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POLITICAL EXCHANGE IN THE ITALIAN DEBATE

by

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ITALY

## POLITICAL EXCHANGE IN THE

ITALIAN DEBATE

bу

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Florence, June 1985

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The concept of political exchange seems to be one of the first products "made in Italy" likely to meet with international success in the social sciences (1). And it is with an eye to needs of the non Italian public that I will attempt to describe the concept referring to the authors who have contributed to the debate. It will be my concern to avoid an anthological or philological exposition. I will seek inspiration in the debate in order to present a personal reconstruction that will be useable by foreign researchers interested in the concept.

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Obviously, the concept of exchange is not new neither in sociology nor in political science (Heath, 1971). Homans (1961) limited himself to the exchanges between individuals and between groups, Blau (1964) expanded the concept so as to include of social life and organizational interactions. The Italian authors, aware of these forerunners, developed the concept in relation with state interventions in industrial relations and neo-corporatist arrangements.

In the first section I show how a relational concept of power as an exchange of resources is antecedent to that of political exchange. In the second section I show how political exchange has its precise <u>locus</u> in the contemporary conceptualization of state-society relations. Section three provides the principal definitions of the concept which are given in the literature. Section four distinguishes political exchange from other types of social relations between large organizations.

#### Acknowledgement:

I wish to acknowledge my appreciation for the comments and suggestions of B.Marin,A.Mutti,P.C.Schmitter,C.Trigilia and all the participants the seminar "Theories of Political Exchange", directed by B.Marin at the Europen University Institute in Florence during the 1984-85 academic year.As it is usual to say, none of them is responsible for the views expressed here;I am indebted to Oda van Cranenburgh and P.Styles for the revision of my English text. In section five I attempt to investigate the kind of rationality with which actors negotiate in a political exchange. In section five I identify the structural and strategic conditions which permit the stabilization over time of political exchanges.

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## 1. BEHIND POLITICAL EXCHANGE : TOWARD A RELATIONAL CONCEPT OF POWER.

In Italy today the notion is widely accepted that political exchange, as I will specify in the pages ahead, is a negotiated exchange of power resources possessed by a social actor for power resources possessed by the state.

What notion of power is consistent with this kind of conceptualization ?

Power has been conceived in several and often dichotomous ways:either as a virtual potentiality or as the actual exercise of a capacity;either as a relation or as a substance; either as an action which relates two actors or as a general capability of a system (Goetschy, 1981: 447; Chazel, 1983: 369).

The only notion of power compatible with an exchange theory seems to be that which considers power as a relation between actors. It is in fact not by chance that Blau's definition of power is a relational one  $\binom{2}{}$ . Weber's  $\binom{3}{}$  and Dahl's  $\binom{4}{}$ definitions are relational `as well (Goetschy,1981:448).Less useful for an exchange theory is the systemic theory of power of Parsons (Goetschy,1981:454) and that of Hobbes,which sees power as something held by an actor (Stoppino,1982:12-3).

The most developed and consistent relational concept of power is that of Crozier and Friedberg. Perceiving the relation in itself as generator of power, they criticize Weber's, Blau's and especially Dahl's definitions of power. According to Crozier and Friedberg, these authors still implicitly see power as a property held by actors in relation to each other, and not as a property of the relation in itself (Goetschy, 1981:448;Crozier and Friedberg,1980:276).Crozier and Friedberg's definition of power fits perfectly as a basis for the concept of political exchange stated above.In fact, they stress the substantial affinity between power and exchange,because power "can develop only through exchange among the actors involved in a given relation" and "is indissolubly linked to negotiation:It is a relation of exchange,therefore of negotiation,in which at least two persons are involved" (1980:30-1).

Proceeding from this, one can understand power as a particular relation of exchange between individual or collective actors in which resources of the same or of a different kind are exchanged, with the ultimate aim of influencing the behavior others.

To be more precise, it is not so much resources possessed by the parties that are negotiated and exchanged, but the "possibilities for action" (Crozier and Friedberg, 1980:32) connected with these resources. In the case, for example, of a relation of negotiation between the state and the unions, what interest both is that the other party adopt a specific behavior. The state may wish that the unions practice wage restraint, the unions that the state decide and implement pro-labor policies.

"Power, therefore, lies in the margin of liberty available to each partner in a relation of power. In other words, the more one partner is free to refuse what the other asks to him, the more power he has" (Crozier and Friedberg, 1980:32).

The bigger this "margin of liberty" is for an actor, the greater are the resources at his disposal and his capacity to mobilize them.

Thus formulated, one can gain a deeper understanding of the question by asserting that power is an: a)instrumental, b)nontransitive, c)reciprocal but unbalanced relation.

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### a) It is an instrumental relation in the sense that:

"like every relation of negotiation ,power is conceivable only from the standpoint of an aim which,...,motivates the actors' commitment of their resources" (Crozier and Friedberg,1980:31).

b) It is a nontransitive relation in the sense that: "A might be able to obtain X from B quite easily,Y might be a little more difficult to get accomplished, and Z, impossible, while, on the other hand, C might be able to obtain Z from B without difficulty" (Crozier and Friedberg, 1980:31).

c) Of great importance is the third aspect, that views the power:

"as a relation of exchange, hence a reciprocal relation, but one **in** which the terms of exchange favor one of the parties involved. It is a relation of force from which one party can obtain more than the other, yet in which neither party is totally defenseless" (Crozier and Friedberg, 1980:32).

The result of the exchange is consequently determined by two factors.

1) The nature and the quantity of the resources at the disposal of each single actor. These are structurally determined by the economic and social position of the individual or the organization (Chazel, 1983: 392-3).

2) The rigid link "position in the social structure power resources - result of the power relation" is, however, broken by the introduction of a much more uncertain factor: the capacity of the actor to exploit his resources. It is not enough, in fact, to have resources, it is also necessary, at the moment of the negotiation, to act in such a way as to mobilize them effectivly, to make use of them in a pertinent <sup>(5)</sup> way (Crozier and Friedberg, 1980:36-7; Stoppino, 1982:23). In other words, it is necessary to have a strategy of mobilization and a strategy of exchange.

Having defined power and power resources in this way,let me now focus: on the latter to distinguish between those power resources held by the state and those held by interest organizations.

