

# 4 EXCHANGE AND RATIONAL CHOICE THEORIES



George C. Homans

## Key Concepts

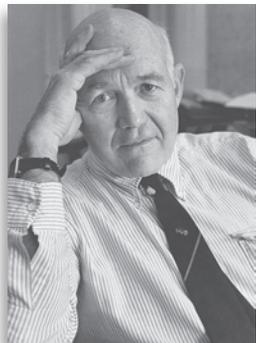
- Elementary Social Behavior
- Costs
- Distributive Justice



Peter M. Blau

## Key Concepts

- Intrinsic/Extrinsic Rewards
- Power
- Imbalanced Exchange



James S. Coleman

## Key Concepts

- Trust
- Norms
  - Conjoint/Disjoint
- Free Rider
- Social Capital

*A stable social relationship requires that individuals make some investments to bring it into being and maintain it in existence, and it is to the advantage of each party to have the other or others assume a disproportionate share of the commitments that secure their continuing association. Hence the common interest of individuals in sustaining a relation between them tends to be accompanied by conflicting interests as to whose investment should contribute most to its sustenance.*

—Peter M. Blau

What are the factors that motivate your choice of friends? What is it about you that induces others to strike up an acquaintanceship? Why do relationships—personal or professional—begin and end when they do? To these questions and countless others like them, exchange theorists offer one fundamental answer: social behavior is guided by the *rational* calculation of an *exchange* of rewards and costs. Much like our economic calculations through which we determine whether the value (reward) of a good is worth its price (cost), so in our social interactions we decide to enter into or terminate a relationship (exchange) with another.

For example, why would a person join and remain in a peer group when he is the constant butt of jokes or pressured into conducting embarrassing or perhaps even dangerous acts? Certainly, any familiarity with college fraternities and sororities or even gangs would introduce us to such a person. The explanation is straightforward: the rewards reaped for group membership (perhaps status or companionship) outweigh the costs associated with public humiliation or personal risk. When the value or importance of the rewards diminishes below the costs incurred, the person will exit the group.

In what follows, we outline the work of two sociologists, George C. Homans and Peter M. Blau, who arguably have made the most significant contributions to exchange theory. In doing so, we highlight their points of theoretical convergence and departure—points that are only hinted at in the simplified example drawn above. Equally important, outlining the central elements of their respective contributions also will provide a canvas for sketching the underlying theoretical and methodological assumptions that make exchange theory a distinct approach to understanding social life. For instance, both Homans and Blau (and exchange theorists more generally) portray individuals as strategic actors who use the resources they have at their disposal in an effort to optimize their rewards. Thus, they contend that individuals are motivated to act not on the basis of tradition, unconscious drives, or some type of structural imperative, but rather on the basis of rational considerations: namely, weighing the consequences of alternative lines of conduct in terms of the “profit” they will likely generate.

Despite such fundamental similarities, however, there are key differences in these theorists’ work. Homans draws principally from behavioral psychology and neoclassical economics in developing his version of exchange theory. Blau’s exchange theory, while sympathetic with economics, evinces a greater indebtedness to the German sociologist Georg Simmel. Consequently, each theorist provides a different pathway—and a different set of answers—to a related set of concerns. It is to a more thorough discussion of these issues and others that we now turn.

## GEORGE C. HOMANS (1910–1989): A BIOGRAPHICAL SKETCH ■

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George C. Homans was born in Boston, Massachusetts, in 1910, to one of the city’s elite families. He attended Harvard College where, in 1932, he earned a degree in English

literature. He was prepared to join the staff of a newspaper after graduating, but his career in journalism ended before it started. Like so many other jobs at the time, Homans's position with the newspaper vanished during the Great Depression. It was through this accident of circumstances that Homans would find his introduction to sociology. Remarking that he had nothing better to do, Homans attended a Harvard seminar on the work of the Italian sociologist Vilfredo Pareto (1848–1923). With another attendee at the seminar, Charles Curtis, he wrote *An Introduction to Pareto*, which in large measure helped earn him admission into the Harvard Society of Fellows in 1934. From that point forward, Homans's academic career would be spent entirely at Harvard, his alma mater. Yet, Homans did not commit himself full-time to the sociology department until 1946 and would wait until 1953 to be appointed full professor—nearly twenty years after being elected to the Society of Fellows. Despite the accidental nature of his introduction into the field and the fact that he never earned a degree in sociology, Homans's work would make an important mark in the discipline. Certainly, his colleagues recognized the significance of his contributions when they elected him president of the American Sociological Association in 1964. During the following twenty-five years, Homans would publish a number of articles and books, including *The Nature of Social Sciences* (1967). The importance of his impact on the discipline was again affirmed when he was awarded the Association's Distinguished Scholarship Award in 1988. Homans died the following year.

