consented to the procedure under which it was arrived at?

The point that, I hope, emerges from this is that reconciling autonomy and authority would be a feat of the same order as squaring the circle. This can be appreciated by reflecting Simon's remark (in Administrative Behavior) that in an authority relationship the subordinate 'holds in abeyance his own critical faculties for choosing between alternatives and uses the formal criterion of the receipt of a command or a signal as his basis for choice'. The question is, then, on what basis people are willing to acknowledge this relationship?

If we simply ask what motives someone (B) could possibly have for obeying the orders of another (A), a three-fold division presents itself pretty naturally : (i) A can make B suffer if he doesn't obey, (ii) A can make B better off if he does obey or (iii) B believes that A has a right to give him orders.<sup>10</sup> Unfortunately for social theorists, even quite extreme cases are rarely entirely pure ones. Such is the force on the mind of what exists that even a system of slavery appears to gain some legitimacy to buttress the physical sanctions on which it largely rests; conversely, even in a relationship which is based on legitimacy, the subordinate's acceptance of the position is rarely unconditional but depends in the long run upon the maintenance of a satisfactory flow of rewards.<sup>11</sup>

Needless to say, the relationship between might and right has always been a disputed topic in political theory. It would I suppose be broadly accepted that legitimate rule is cheaper and in some ways more aesthetically pleasing. What is at issue is (i) the empirical question how far <sup>might</sup> creates a feeling of right after a time, (ii) the moral or jurisprudential question how far de facto might actually constitutes right in certain situations and (iii) the verbal question (connected of course with the others) whether or not "legitimate authority" is to be

a pleonasm. I do not think the first two of these have ever really been satisfactorily treated and I suspect that this is because their formulation still wraps up a lot of different questions. The third demands a decision and it will be seen that I have chosen to treat an authority relationship as any in which one person can regularly get somebody else to obey his orders, legitimacy being one of the three bases (the others being punishment and reward) on which the relationship might rest.

It is less important which side one comes down on than that one should not slip into a position where it becomes a sort of definitional truth that enduring authority relationships in the broad sense must be authority relationships in the narrow sense (i.e. legitimate). This is particularly significant because the truth of the proposition has been a postulate of much post-Durkheimian sociology, whereas in fact the proposition seems to me by no means universally correct. Thus, if we ask what legitimizes the authority relationships within the contemporary corporation, we should not presuppose that we will find a satisfactory answer.

Oddly enough, if we take into account the central importance of this question, the amount of social-scientific work directly aimed at giving an answer does not seem to be very great.<sup>12</sup> The title of Bendix's Work and Authority in Industry is encouraging, but its subtitle "Ideologies of management in the course of industrialization" describes accurately its limitations. Although Bendix asserts at various points in the book that an understanding of the ideologies of management provides a key to the understanding of the development of industrialism, he nowhere explains in detail how this is so, and I am inclined to think we learn more about a subject by looking at it directly than by looking at it via the distorting mirror of ideology.<sup>13</sup> The self-serving ideology of a dominant group is causally significant, as Pareto above all emphasised, in that a dominant group which loses its sense of mission is unlikely to defend itself vigorously against attack. But a successful ideology in this sense need not be one that is causally significant in relation to other groups.<sup>14</sup> Bendix confesses a certain agnosticism about the reception of management ideologies among workers but argues

that managers would not spend so much money and effort in propagating their message unless it seemed to make some impact. This, however, ignores the possibility (mentioned above) that the main function of the managerial ideology is to cheer up managers. Certainly the behavioural evidence suggests a limited impact. According to Bendix, for example, the prevailing managerial ideology in the U.S.A. during the first couple of decades of this century included a strong anti-union element : unions, it was constantly reiterated, were not only sinful but ineffectual. Yet in the same period, as Bendix himself notes, there was a rapid growth of unionization.

In the nature of the case it is more difficult to tell what workers think than what managers think, since workers do not usually pay people to bombard their employers with improving tracts. Since, however, we can hardly suppose that workers will think up additional justifications for a system which puts them at the bottom, we can take the management ideologies as a starting point.