The state <sup>(6)</sup> possesses resorces of political power in the

form of coercive, material and symbolic resources, further divided into resources of a particularistic and non-particularistic kind (Mutti, 1983:169). Material resources are often the most convincing when it comes to making interest organizations accept a political exchange. Specific to the state is that it can link to its resources, and to their utilization, the possession and the potential or actual use of coercive resources. That is to say, the state has the monopoly legitimate force (Stoppino, 1982:202). The state enters thus in relation of exchange with interest organization holding " in the last instance constraining" resources, thanks to its legitimacy and its constitutional and legal prerogatives.

The resources of social power at the disposal of interest organizations are material, organizational and ideological (of identity) <sup>(7)</sup>. The associations enter into negotiation with public powers with the possibility of mobilizing their resources of social power in support or against the state, that is by offering or withdrawing their consensus.

Some Italian authors consider the distinction between resources of political power and resources of social power, which is substantially of Weberian inspiration, to be formalistic and unrealistic. Mutti in particular, stresses that the constraining capacity of the state is often only formal, because of the weight of power resources possessed by interest organizations.Consequently, for Mutti, resources can be defined as resources of political power whenever Available

"they are capable to influence, in a meaningful way, the social order, both by means of action and non-action. This capability to influence is based not only on the dimensional-quantitative aspect of the actors concerned, but also on their qualitative aspect, that is their strategic **importance** in the structure of the social interdipendencies." (Mutti, 1985:54)

According to this definition, resources of political power can be held not only by the state but also by large interest organizations, whenever they are quantitatively large or qualitatively crucial. Consequently, as we will see in sect. three, political exchange is conceptualized by some as exchange between resources of political power and resources of social power; by others as exchange between resources of direct political power held by the state and resources of indirect political power (meant as the basis of the negative capacity of interest organizations to block or disturb state policies); and by others as exchange between resources of political power possessed by the state and resources of political power held by interest organizations.

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At this point it is clear that I have assimilated the relations of exchange between resources of political power and resources of social power to a moment within the "political process". It is therefore appropriate to recall first Schumpeter and secondly Pizzorno.

Schumpeter (1976) initially views democracy as a process of competition between political <u>élites</u>.Neglecting some problems of which Schumpeter was more aware (Pizzorno,1983:6-7),his successors elaborated the so-called "economic theories of democracy",where democracy

"is seen as a system analogous to the market of free competition, in which the voters are the buyers who, with their vote, acquire the policies they prefer among those which are proposed to ' them by political entrepreneurs who, with the sale of their policies, acquire, or mantain, power (that is, they occupy government offices)" (Pizzorno:1983:7).

In this perspective, consensus is still perceived as individual consensus, expressable through the vote. Thus, this approach disregards the existence of different and less formalized forms of exchange, such as those between the state and large organizations.

It was Pizzorno (1978) who finally emancipated the theory of exchange in politics from these individualistic assumtions With the intention of developing "a theory of ... 'political aspects' of the labour market" (1978:278), Pizzorno begins explaining how resources of an interest organization (the

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unions) are exchanged in the context of political democracy and capitalist economy.

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The bargaining action of the unions with the employers involves, according to Pizzorno, a series of "external economies" <sup>(8)</sup>, capable of damaging the socio-political order. The state being ultimately responsible for the latter, becomes involved in the problem. At this point the unions can accept to underexploit their own "short-term market power" (1978:282), in order not to damage socio-political order, if the state is disposed, in exchange for this restraint, to offer the workers medium or long-term benefits. In this way, resources of social power are exchanged for resources of political power. Summing up:

"While in the atomistic market more gains were obtained in exchange for more effort, and in the collective bargaining in exchange for continuity of work, in the political market the resource given in exchange may be called consensus or support. An actor (generally the government) which has goods to give is ready to trade them in exchange for social consensus with an actor who can threaten to withdraw that consensus ( or, which is more for less the same, to endanger order ) unless he receives the goods he needs" (Pizzorno:1978:279).

## 2. POLITICAL EXCHANGE BETWEEN SOCIALIZATION OF POLITICS AND POLITICIZATION OF SOCIETY.

The development of capitalism in the present age has led to an ever increasing involvement of the state in the economic and social sphere. On the other hand, it is also evident that this process has rendered the efficacy and the effectiveness (Mura:1983:130) of state action more and more dependent on the consensus of social forces. At this level, as Maraffi (1981:30) rightly observes, the fracture occurs between the classical liberal state and the post-liberal state. In fact, the latter, as noted sharply by Lowi (1969:101-24), brings private interests into the governmental process.

This advance of private interests into the public sphere has

brought with it a revaluation of the idea of the contract in order to understand processes of government. In this regard the repercussions of the phenomenon at the level of political philosophy are important for my argument.

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In one of his most recent essays, Bobbio (1984) considers the concepts of contract and political exchange. Modern political science and sociology, and ever more the every day observation of political life, have raised severe doubts about the understanding of government processes as state authoritative acts materialized in laws. In fact, the classical theory of modern state sees the "law as the principal form of the normativeness of living together" (Bobbio, 1984: 227). But, as Bobbio also observes, the proliferation of categories as "political market", "political exchange" and "vote of exchange" (as opposed to "vote of opinion") makes the understanding of contemporary government on the basis of "public law logic of dominion" impossible, and makes necessary that this logic be integrated with the "private law logic of agreement" (1984:132). The state, certainly, holds the virtual monopoly of l'egitimate force, it legitimately possesses coercive resources on the basis of the Constitution, but, as Bobbio observes : "what worth has legitimacy without effectiveness ?" (1984:146). State power remains often merely formal, given that public action can be efficacious and effective only if the measure is negotiated with the main interest organizations. The political exchange that then occurs between the state and the associations resembles more an agreement reached within a relation between equals, typical of private law, than one reached within a relation between governor and governed, typical of public law.

Thus, it happens that politics is socialized and the social sphere , more and more involved in decisional and executive public processes, is politicized. This tendency is shared both by pluralist and neo-corporatist relations. Both these arrangements share in fact, as Schmitter (1979:15) says, the "interpenetration of private and public decision arenas".

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The risk of proliferation of relations of exchange between state and interest organizations weakens, however, state authority: "the 'sovereign power', in the traditional sense of the word, whose place would be <u>super partes</u>, figures as a potentate among the others, and not always as the stronger" (Bobbio, 1984: 136).