## ■ HOMANS'S INTELLECTUAL INFLUENCES AND CORE IDEAS

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Homans developed his exchange theory with the ambition of creating a general framework for understanding individuals' behaviors in face-to-face dealings. As we noted at the beginning of this chapter, his approach is based on a fusion of the principles of behavioral psychology with those of neoclassical economics. Here, we briefly outline the main elements of these two schools and their relevance to Homans's approach.

### *B. F. Skinner and Behavioral Psychology*

In incorporating the insights of behavioral psychology, Homans turned to the work of his friend and colleague at Harvard, B. F. Skinner (1904–90). Skinner conducted experiments with pigeons in order to explore the effects of operant conditioning. This conditioning involves a process in which a particular behavior (operant) is reinforced through the use of rewards or punishments that, in turn, condition the likelihood that the behavior will be repeated or avoided. It is in this way, through the provision and removal of rewards and punishments, that all noninstinctual behaviors are learned. In one of the more remarkable examples of the techniques of operant conditioning and their effectiveness, Skinner trained his laboratory pigeons to play table tennis by reinforcing (rewarding) specific behaviors with food.

Skinner, however, was less interested in understanding how pigeons learn reinforced behaviors than he was in discovering the factors that account for changes in the frequency with which learned behaviors are exhibited. This led him to consider two conditions: the state of the pigeon (i.e., whether or not it is hungry) and the rate at which the behavior in question is reinforced. With regard to the former, Skinner noted that the longer a pigeon has gone without food and, thus, the hungrier it is, the more often it will perform a behavior that has been previously reinforced with food. Conversely, the more the pigeon's hunger has been satiated, the less often it will perform the behavior. As for the latter, the basic proposition suggests that the less frequently a behavior is reinforced, the less frequently it will be exhibited. Conversely, the more frequent (and thus reliable) a reinforcement, the more often the conditioned behavior will be exhibited (Homans 1961:19–21).

A final consideration involves the role of punishments in determining the probability that a particular action will be performed. Punishments also take on two forms. First, in laboratory settings, pigeons can be subjected to “aversive conditions” such as an electric shock. In such a setting, a given behavior will be reinforced if it enables the bird to escape from or avoid the punishment. Second, punishments also can come in the form of a withdrawal of positive reinforcements, such as the removal of food if a specified behavior is performed. Parents often resort to both forms of punishment when trying to correct (that is, eliminate) their children’s disobedient behavior. Who has not heard “You’re grounded!” or “No dessert for you!”?

Skinner’s work in behavioral psychology also highlighted a special class of punishments that would become central in Homans’s theory on social exchange: **costs**. Costs are unavoidable punishments that are experienced when a behavior also elicits positive reinforcement. Costs have the effect of reducing the frequency of an otherwise rewarding behavior. Costs accompanying a given behavior also have the potential effect of increasing the frequency of an alternative behavior. Similarly, as the costs associated with a given behavior increase, the rewards reaped from pursuing an alternative behavior rise in kind. As a result, the costs entailed in performing a specific act involve the unavoidable punishment of losing or forgoing the rewards that would have been reaped had an alternative behavior been performed (ibid.:24–26).

As we noted previously, the preceding discussion of operant conditioning and its attendant concepts such as rewards, punishments, and costs is derived from Skinner’s experimentation with pigeons. Thus, Homans had to first acknowledge some basic assumptions when transposing Skinner’s work into his own theory; namely, that propositions regarding individual behavior could be adapted to social situations and, perhaps more controversial, that propositions on the behavior of pigeons could be generalized to the behavior of humans (ibid.:31). Taking these two assumptions into account, Homans sought to explain **elementary social behavior**, which he defined as “face-to-face contact between individuals, in which the reward [or punishment] each gets from the behavior of the others is relatively direct and immediate” (ibid.:7). While individual behavior (of pigeons or humans) involves an “exchange” between an animal and its physical environment, social behavior is based on the type of exchange “where the activity of each of at least two animals reinforces (or punishes) the activity of the other, and where accordingly each influences the other” (ibid.:30). However, it is noteworthy that Homans maintained that the laws of individual behavior developed by Skinner are identical to the laws of social behavior once the complications of mutual reinforcement are considered. Thus, there is nothing unique to social behavior that warrants the introduction of new propositions different from those that explain individual or psychological behavior. Not surprisingly, Homans’s position on this issue was (and continues to be) met with much resistance on the part of many sociologists, for, in effect, he was giving over the discipline to psychology.