Nowadays there seem to be two used in Western capitalist societies : first, that the managers, acting on behalf of the owners, are buying, in the contract of employment, the obedience of employees; and, second, that the managers, by their superior expertise, are able to organize things so that everyone is better off than he otherwise would be. The first is a minimal reinterpretation, to fit contemporary conditions, of the "classical" picture. (Its plausibility is, of course, severely dented by the inactivity of shareholders.) The second plays down the labour-capital relation and attempts to present the relation as one of applied expertise - applied "soulfully" for the benefit of all parties.

How far are these legitimating ideas accepted by workers? Alan Fox, whose recent book "A Sociology of Work in Industry"<sup>15</sup> is a valuable source, suggests that "Insofar as authority<sup>16</sup> relations do prevail in the industrial organizations of the West, they are probably most widely characterized, so far as subordinates are concerned, by a low-key acquiescence"(p.45). In addition, Fox later writes: "Even the most casual observation offers evidence that shared values do in fact provide management with a considerable measure of active legitimation.

This is demonstrated in such utterances by employees as: (i) 'It's his firm so I suppose he has some right to tell us what to do'; (ii) 'Someone's got to organize things and give orders'; (iii) 'He's so obviously an expert at the job that you feel you have to listen and take notice'; or (iv) 'They treat us reasonably well on the whole so we generally try to cooperate'." Here, (i) is clearly the "classical" legitimation, while (ii) and (iii) are both (or depend on) the "managerial" one. (iv) could be regarded as a version of either, so worn down as to be barely distinctive. Alternatively, it might be thought of as a separate one, resting on a simple quid pro quo idea. But it is worth noticing that it is then essentially an economic motive for compliance with a light varnish of legitimacy on top. As Fox himself observes, it is a very unstable foundation of legitimacy since there is no built-in ceiling to the expectations which the workers may form about the "fair" relationship between work and reward.<sup>17</sup>

Outside this area of tenuous normative agreement and its penumbra of "low-key acquiescence" is, as Fox says, an area of normative conflict, where the legitimacy of management demands is not accepted. In fact, though, all three areas are, in relation to the spectrum of possibilities, just slightly different shades of grey falling short, for most Western workers, of either fervid acceptance or revolutionary rejection of management goals.

It is, of course, difficult to read off the level of legitimacy of any system of authority from the behaviour of those subject to it because the strength of the alternative motives for obedience can vary independently. Workers may have accepted the conditions depicted by the Hammonds during the early stages of British industrialization because the alternatives were worse. It is hard to imagine any sane human being accepting them for any other reason. "In one spinning factory the doors were locked during working hours; it was prohibited to drink water despite the prevailing heat; and fines were imposed on such misdemeanors as leaving a window open, being dirty, washing oneself, whistling, putting the light out too soon or not soon enough, being found in the wrong place, and so on."<sup>18</sup>

Conversely, when there is a buoyant employment market and a system of unemployment relief, national assistance and sickness benefits, a lower level of active rejection of the work situation may be associated with an increased propensity to strike, work to rule or take time off (whether under cover of sickness or not). It is tempting to argue that much of Britain's increased post-war standard of living has in fact taken the form of increased bloody-mindedness among workers. This, of course, infuriates both the traditional middle class and the growth-oriented politicians, economists and managers. Absenteeism, unofficial stoppages and the rest are thus denounced by leaders of both main parties, the editorials and correspondence columns of newspapers and by everybody else who makes it his business to issue solemn warnings on the "state of the nation".<sup>19</sup>

Curiously, the industrial workers, though deserted by their self-appointed political leaders and preached at continuously by the mass media of communication, do not seem to be mending their ways. The interesting question is, I take it, what changes might produce more co-operation and whether they are changes that those with power to make them would be prepared on balance to introduce.

### III

This brings me conveniently to my final section : "solutions". (I use inverted commas because the whole notion of a "solution" in this kind of context seems to me misplaced. In my view there are only, if we are very lucky, improvements.) Roughly these can be divided into four varieties, which I shall call "capitalism", "socialism", "democracy" and "managerialism" according to the quarter to which they look for salvation.

- (1) Capitalism. I give this name to the view that reality should be brought into line with the classical model of a capitalist economy. Shareholders should assert themselves and insist that management maximizes profits, eschews "soulful" activities which cut into them and then

distribute the lot. (See for example Alex Rubner, The Ensnared Shareholder.) On the other side, the state should see to it competition does not fall below some minimal level, but the general view can accommodate both those who think this would mean an active policy and those who think that the threat of new entrants and new products keeps firms on their toes even if they are currently monopolists.