The segmentation and privatization of law-making, often connected with these close relations between state and associations, leads Schmitter (1984:38) to talk about the emergence of a "post-liberal Ständestaat" with "considerably more categories of differentiated privilege and obligations" with respect to the legally universalistic liberal state.

This opinion is expressed, with even greater force, by Pizzorno, when he introduces the concept of the "decomposition of the state" (1981:262).

"The practice of negotiating every decision tends to decompose the core of the political system, the state as the ultimate public authority and unitary coherent subject" (1981:262).

From being an "entity" which has to receive and sift demands put forward by interest representatives, the state becomes a "market", a "battlefield" where organized interests negotiate and exchange their resources of social power, between themselves and with the state, where this can be both a partner and an intermediary for the interest organizations.

Behind these processes of political exchange there is, together with the risk of the "decomposition of the state", the risk of the so-called "governability crisis" (Donolo and Fichera, 1981).

Before looking at the subject in greater detail in the following section, let me respond to the question a non-Italian reader may ask. What purpose does it serve to introduce into the inflated body of the social science terms a new concept like "political exchange" ? My "justification" derives precisely from what I said in this section : let me consider, in fact, the possible modes of state-society relations.

The first mode of linking the institutional domain to the socio-economic one is the "classical" one of the party-parliamentary political circuit (Offe,1981:141),that is through political parties,parliament,elections,votes etc. In this way, through the mediation of political parties,organizations and individuals channel their demands and supports to the state. This kind of relation has long been investigated in political science and in the study of the constitutional law.

Besides this first modality there is that of direct, unmediated relations between government and/or administration, on the one side, and interest organizations, on the other side (at the decisional and often at the executive level) (9). These direct relations have materialized, depending on the contexts, in pluralistic arrangements of pressure, or in neo-corporatist arrangements of concertation, both sectoral and trans-sectoral, giving birth in this case to a veritable neo-corporatist political circuit (Offe, 1981:141).

Both in pluralistic and neo-corporatist arrangements the state and interest organizations engage in an exchange of policy measures for consensus. In the second case these exchange relations are more visible and formalized, in the first much less so.

Consequently, a first reason justifying the analytical and empirical use of a concept like "political exchange" is just that it individuates the dimension of the exchange as an increasingly crucial aspect in contemporary state - society relations and in connected public policies. In this respect Bagnasco (1985:11) observes :

"Political exchange is used in a general meaning in order to underline the bargained character that political intervention assumes in modern democratic societies. This happens independently of the specific form of the exchange, that is independently of the fact that in concrete situations one can observe... whether a fragmented bargaining among several competing interests ('pluralism') or a more aggregated and centralized bargaining among big organized interests organizations ('neocorporatism')."

A second reason is connected with the conceptual enrichment that an approach based on political exchange brings into the debate on the features of state - society relations which started in 1974 with Sahmitter's "Still the Century of Corporatism". While the concepts " pluralism - neo-corporatism" look at the structure of the system of interest intermediation, and while the concepts of "pressure - concertation" look at the structure of the system of decision-making (Schmitter. 1982 : 263 ), the concept of "political exchange", emphasizing the action more than the structure, looks at the process and relational aspects of the state-society interactions. The concept of political exchange permits us to enlighten the aspect of the strategic calculations which public and private actors carry out and develop within their direct interactions, be these pluralist or neo-corporatist. In this respect, both Schmitter and Lehmbruch have recognized the heuristic value (see note 1 ). of the concept

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Drawing a first conclusion, one can say that in the "greyzone" between the political and the social sphere, Italian researchers formulated the concept of "political exchange", and developed it within the interdisciplinary field of "political sociology" <sup>(10)</sup>.

# 3. POLITICAL EXCHANGE IN THE ITALIAN LITERATURE : SOME DEFINITIONS.

At this point it should be easier to understand the definitions of political exchange presented in the Italian literature.

In this short review the reader will realize how political exchange, as exchange relation between resources of power held by the state and resources of power held by interest organizations, is interpreted differently according to the diverse research intentions of the authors.

Stoppino, close to the conceptualizations of "classical" political science, links the concept to the notion of political process (1982:290).

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"One can and must define the normal political process as a political exchange, insofar as the support given or promised is guided by the search for previously obtained, promised or hoped contents of political decisions, and insofar as the political decisions and programs are guided by the search for present, probable or possible political support."

Rusconi, among other aspects, stresses how the concept accounts for the fact that politics is getting closer to economics and viceversa.

"I start therefore with a plain definition of political exchange. This is definable as a situation in which goods of diverse nature are exchanged between economics and politics. The protagonists of the transaction are the organized groups and the state, in various combinations. The goods of diverse nature that are exchanged can be wages, employment, investments, credit or taxation facilities etc., as well as political loyalty, democratic consensus or simply the suspension of active dissent, or the postponement of sanctions." (1984:19).

Regini, closer to Pizzorno's original intentions, aims at investigating the kind of relations which occur between state and unions. Referring to the type of exchange in which a relation of concertation <sup>(11)</sup> occurs, he defines political exchange as "a kind of relation between state and workers'organizations based on a reciprocal attribution of different forms of political power. The state delegates a part of its decisional authority in matters of economic policy to unions, enabling them to contribute to the determination of the results of the processes of formation and implementation of political choices and, consequently, to benefit from the distribution of material and symbolic public resources. In exchange for this, the unions offer the state their indirect political power, guaranteeing consensus and using their own resources to secure legitimation, efficiency and efficacy for state action." (1983:360).

Baglioni, proposing a broader typology of relations between the formation of public policies and the system of industrial relations, defines political exchange as a situation in which "the representation of the interests of the unions turns out involved with and mediated by political factors and conveniences at stake." (1983:841).

He then distinguishes between "pluralistic political exchange" and "neo-corporatist political exchange". The former "denotes a relative separation between the assertion and the settlement of interests expressed by unions' action in the direct sphere of industrial relations, on the one side, and its undoubted political implications, on the other";

while in the latter the relative separation between the interests expressed in the industrial relations and their

effects on the political arena tends to disappear. There then occurs a comprehensive politicization also of the interests expressed in the industrial arena (1983:842).