So what, specifically, are the psychological propositions that explain and predict social behavior? Homans offered five that, when taken together, are said to demonstrate how individuals profit from their actions. In other words, individuals design their conduct such that the value of the rewards gained in an exchange are greater than the costs incurred in forgoing the rewards associated with an alternative line of behavior. We summarize the propositions in Table 4.1.



**Photo 4.1** “Time Out”  
A favored form of punishment by today’s parents.

**Table 4.1** Homans's Behaviorist Propositions

<i>The Stimulus Proposition</i>	If the previous occurrence of a particular stimulus has been the occasion on which an individual's action has been rewarded, then the more similar the current stimulus is to the past one, the more likely the person is to repeat the action.
<i>The Success Proposition</i>	The more often an action is followed by a reward, the more likely a person will repeat the behavior.
<i>The Value Proposition</i>	The more valuable a particular reward is to a person, the more often he will perform a behavior so rewarded.
<i>The Deprivation-Satiation Proposition</i>	The more often in the recent past an individual has received a particular reward, the less valuable any further unit of that reward becomes (and following the value proposition, the less likely the person is to perform the behavior for which he was so rewarded).
<i>The Frustration-Aggression Proposition</i>	If a person's action receives a punishment he did not expect, or if the person does not receive the reward he did expect, he will become angry and more likely to exhibit aggressive behavior, the results of which will become more valuable to him.

SOURCE: Adapted from Homans (1961), *Social Behavior: Its Elementary Forms*, Harcourt, Brace, and World, Inc., 1964, pp. 53–55, 75, and Homans (1987), “Behaviorism and After,” in *Social Theory Today*, edited by Anthony Giddens and Jonathan Turner, Stanford University Press, 1987, pp. 58–81.

To illustrate the operation of these propositions, consider the following example adapted from Homans's (1961) work: Andrew is new to his job and needs help in order to complete his assigned tasks. Thus, he values help and finds it rewarding. Andrew turns to Emma, who is more experienced at the job and is able to take some amount of time from her own work in order to assist Andrew. Andrew rewards Emma for her efforts with thanks and expressions of approval, which Emma, we assume, finds worth receiving. In this scenario, help and approval are exchanged.

Considering Proposition 1 (“Stimulus”), we can first predict that Emma is more likely to provide Andrew with help if the present situation (i.e., stimulus) resembles previous situations in which her willingness to provide assistance has been rewarded. If in similar past experiences Emma has been “burned”—incurred the costs of taking time from her own work without receiving a sufficient reward for her time and expertise—then she would be less likely to risk her services.

Taking together propositions 2 and 3 (“Success” and “Value”), we can predict that the more Andrew needs help and finds Emma's assistance valuable, the more he will ask for it, and the more approval he will offer in return. Likewise, the more Emma needs or values approval, the more often she will provide assistance to Andrew. As a result, the frequency of interaction or exchange between the two depends on the frequency with which each rewards the actions of the other and on the value of the reward each receives (*ibid.*:55). Conversely, should either of the two begin to offer less-valuable rewards (less-than-adequate help or a lackluster show of approval and thanks), then the frequency of their exchange will decrease and eventually end.

However, Proposition 4 (“Deprivation–Satiation”) argues that even if Andrew and Emma continue to exchange acceptable rewards, the value of such rewards will begin to decline. For just like the pigeon that stops pecking a lever once its hunger is satiated, at some point Andrew will find that he is no longer in need of help, while Emma will have had her fill of “thank-you's.” As a result, following Proposition 3 (“Value”), the frequency of their exchange of approval and help will decrease. In short, as the profit of their activities begins

to fall, each is more likely to pursue an alternative course of action, even if this simply means not asking for or supplying help.