Of the four problems outlined in the previous section, this view deals with market power (1) by suggesting that profit-maximization plus competition can eliminate it; and it speaks to internal legitimacy (4) by demanding the restoration of the "legal" relationship to a de facto one. (Whether this would increase the legitimacy of management among the workers, though, is questionable.) The second problem, macro-economic effects, has to be dealt with by espousing some suitable view of the determinants of inflation and unemployment - Friedmanite doctrine fills the bill admirably. Finally, external costs (3) can be coped with only by adopting the theory that nothing special needs to be done because any external cost that should be stopped will be stopped by those affected offering to pay.<sup>20</sup> This is, as various people have pointed out, fallacious because of (a) organizing costs, (b) the "free rider" problem and (c) the endless possibilities of blackmail opened up.<sup>21</sup>

- (2) Socialism. I use this to refer to all "solutions" which depend on state action, whether or not they entail public ownership. The crudest form this "solution" can take is the idea that all problems are solved if public corporations are set up with instructions to solve them. They will thus take the right amount of notice of external costs (3) and follow investment, pricing and wage policies that are "in the national interest" (2). Their market power (1) will be legitimated by their line of descent from a legitimate government and so will the authority of their managers in relation to workers (4). The obvious criticism of all this is that it does not actually suggest a mechanism by which the first two will be brought about, <sup>and</sup> that a state's legitimacy (assuming this exists for its other functions) cannot be extended by fiat. Consumers faced with an unresponsive

monopoly or workers with an unaccommodating management are not (and rightly so) to be appeased by metaphysical extensions of the notion of democratic responsibility.

More limited versions call on the state to legislate against the imposition of externalities (Mishan is, I suppose, the most sweeping proponent of this), to determine incomes or at least underwrite some negotiated agreement on incomes, to control monopolies, ban or restrict advertising, and so on. This approach seems to have relatively little to say to (4), except that the state should do what it can to encourage orderly collective bargaining. The objection to this that cannot be easily met is "the state" is an abstraction and the real problem is to motivate thousands of individuals to take the right decisions, not to abuse their power, and so on. Thus, although not as empty as the first variant, this second one is still more a way of pointing in the direction of a possible "solution" than a "solution" itself.

- (3) Democracy. This is intended primarily to cover the whole vogue for "participation", though it need hardly be said that this has long intellectual roots, with sophisticated expositions by Rousseau in politics and the English Guild Socialists in industry. It seems to me that it bears most directly on (4) since it suggests that managerial authority might be legitimated by the already widely-accepted principle of democracy. Burns, in his paper, seems quite favourably impressed by the way things go in Yugoslavia but I cannot see how direct democracy could be given much reality in General Motors or I.C.I. To put it another way, it may be possible for workers to have more control over their actual place of work than they usually do now, but what about the policies of the whole firm? I suppose two possible answers are (a) that you break up firms into sizes that are compatible with active worker participation in their management, or (b) that General Motors could be made no more, but also no less, democratic than, say, New York state.

Enthusiasts for industrial democracy tend to imply that it would somehow deal with (1), (2) and (3) but this seems quite unjustified.

A worker-dominated firm might exploit consumers, impose external costs and wreak macroeconomic havoc with an abandon more reminiscent of the old predatory "capitalist" firm than the modern "soulful" one.

- (4) Managerialism. Picking up that cue we come on to the last "solution", namely managerialism. James Burnham celebrated the managers and, before that, H.G. Wells and Thorstein Veblen (no doubt among others) had called on them to take over the running of the world. I shall refer here only to Galbraith. As I understand it, The New Industrial State is a call for the managers of the world (or at any rate the U.S.A.) to unite. They have nothing to lose but their preconceptions, which prevent them from realizing that, whether nominally employed by government, private industry, a university, a foundation or some other organization, they have a fundamentally similar outlook and compatible interests. The members of this indispensable class should therefore work together to de-emphasize economic growth and give more weight to the things they believe in, like public amenity.