In my study of neo-corporatist arrangements in Switzerland, my objective was to reconstruct the relations between state and interest organizations and the related problem of governability and policy-making. Thus,I defined political exchange as

"a relation between state and interest organizations which takes place in the course of the formation and implementation of public policies, and within which a reciprocal exchange of power resources occurs. Those at the disposal of the state include coercive, material and symbolic resources (resources of direct political power). The interest organizations determine social consensus and, by giving or withdrawing it, they can mobilize - in support or against the state - their own specific power resources, which are of an economic, organizational and ideological kind (resources of indirect political power). Therefore, a political exchange occurs when the state allows the interest organizations to influence the content of public decisional and executive processess, so they can profit from part of its material, coercive and symbolic resources; and when, in exchange for this, the interest organizations give their consensus to the state. This means that they use their economic, organizational and ideological resources in order to guarantee the efficacy and the effectiveness of state policies.

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Consequently, there are neo-corporatist arrangements when there are institutionalized relations, in a more or less formal way, within which state and interest organizations stably co-operate in making and implementing decisions. In other words, when there is concertation. Moreover, within concertation there are stable political exchanges, because the reciprocal exchange of power resources between state and interest organizations is characterized by temporal and substantive continuity.

In this way interest organizations come to exert a stable influence over public decision-making and implementation, thereby gaining substantial political status. This political status makes government of society part state government, part self-government of intermediate bodies.

Pluralist arrangements are marked differently. They involve classical "pressure" activity, characterized by unstable political exchanges, in which the exchanges of power resources between public and private actors are temporally and substantially discontinuous, limited to single issues, about which an association is able to influence state decisions, offering in exchange its own consensus. Thus, the associations have no political status: they are considered as external partners,with chiefly an economic field of action." (Parri, 1984:98-9).

Finally, I have left the definition which among those current is the most articulated, and which follows two previous conceptualizations (Mutti, 1982:296-8; 1983:167-70).

According to Mutti, the distinctive element of political exchange, as compared to other forms of social negotiation, is the particular kind of the exchanged object, that is, the fact that what is exchanged are resources of political power.

Consequently, for Mutti political exchange is

"a relation occurring between state and interest groups, meant as a transaction in which the former enables the latter to intervene in the contents and the implementation of state policies, in exchange for political support (ranging from electoral support to the defence of political order, to the acceptance of systemic compatibilities etc.). This transaction has as its object, therefore, political power in the form of, on the one hand, determination and implementation of state decisions, and, on the other hand, the giving of consensus. This transaction can be the result of pressures exercized on the state by interest groups, or of more stable forms of concertation between such actors." (1985:54).

The distinction between pluralist and neo-corporatist political exchange, touched upon in the last sentence, is further elaborated by Mutti referring to the famous typology of Lowi (1964:713) which distinguishes distributive, regulative and redistributive public policies.

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"Weak political exchange manifests itself in the frame of distributive policies, that is of policies which can be widely disaggregated, are easily quantifiable and can be directed to individual actors. One has here an extension of the concept of political exchange, such as to include also individual political actors. The strong decomposition of interests and the particularization of conflict make ,moreover, less problematic the problem of consensus." (1983:54);

"strong political exchange operates, instead, in the domain of regulative and redistributive policies, which are more general and can be less easily disaggregated. In the arena of strong political exchange essentially collective political actors are engaged. The negotiated resolution of conflict, which these actors carry on, appears particularly crucial for the general reproduction of the political system. Moreover, in strong politcal exchange,..., the political relation is based on a greater degree of uncertainty, because of the complex character of the involved issues. All these factors stimulate the activation of particular strategic endowments in organized social groups which partecipate in strong political exchange..." (1985:54).

Summing up, one can propose the following table.

#### Table 1 . Political Exchange ( PE ) in the Italian Literature

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BP-(B91d	Type of State - Society Relation						
antates	Vote	Clientelistic	Pluralist	Neo-Corporatist			
	Relation*	Relation*	Relation	Relation			
-REGRI 9 492	(State +	(State +	(State +	(State +			
1999991818	Individ-	Individual	Interest	Interest			
	ual)	or Group)	Group)	Organization)			
Author_							
14446836918							
Stoppino	PE	PE	PE	PE			
Large 178X							
Rusconi	edi ettika			Contractory			
Regini	1.00-2929-919	an in a law big	$PE^{(12)}$ in	PE in			
coldec tity	action (no		Bargaining	Concertation			
Baglioni	6868-26864226	Real Production of the second second	Pluralist PE	Neo-Corporatist PE			
368518196519	198 196 TE	HARRY BURNER					
Parri	aalaanhamaa	tue <u>s</u> bas gains	Unstable PE	Stable PE			
Mutti		Weak	Strong	Strong			
the solution		PE	PE	PE			
6110 milesian	A service hereits			Brot tennerstere			

( \*a) In this kind of relation political parties are crucial or very important.

## 4 . POLITICAL EXCHANGE, COLLECTIVE BARGAINING AND "QUASI POLITIK"

What are the differences between political exchange, on the one hand, and collective bargaining and "Quasi Politik"<sup>(13)</sup>, on the other ?

In political exchange resources of political power (held by the state) are exchanged for resources of social power (held by interest organizations). In collective bargaining and in self-regulation what is negotiated and exchanged are exclusively resources of social power (held by interest organizations), without resources linked to the virtual monopoly of force (state coercive resources) entering the exchange

In both cases an agreement is realized, but only in the first case is the state explicitly present. The state can certainly intervene, in some cases, both in collective bargaining and self-regulation, to render the agreement between parties legally binding, or to facilitate it by promising payoffs. In these instances the introduction of coercive resources and especially of public material resources shifts the negotiation and the agreement from the domain of socio-economic self-regulation to that of political exchange.

Obviously those who,like Mutti (1985),think that unions and employers can also be holders of resources of political power can consider collective bargaining and self-regulation (whenever they are particularly crucial for the reproduction of the so-ciety) as a form of political exchange.

Pizzorno also concerned himself with distinguishing political exchange and collective bargaining, stating that in these relations two different kinds of resources are involved (1978: 287). Moreover, he writes explicitly that

"...a situation of political exchange differs from one of collective bargaining because : a) benefits are obtained against a threat to social order or social consensus; while in collective bargaining they are exchanged against a threat to the regularity

European University Institute Research Repository of work ; b) market power is function of the need for consensus ,not of the demand of labour ; c) several actors may concur with the unions in 'mediating consensus' (political parties being of course the main example) ." (1978:280). THE "RATIONALITY" OF ACTORS IN POLITICAL EXCHANGE In the first section we have seen that the moment an organization renounces short-term benefits to aim for long-term ones, it has to elaborate a different kind of strategic cal-

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culation. In a more specific perspective, leaving out the highly problematic aspect of the state strategy, each collective actor, at the moment it negotiates with public power in order to reach an agreement through a political exchange, will find it necessary to develop a certain decisional "rationality".