While the Value Proposition tells us that both Andrew and Emma must have found their exchange more profitable than alternative courses of action (or else they would not have interacted), it does not provide the whole story. Asserting that individuals will enter into and maintain exchange relations as long as they are profitable says little about how the price of rewards and costs is established. In rounding out the account, Proposition 5 (“Frustration–Aggression”) yields some interesting conclusions regarding evaluations of costs and rewards and, thus, the amount of profit an individual can justifiably expect from an exchange.

To return to our example, when Andrew asks Emma for help, he pays a cost; for instance, he risks being judged incompetent or inferior in status. Accordingly, he forgoes the reward of appearing skilled had he pursued an alternative course and not asked for help. For her part, Emma incurs a cost in the exchange in the form of forgoing whatever rewards she may have reaped had she not spent her time helping Andrew. Perhaps she would have spent more time on her own tasks or used the time to schmooze her boss. The question each is faced with is, “What amount of cost should I expect to incur given the amount of reward I expect to receive?” Striking a fair balance between the rewards and costs each experiences is a problem of **distributive justice**: each party to the exchange must perceive that he or she is not paying too high a cost relative to the rewards gained. In other words, both Andrew and Emma must be convinced that the profit each derives from the exchange is just.

From where does one’s sense of distributive justice arise? According to Homans, it is the history of an individual’s past experiences that determines his or her present expectations regarding rewards and costs. Thus, “the more often in the past an activity emitted under particular stimulus-conditions has been rewarded, the more anger [an individual] will display at present when the same activity, emitted under similar conditions, goes without its reward: precedents are always turning into rights” (ibid.:73). If Emma is interrupted every twenty minutes with a request for help, she is likely to feel that she is being taken advantage of—that with merely a “thank you” in return, the costs are too high to continue the exchange, particularly if similar circumstances in her past required only the occasional interruption. In such a scenario, Emma is likely to feel angry that Andrew is seeking more of a reward than he has the right to expect.

For his part, Andrew is apt to consider whether the help he receives as reward is proportional to the costs that his submission entails. For instance, he may ask himself, “Is Emma expecting me to beg or grovel in order to get her assistance?” If so, then Andrew will gauge Emma’s demands (i.e., her price) as unjust: the costs he is being expected to pay far exceed the value of the rewards Emma is able to supply. With exploitation comes the feeling of anger.

In all exchanges, each party evaluates whether he himself profited fairly as well as whether the other’s profit was just. In determining if the rewards gained were proportional (i.e., expected) to the costs incurred, a general, although often unstated, rule is applied: “The more valuable to the other (and costly to himself) an activity he gives the other, the more valuable to him (and costly to the other) an activity the other gives him” (ibid.:75). When a balance of expected profits is achieved, distributive justice exists. When either party judges profits to be unjust, then anger (or feelings of guilt if a person thinks he unfairly benefited from the exchange) will follow.

### *Classical Economics*

While Homans draws explicitly on the fundamental principles of Skinner’s behavioral psychology, his reliance on classical economics is more implicit. Homans does not turn to

the propositions developed by any particular economist. Instead, he asserts that, just as individuals exchange material goods for money in a market, they exchange, for instance, services or activities for social approval in a social market composed of “sellers” and “buyers.” Like behavioral psychology, classical economics depicts individual action as motivated by the pursuit of profit. In attempting to realize our goals, we enter a marketplace of others seeking to maximize our gains and minimize our costs, although in this case our profits are not measured by money.

Take, for instance, the economic Law of Supply that states, in part, that the higher the price of a good, the more of it a supplier will seek to sell. This is akin to Homans’s value proposition that states that the more valuable a particular reward is to a person, the more often he will perform a behavior so rewarded, and the less often he will perform an alternative activity. Similarly, consider the Law of Demand, which in turn states that the higher the price of a good, the less of it a consumer will purchase. This law is equivalent to the behaviorist principle that the higher the cost incurred by an activity, the less often an individual will perform it, and the more often he will engage in an alternative activity (*ibid.*:69).

Although Homans did not incorporate economic analyses into his theory with the same pronouncedness as the principles of behavioral psychology, he was convinced, nevertheless, that economics could shed important light on social behavior. Indeed, Homans felt that his brand of exchange theory had the distinct advantage of “bring[ing] sociology closer to economics—that science of man most advanced, most capable of application, and, intellectually, most isolated” (Homans 1958:598).