The thinkers of the Enlightenment had high hopes of selling their ideas to benevolent despots, and it is obviously pleasanter to hope that those with power will change their behaviour than to believe that a change in the behaviour of the powerful will require a new way of controlling them. The Enlightenment thinkers came unstuck, I suggest, for two reasons: (i) the enlightened despots were not as enlightened as had been hoped, and (ii) they in any case put despotism before enlightenment. The same pitfalls, I fear, lie before Galbraith. Are his "technostructure" as impeccable in their general values as he suggests, and are they in any case prepared to back these values when they come up against the particular norms of a job?

Galbraith seems to me to underestimate the importance of role-playing, that is the ability that people have to identify with the goals and constraints that go with a role, and then to drop them as required. "Sir," said Dr. Johnson, "a man will no more carry the artifice of the bar into the common intercourse of society, than a man who is paid for tumbling upon his hands will continue to tumble upon his hands when he should walk on his feet." In the pursuit of his profession, a man will



ruin the countryside with electricity pylons, design lethal but saleable cars and generally do things that as a private citizen he would regard as appalling. In Cavour's remark "What rogues we should be if we did for ourselves what we do for our country", the word "organization" could often be substituted for "country". It may be, as Galbraith suggests, that people could be encouraged to do their jobs with a greater sense of social responsibility, but my guess would be that the only real answer is to get a different definition of the goals and constraints built into the job. Fortunately, this does at least mean that, with suitable changes in the goals of management, one could be fairly hopeful about results following. As far as small builders, scrap merchants, garages and other genuine capitalists are concerned, I cannot conceive any solution except the revival of the stocks. Judicial and bureaucratic methods seem powerless to prevent them cheating their customers, stealing from the public domain, polluting the environment with eyesores if not worse, and contravening the Shops and Offices Act, fire precautions and every constraint on maximizing profit.

#### IV

None of the "grand alternatives" appears to get us very far. All that each really does is to pick on some social group - shareholders, various governmental office-holders, workers and managers - and say that it contains the key.

Let us finish by going back to first principles. There is a finite number of ways of organizing social decision-making, and some combination of most of them is used in any institution of any complexity, e.g. a university or a firm. I mean things like choosing decision-makers by lot, deciding by a direct vote on an issue (a referendum), employing judicial methods against a background of more or less clear-cut rules, having decisions taken by experts on supposedly neutral "expert" criteria, electing a representative assembly to decide, decision by bargaining

among interested parties or their agents, and bureaucratic administration. Institutional innovation consists, not in adding new ones to the list (none of those mentioned is very new and most are very old) but in applying a different one to a certain subject, mixing them up in new ways and - above all - changes in such crucial contextual matters as the constituency, the procedure and the flow of information both in (amount and kind of information on which decisions are made) and out (confidentiality of proceedings, amount of publicity given to decisions). These are the points at which ingenuity is required. Where is the army of academics to consolidate the work done by Dahl and Lindblom in Politics, Economics and Welfare?

Footnotes.

1. I shall throughout treat Galbraith's The Modern Industrial State as on all fours with the conference papers. As the organizers have pointed out, this book provides a very useful reference-point.
  
2. I should perhaps make it clear that I am not peddling any cyclical or dialectical theory of history. There are in fact notoriously many things which have shown a long-standing exponential development, and to that extent history must be uni-directional. All I would argue for is the proposition that basic social and political changes are much more slow and boring than most prophets have anticipated for at any rate the last century. A good example, because he was a quite level-headed man, is George Orwell. On reading his collected essays and journalism (recently published by Penguins), one notices that he made, especially between about 1940 and the publication of 1984, a large number of predictions about developments in Britain. These often contradicted one another and were usually examples of the vice which Orwell attributed (correctly) to James Burnham, namely the assumption that the future would be an extrapolation of current trends. The point I want to make, however, is that as far as I can see, Orwell's predictions were without exception wrong in expecting the future to be more different from the then present than it has turned out to be. The one prediction he never made was that the Britain of the seventies would be in all important respects socially and politically the same as the Britain of the thirties, with the two-party system unchanged, the same Oxbridge-trained civil service, the public schools still going strong and the distribution of wealth untouched after a further four Labour governments.
  
3. I have in mind here, of course, primarily the so-called "new left". However, for anyone who regards himself as immune to this current of thought, I would recommend a reading (or re-reading) of a classic of the thirties like Thurman Arnold's The Symbols of Government. Even those who think of themselves as relatively hard-boiled will, I suspect, get a slightly creepy sensation from Arnold's dismissal of everything except a direct eye to outcomes as mere superstition.