That is to say, a set of mechanisms and procedures to orient its action, to direct its negotiating behavior, to evaluate the proposals of the other party, to judge the development of the bargaining and of its intermediate and final results.

One must not forget, and at this point I open a parenthesis, that strategic action presupposes the formation of a collective identity, a fact long neglected by the dominant theories of collective action (normally of economic inspiration).

As a matter of fact, Pizzorno says, criticizing the internal consistency of the neo-utilitarian theories of rational choice, that

"one can not have a concept of utility without impliying the intersubjective recognition of the values which lead to this utility. And, therefore, the processes of satisfaction of needs vary according to the different collective identities which substain them (and which recognize them)."(1983:38).

This is valid both for the "rational" calculation of individuals and for that of organizations, which is even more complex. Organizations, in fact, also require a system of reference in which decisions and evaluations assume a meaning. This system of reference consists of their collective identity and the

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confrontation of this identity with other organizations" collective identities. The interests of the actors, their way of conceiving the interests of the organization of which they are members or leaders, are not to be exclusively based on their utilities in the way classical theories of "rational action" imagine<sup>(15)</sup>. The interests, the value of goods -individual or collective- sought after or possessed are perceivable and understandable only if these are also intersubjectively recognized and recognizable. That is to say, if they are placed within a system of shared values : the collective identity of the organization both in itself, and as distinct from other collective identities of other organizations.

Moreover, the temporal "viscosity" of the collective identity is a guarantee that the parameters of actors' judgements are not submitted to sudden jolts which would make a medium or long-term calculation problematic (Pizzorno, 1983: 38-9).

It has also been noted that collective identity becomes more important, the more the organization has to redefine the interests of its own members, shifting from individualistic-utilitarian ones to collective-solidaristic (Pizzorno,1980a,1980b; Offe and Wiesenthal,1980). This fact is mainly characteristic of workers' organizations, especially "class unions", which "carry always out a deep modification of the specific demands of their onw basis" (Regini,1981 :195).

Entering a relation of political exchange with the state workers' or employers' organizations always make evaluation of a strategic kind which, as we have seen, imply the possession of a collective identity. Therefore, in every relation of political exchange collective identities also enter the field and confront each other. Consequently, according to the different results of the negotiation and of the political exchange, collective identities can be denied, confirmed or simply changed (Rusconi, 1984:73).

Political exchange is not only readable as an exchange of

economic or organizational power resources, as a "game" between different strategies, but also as a confrontation of diverse collective identities. This last fact in particular makes the evaluation of the results of the exchange very problematic. Up to now, notwithstanding the suggestions of Pizzorno and Rusconi, the Italian literature has not been able to provide a clear image of the complex dynamic "collective identity - strategic action - political exchange". Cadmus, European University Institute Research Repository

Thus, closing this parenthesis, let me concentrate on the three principal answers given to the question of the actors' "rationality" in political exchange : those of Mutti, Rusconi and Regini.

Mutti poses the problem in terms of the actor's search for the strategy best able to control the "uncertainty of the bargaining context" (1985:58). In that regard he refers,critically,to the typology of the three models of decisional "rationality" of March and Olsen (1976).

The first model of the typology is the classical "synoptic model based on an utilitarian rationality of parametric kind"<sup>(16)</sup> (1985:58). This parametric "rationality" approaches the "rationality" of individual actors in the clientelistic,weak political exchange (as defined by Mutti,see sect. three),where uncertainty and stability levels are low (1983:169).

The second model of the typology is that of "bargaining" which implies a strategic kind of "rationality" (17). Mutti considers that this strategic model, even though it renders the assumptions about the behavior of actors more realistic than the parametric one, is still unable to account for problems of negotiation in a very uncertain context such as that of strong political exchange, both of a pluralist and a neo-corporatist nature.

He suggests, therefore, utilizing the third model of March and Olsen : the "garbage can" model (18). This would have the merit of attempting to link the bargaining context to the structural context, overcoming the actor - system dichotomy typical of methodologic individualism, and still present -in his view- in the more sophisticated versions of the strategic "rationality" model. In this last model, in fact, the actor would still be "too informed and competent" (1985:60), while in the "garbage can" model his indipendence is reduced, until almost dissolved -especially in situations of great uncertaintyinto adaptive responses, myopic or routine. Actor's behaviors are also the fruit of processes which, escaping his control, show the imprint of the surrounding structural-institutional framework. (1985:74).

Rusconi seems definitly more optimistic about the capacity of actors in political exchange. First, he reviews the concept of strategic action in the works of Schelling, Habermas, Crozier and Friedberg, Boudon, and second the contributions to game theory of Harsany, Rapoport, Riker and others. At the end he proposes to use a theory of "rational choice", integrated by a theory of the identity, as an heuristic device for the interpretation of negotiations connected with political exchange. Also important is the reference he makes to Elster's (1982) use of game theory in the interpretation of class relations as a conflict-cooperation mix.

According to Rusconi, if one thinks "of the forms of conflict in contemporary society,..., then the dynamic of conflict can effectivly be formalized in the 'prisoner's dilemma', at least insofar as the two principal actors , unions and employers, are involved." (1984:219).

Also if

"more complex situations, of the kind of 'political exchange' require indeed a different model" (1984:219).

As in the "prisoner's dilemma", in the class dynamic there is always the risk that the non-collaborative solution, socially more damaging, prevails. This because uncertainty and distrust characterize the bargaining between the two parties. The iteration of the game-bargaining can, it is true, guarantee an agreement (the so-called "anti-statist" solution of the class conflict.1984:202-3), but when this does not occur and social costs seem to high, then the prospect of a "statist-institutionalist" solution becomes larger (1984: 203-4).

In fact,

"to escape from the dilemma and secure a positive result, of a collaborative type, the action of another actor, which possesses different resources, is needed. In the concrete case of industrial conflict in contemporary democracy the intervention of the state in the form of political exchange' is necessary.But, with this intervention, the structure of the game changes."(1984:221).