4. The single defining characteristic of all nineteenth-century socialism is, indeed, the demand that the "automatic" economic system be brought under purposive social control.
5. The paper contributed by Olson contains a strong statement of the view that departures from perfect competition don't matter much.
6. I shall refer to macro-economic effects of firms' decisions in the next section.
7. C.f. Musgrove's paper.
8. Since Professor Galbraith rather specializes in condemning others for insufficient iconoclasm, one can derive a certain pleasure from noticing that in The New Industrial State he apparently regards "guideposts" as an adequate anti-inflationary intervention by the state. Since it is a priori inconceivable that mere stated norms of this kind should affect behaviour materially, it is gratifying to find that the position in the U.S.A. has come into line with a priori expectations. The belief in consensus as a substitute for political machinery is in fact characteristic of Galbraith : I discuss this in my final section.
9. Another possibility which may at least have some application in Britain is that, whereas external costs used to be concentrated mainly in working class areas, they are now increasingly difficult to avoid even in favoured areas. Aircraft and heavy lorries infest the villages and small towns in which the articulate middle class choose to live - and anyone can be poisoned by tuna fish! There is an analogy with the development of public health measures in the nineteenth century : once it was recognized that anybody could be hit by a cholera epidemic, public health was taken seriously in the industrial towns with dramatic effect.
10. Compare Etzioni's distinction between coercive, calculative and normative bases of power (in Complex Organizations) and Parsons' distinction between power, influence and the activation of commitments as ways of getting people to do things.

11. Thus academics often say that they are not doing so-and-so for the money but they wouldn't do it unless they were being paid. The distinction is, I think, a psychologically real one but some people might think it a fairly fine one.
12. I should not like to be pressed too hard on the meaning of the qualification "social-scientific", but I intend by this to exclude general ethical condemnations of private property.
13. The same attack can be levelled against Bendix's acknowledged master, Max Weber. I have never been persuaded, for example, that the best way to differentiate regimes is by the kind of "legitimate rule" they embody rather than by structural features.
14. Many dominant-group ideologies in fact intensify the solidarity of the dominant group in terms which cannot possibly be accepted by members of the subordinate group without severe psychological damage. Racist ideologies are an obvious example.
15. Collier-MacMillan, 1971.
16. Note that Fox uses "authority" in what I have called the narrow sense, i.e. such that all authority is legitimate by definition.
17. Compare here the work of Goldthorpe and his colleagues, especially The Affluent Worker, Vol.I. As Goldthorpe himself has pointed out, to the extent that vehicle assembly-line workers in Luton and their employers tacitly agree that the work is inherently soul-destroying and that their relationship is simply an exchange of unpleasant labour for high pay, they might be said to be in normative congruence, but this sort of congruence means only that both sides are playing the same game in the sense that they both count the scores on the same basis. It is quite consistent with bitter conflict over the outcomes.

It is interesting to note an analogy with universities : the authority of academics, collectively and individually, may be legitimated by students (i) in terms of the university's charter and statutes, (ii) in terms of the academics' greater knowledge and experience making them the senior partners in an "academic community" and (iii) in simple "quid pro quo" terms which allow that one should have to put in some minimum of work on subjects chosen by the academics to get a degree. As in industry, the third, truncated form of legitimacy is highly fragile because the exchange rate can always be challenged.

18. R. Bendix, Work and Authority in Industry (Harper Torchbooks edition) p.39, f.n. 49.
19. A couple of hours after writing this, I came across an article by Lord Robens (ex-Chairman of the National Coal Board) in the Sunday Times which epitomises this literature. According to Robens, "we are reduced to an educational solution, one which will build up a desire to work... whether it be through improving working conditions, on-the-job consultation, or merely through showing to the workman that the results of his work are of value..." (Sunday Times, 17 January 1971, page 12 "A Plan for Recovery" by Lord Robens.)
20. The standard economic reference seems to be R.H. Coase "The Problem of Social Cost". The political implications are spelt out by James Buchanan and Gordon Tullock The Calculus of Consent.
21. See the paper by Mishan. As far as I know, the first comprehensive refutation was in the last two chapters of my own Political Argument (1965).