There are two possible solutions of the dilemma via state intervention.

The first is the canonic institutionalist one,well-known in the classical literature about the dilemma. In this case the coordination of actors' actions is obtained through state authoritative enforcement, where this European University Institute

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"enforcement prefers coercion with respect to other forms of coordination between actors. That is, the actors agree to secure themselves of loyal reciprocal behavior thanks to the presence of an authority capable of putting into practice by coercion what they decide." (1984:74).

The second solution of the "prisoner's dilemma" occurs via political exchange. In this case, according to Rusconi, the state intervenes

"directly distributing resources to the advantage of the parties, in order that they arrive at an agreement. In this situation the parties are disposed to harmonize their decisions and their behaviors, not so much because the state supervises authoritatively, but because it is disposed to contribute its share to the agreement" (19) (1984:74).

However, in the hurry to free himself from the functionalist burden which weighs on the traditional explanation of the class dynamic, Rusconi overvalues the capacities of the game theory.

Let me, in fact, recall the fundamental criticism of Elster (1982) made by Offe and Berger (1982:521), according to which

" 'social structures' remain irreducible to individual acts

of decision".

Rusconi's answer is resolute:

"It seems a fundamental objection, but in reality it introduces the obsolete dichotomy between 'structure' and 'action'. The game theory overcomes in part this dichotomy , from the moment that it sees 'structures' as a constraint (or as a stimulus) for the actor's action." (1984:216).

In this way Rusconi goes beyond Elster's prudence about the question of the "dualism of 'choice versus structure' " (Elster,1983:115), and explicitly criticizes him for his prudence (Rusconi,1984:217). Thus, Rusconi's position provokes the critical response of Pizzorno (1984:168) and especially of Mutti who writes:

"...in reality, the most relevant limit of methodological individualism in general, and of the game theory in particular, continues to be the necessity of presenting strategic actors able to understand and internalize adequately, in the forms of constraints, not only the characteristics of the interactive nogotiation context,..., but also the macrostructures. In order to 'keep inside' the structures in its explicatory core, game theory is compelled to imply unreal actors, unreal because they are too informed (1985: 74).

While Mutti and Rusconi articulate their thought about the "rationality" of the actors in political exchange at a high level of abstraction, Regini attempts, more pragmatically, to

"understand how unions are induced or not to accept (or to promote) a relation of stable political exchange and concertation, perceiving such a choice as the result of an ,approximate, 'rational' calculus of costs which the exchange can involve and of the benefits it can produce." (1983:362).

Regini is aware that such an approach poses "the <u>vexata</u> <u>quaestio</u>: of the limitations of the models of rational action" (1983:362), making explicit, however, that

"in this case it is not a matter of establishing to what degree the unions are effectively rational actors. It is instead a matter of inquiring to what degree, assuming that their action can be analyzed as if it follows a logic of utilitarian rationality, one will be able to develop an internally more consistent interpretative scheme, which is more capable to account for

reaction by Offe and Berger (1982:521), according

vaste empirical evidence, than other kinds of explanation put forward." (1983:362) (20).

It is thus as an heuristic device and as an operational concept capable of explaining the "rise and decline of concertation in Italy and Great Britain" (1983:353) that (21)Regini proposes his model of unions' "rational" calculation

#### 6 . CONDITIONS FOR STABILITY OF POLITICAL EXCHANGE

Every negotiation between large organizations, wheter it involves parties on the labor market (collective bargaining). or business associations ( "Quasi Politik"), or the state with one or more interest organizations (political exchange), is composed of a mix of conflict and co-operation.

The co-operation is induced by the systemic interdipendecies that push forward an agreement ; conflict is established with regard to the exchange terms between resources, when not even with regard to the rules of the game. This dual character of every exchange relation is the basis of its potential instability, and leads to the question : "under what conditions strategies of political exchange do consolidate ? ": (Regini, 1983: 366). Even more, it leads to the theme of neo-corporatism , where the kind of political exchange- I have defined as "stable" (see sect. three) occurs.

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But to talk of the stability of a relation of political exchange over time , of its perpetuation or renewal, means to speak of the stability of the strategic choices of the state, on the one hand, ond of interest organizations, on the other.

To be more concrete, the question of the state's "credibility" is central, either during the negotiation between public and private actors, or after the reached agreement, in its implementation. Assuming that the state has always an interest in concluding political exchanges (without considering that for the set some authors agreements with, e.g., unions too weakened by the

crisis are for the state no more "interesting" - Carrieri and Donolo,1983),one can say that such political exchanges are more probable and more recurrent the larger the state's "credibility". What I understand as "credibility" is the perception, by social parties,that the state is capable of making profitable proposals to them, and further of realizing them at the decisional and at the executive level. This perception is great when the government has a solid and large parliamentary majority, the public administration is efficaciuous and effective, the state in the past has fullfilled its promises.

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As regards interest organizations ,the central problem is that of the temporal lag,that is,their capacity to make members renounce something today,in exchange for something tomorrow,where this something is,in political exchange,offered by the state.

Pizzorno makes the question explicit reinterpreting the workers' dilemma of Lancaster <sup>(22)</sup>. Shifting the problem from the field of collective bargaining to political exchange, he reformulated the dilemma substituting for "the investment function of capitalist" the "mediation function of union leaders" (1978:288). The dilemma thus reformulated refers to delivering or not part of the present total power of the workers to their representatives, and substitutes "capital accumulation" for "power accumulation" (ft is clear by the context that Pizzorno means "power resources accumulation") (1978:288).

In fact, whenever unions' leadership is capable , by controlling rank-and-file behavior and claims, of limiting the threat to social order (constituted by the above-cited "external economies" of collective bargaining), it offers consensus to the state. For this immediate unions' renounciation there are payoffs offered by the state which are, necessarily, delayed in time. In this way, if the exchange succeeds, the unions as organization will solve, at least momentarily, the problem of the temporal lag; that is, they have given "an inter-temporal dimension to the formation of labour's claims" (Pizzorno, 1978:287).

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But to guarantee the presence of stable political exchanges it is necessary that this situation perpetuates itself and renews itself. In other words it is necessary that the basis, either of a workers' or of a business organization, continues to accept and renegotiate the "under-exploitation" of its short-term power resources in exchange for long-term benefits.

I concentrate now on the answers given by the Italian literature to the problem of the stabilization of exchange, first at the theoretical level (Mutti), and then with concrete reference to state-unions relations (Regini).

Mutti (1985) frames the problem starting from the connection between political exchange and uncertainty.

"How are agreements and repeated exchanges possible in situation of uncertainty about the stakes, the terms of exchange and the rules of the game ? " (1985:65).

According to him, it is to this fundamental question that the neo-corporatist literature has sought answers in various ways. This question has been answered by taking into consideration different stabilizing mechanisms of the exchange relations: the autonomy level of the organizational leadership, the kinds of stakes of the exchange, the nature of the procedural rules of the negotiation, the possible role of the state <sup>(23)</sup>.

Regini (1983:367), referring explicitly to neo-corporatist state-unions relations, criticizes the literature for having linked the presence of some structural conditions <sup>(24)</sup> to the presence of stabilized political exchange in a too mechanistic way. In this manner, one would not be capable of adequately accounting for some important concrete situations <sup>(25)</sup>.

The stabilization of political exchange is for Regini understandable only by considering also the "calculations and strategies of the different actors involved" (1983:367). He does not deny the importance of the structural context, but he emphasizes ,breaking a rigid structure-action link, the capacity of the actors to create "functional equivalents" (1983:371) to missing requisites.

The degree of stability of concertation, as defined by Regini (see sect. three), depends on the following factors.

a) The profitability for the unions of the results of "a systematic and long-term political exchange" (1983:362).The perception of the advantages of such an exchange derives from an approximate cost - benefit " 'rational' calculation" (1983: 362).One has in fact to stress that also with "favorable" structural conditions such as the presence of a pro-labor government ,the "political valence" <sup>(25)</sup> of neo-corporatist political exchange can be or become unsatisfactory for the unions. Situations of economic or fiscal crisis, social conflict, foreign trade or monetary crisis can constrain also a pro-labor government to decrease benefits delivered to the unions.At this point, the unions' own "rational calculation" could lead them to the choice of exit from the exchange.

b) The presence of instruments (both organizational capacities and availability of resources of various kind) that allow the perpetuation in time of a strategy of concertation without excessive instability. Regini identifies these instruments with the capacity of the unions to control a potential crisis of representation, that is to say a revolt of rank-and-file, and with the capacity to build, and/or to defend, an unions' "oligopolistic position in the political bargaining with the governments" (1983:370). Both these capacities are not reduceable only to the structural context, but involve the unions' ability , at the moment of making their strategic choices, to exploit to the maximum their own resources, if not to create new ones.

#### NOTES

1: Very significant is the recent Lehmbruch's position, Note according to which "the neo-corporatist strategy would thus be determined by an exchange logic" (1983:13). Elsewhere (1984:14) refers to Regini and Lange, pointing out the importance he rational actor perspective in the understanding of neoof the corporatist agreements. See also the use of Pizzorno's concept of political exchange in Lange (1981: 202 ), and especially in Tarrow (1978: 21 ;1979:267-70) who speaks of vertical political exchange between center and periphery. Schmitter, very explicitly, states : "To use an Italian expression, neo-corporatism depends on a 'scambio politico', a political exchange in which organized interests and state agencies calculatedly, if not always willingly and enthuiastically, agree to a particular pattern of formal representation and substantive negotiation." (1985:6).

Other authors are developing other concepts building on political exchange notions. Marin and Wagner criticize in a constructive way Pizzorno's original concept of political exchange and integrate it with conceptual tools deriving from different theoretical traditions. They propose the concept of "generalized political exchange", which is considerably different from the Italian "political exchange" presented in this paper and is directed to explain a wider class of phenomena. See Marin and Wagner 1985, Marin 1985a and 1985b.

Note 2: Blau defines power as "the ability of persons or groups to impose their will on others despite resistance through deterrence either in the forms of withholding regularly supplied rewards or in the form of punishment...\*(1964:117).

Note 3: According to Weber, "power (Macht) is the probability that one actor within a social relationship will be in a position to carry out his own despite resistance, regardless of the basis on which this probability rests." (1957:152).

Note 4: Dahl defines power as the "capacity of person A to make person B do something that he would not have done without A's intervention." (1957:201).

Note 5: Where "pertinent" means the capacity of A to use in the best way those resources at his disposal which interest most B,rather than others which interest B less.

Note 6: "The state" (lo Stato), in Italy, usually means the government and the public administration, excluding political parties. The notion of "regime", highly diffused in the Anglo-American literature, is almost totally neglected by Italians, which are more closer to the French <u>étatique</u> and to the German <u>staatliche</u> traditions. Also, the use of the term "state" is often preferred to the use of the term "government", which is more restricted in its meaning.

Note 7: Elsewhere, I have distinguished between age and resources of social power of labor and capital, referring to Korpi (1978) and Offe and Wiesenthal'(1980): " The main power resource at the disposal of labor is the organization of the employees, with the connected possibility of collective action, both in the industrial (unions) and in the state (party) arena. Consequently, the creation of a collective identity by means of organization, ideology and participation is crucial in the formation of power resources and the logic of collective action of the employees. The capitalists base their power resources mainly on the possession of the means of production. Therefore, these resources are pre-existent to a possible collective action. This fact does not prevent capitalist from possessing three different forms of collective action: the firm,

informal cooperation and the association." (Farri:1984:100-1).

Note 8: In fact, writes Pizzorno : "In addition to the direct result of bargaining (wage increases, new work rules), such action may have secondary effects analogous to the external economies of decisions taken on the market in ordinary goods : a demonstration which brings urban traffic to a halt, a strike which harms the users of public services, a union strategy which has impact on election results. In the conditions of modern industrial society such secondary effects are becoming increasingly frequent." (1978:286).

Note 9: The discussion is still open whether these direct relations marginalize or integrate the intermediation channel centered on political parties. The importance of the parliamentary consensus for expenditures and obligations which neocorporatist political exchanges require has been pointed out by Lehmbruch (1964:25-30).

Note 10: The term "political sociology", referring to research in this "grey zone", is becoming very common in Italy. In a lucid article of 1968 Sartori distinguishes between "sociology of politics", as a sociological reduction of politics, and "the true "political sociology" as an interdisciplinary hybrid which utilizes contextually sociological explicative variables as well as politological explicative variables." (1968:603). "Political sociology" is then an "interdisciplinary discipline" which shows "to what extent the political community reflects the society and to what extent the society reflects the imprint of the political community." (1968:637).

Note 11: Regini defines "concertation" as a "way of formulating political choices characterized by the participation of large interest organizations to the decisional process in a context of systematic, regular, long-term exchange between these organizations and the governments." (1983:359). Thus, he practically assimilates concertation and neo-corporatism at the decisional level.

Note 12: Regini never explicity talks about "pluralist political exchange". More than once, however ', he seems to distinguish between exchange relations based on "bargaining" or on "con-arise certation" (or "co-operation"), in order to introduce the distinction between pluralist and neo-corporatist political exchange (Regini, 1981 : 27-8; Regalia and Regini, 1982: 320).

Note 13: "Quasi-Politik",or "quasi-political self-administration of capital" (Ronge,1980:14) means, in the German and Swiss debate (Hotz,1979), the presence of agreeements, both decisional and executive, between central or sectoral business associations

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which permit the private realization of veritable monetary, conjunctural, professional training, welfare, external trade policies. The state is kept excluded from these agreeements, confining itself to the <u>ex post</u> legal sanctionning of them in the case of "free riding" problems.

Note 14: This does not mean, as the "Oxford School" has in fact pointed out (Clegg, Flanders and Fox, 1980), that collective bargaining does not have an important "political" significance for the reproduction of the society. Where "political" means general regulative, or better, self-regulative action.

Note 15: For a critical overview of classical theories of "rational" action see Huard (1980:540-51), March (1982) and Grandori (1984).

Note 16: Elster defines "parametric rationality" as that of an actor who "treats his environment as a constant" and who "believe(s) that he is the only one whose behaviour is variable, and that all the others are parameters for his decision problem." (1979:18).

Note 17: For Elster "the strategically rational actor takes account of the fact that the environment is made up of other actors, and that he is part of their environment, and that they know this etc." (1979:18). He, therefore, attempts, at the moment of action, to take into consideration the intentions as well as the reactions of other actors.

Note 18: Referring to the "garbage can decision process", March and Olsen state : "Suppose we view a choice opportunity as a garbage can into which various problems and solutions are dumpted by participants. The mix of garbage in a single can depends partly on the labels attached to the alternative cans; but it also depends partly on what garbage is being produced at the moment, on the mix of cans available, and on the speed with which garbage is collected and removed from the scene,..., the nature of the choice, the time it takes, and the problems it solves all depend on a relatively complicated intermeshing of the mix of choices available at any one time, the mix of problems that have access to the organization, the mix of solutions looking for problems, and the outside demands on the decision makers." (1976: 26 and 36)

Note 19: Rusconi provides the example of a political exchange leading to an anti-inflation pact: "The state does not limit itself to binding contracting parties which realizes bilateral agreements and to bearing the costs. The state, however, does its part (cuts in public spending, tax reliefs, credit policies), the effects of which go well beyond the interest horizon of the direct bargaining social parties. These arrive at the coordination of their behaviors, not only because they count on the binding force of the state, but also because they are compensated by the state distributive actions." (1984:74). Further on, Rusconi formalizes this situation in the " 'game of political exchange' " (1984:222).

Note 20: Among the other models of unions' action, I should mention the "sociological theory of opportunism" by Offe and Wiesenthal (1980:103-9) and the "theory of class conflict between workers and capitalists" by Przeworski and Wallerstein (1982). Note 21: Regini writes : "To summarize the principal elements of the proposed analytical scheme, one can say that, as far as the logic of unions' action is concerned, the emergence of a sytematic political exchange which permits concertation will be possible in the presence of three conditions:

i) The possibility, through political exchange, of modifying the result of the working of the market in a more fruitful or less risky manner than by the classic means of collective bargaining. This possibility is a function of at least one of the following elements : greater unions' strength in the political market than in the industrial relation sphere ; greater importance of the state compared to firms as provider of resources ; an economic situation which makes the full exploitation of bargaining power very risky for the unions.

ii) A high organizational capacity to under-exploit unions' own bargaining power in view of future benefits, thus to prefer long-term goals over immediate ones. This capacity depends mainly on the availability of instruments to control the unions' crisis of representation, which constitutes a potential threat to such a choice.

iii) A high organizational capacity to aggregate,or better to 'pre-mediate' a plurality of fragmented interests and to become their representaive in the political market, so that unions can assume an 'oligopolistic position' in the negotiation with governments. This capacity is a function of the unions' organizational concentration, on the one hand, and of the power of delegation tacitly granted to them by diverse social groups in order to act in their name in the relation with governments, on the other hand." (1983:365).

Note 22: The workers' dilemma of Lancaster is as follows: "Should (the workers) forgo present consumption by handing over part of total income to the capitalists ? If they do not, they will obtain no higher consumption in the future; If they do, they have no guarantee that the capitalists will actually invest sufficient of this income to bring about the desired level of increase." (1973:1095).

Note 23: Mutti examines these mechanisms one by one: "The strengthening of the autonomy of the system of representation vis-a-vis the represented is a typical solution to reduce uncertainty." (1985:64). Moreover, the stakes can be better specified or standardized in order to become less ambiguous and further they can be reduced in time duration. The structure of reciprocity of the exchange can become less exposed to the economic and political "cycle", establishing minimal standard principles of distributive justice. The procedural rules of the exchange can be better specified in order to avoid conflicts and uncertainties of behavior. And, obviously, the state has a broad range of possibilities at its disposal to reduce the uncertainty of the negotiation and of the respect for the terms of the agreement (Mutti, 1985:66-7).

Note 24: "Among these conditions, some in particular are usually listed as indispensable : high centralization and concentration of the interest organizations, their representational monopoly, the presence of a pro-labor party in office." (Regini, 1983:367).

Note 25: In particular Regini(1983:373-81) demonstrates how, in the case of the "solidarietà nazionale" in Italy (1977-1979) and in that of the "social contract" in Great Britain (1974-1979), it has been possible to reach agreements, even though fragile, of neo-corporatist type, also in the absence of a large part of the structural pre-requisites indicated by the literature.

Note 26: Regini defines the "political valence" of the content of a neo-corporatist political exchange on the basis of "its different degrees of responsiveness to the goals of the workers' movement." (1983:357). He indicates then how the relative strength of the unions "can probably explain the different contents and results of concertation." (1983:366).

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