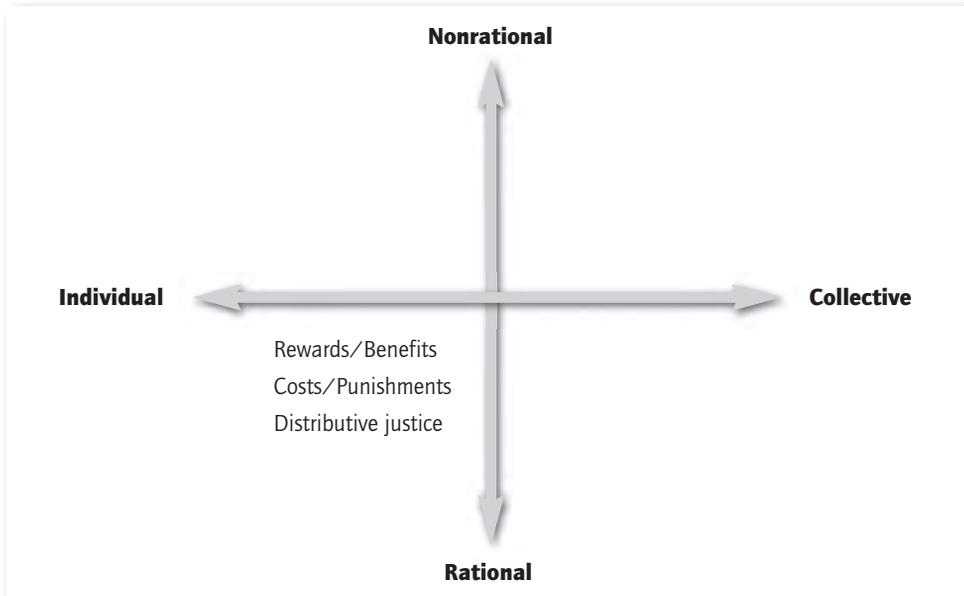
## ■ HOMANS’S THEORETICAL ORIENTATION

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Homans’s approach to social life is avowedly individualistic and rationalist (see Figure 4.1). Holding himself to be “an ultimate psychological reductionist” (*ibid.*:597), he contends that all social behavior, including that which occurs in large-scale organizations and collectivities, is best explained on the basis of psychological principles. Such an argument is not without controversy, for it runs counter to the very *raison d’être* of sociology. Homans was quite aware of the critical nature of his theoretical position. Commenting on the state of theory, he remarked, “Much modern sociological theory seems to me to possess every virtue except that of explaining anything” (Homans 1961:10). This salvo was directed in particular toward the dominant sociological theorist of the period, his Harvard colleague Talcott Parsons (see Chapter 2). While Parsons was building abstract conceptual schemes of social systems, Homans was denying that social systems exist, at least not as *sui generis* social facts independent of the individuals that they comprise. Thus, Homans was not only dismissing structural functionalist theory at the height of its influence; he also was contesting the central ideas of one of the founding figures of the discipline, Émile Durkheim (Homans 1984:297–98, 323–25). On the relationship between individual action and social structures, Homans summed up his position as follows:

Once [social] structures have been created, they have further effects on the behavior of persons who take part in them or come into contact with them. But these further effects are explained by the same [psychological] propositions as those used to explain the creation and maintenance of the structure in the first place. The structures only provide new given conditions to which the propositions are to be applied. My sociology remains fundamentally individualistic and not collectivistic. (Quoted in Ritzer and Goodman 2004:403)

For Homans, then, what accounts for the enduring patterns of behavior and social structures that make up society is basic behavioral psychology, “for structures do not act on

**Figure 4.1** Homans's Basic Concepts and Theoretical Orientation

individuals automatically. They do so because they establish some of the contingencies under which persons act: their stimuli, rewards and punishments” (Homans 1984:342).

This leads us to Homans's approach to action. If social order is the product of individuals interacting with one another, on what basis is interaction itself motivated? As we noted above, individuals act with the same fundamental goal in mind: maximizing rewards and minimizing costs. In stressing the calculating, strategic aspect of interaction, Homans clearly aligns himself with a rationalist orientation to the problem of action. Yet, Homans acknowledges two limitations on his rationalist position. The first involves the role of values in the decision-making process. Homans assumes as a given the particular values that any individual may seek to maximize. His interest lies in explaining why people *behave* as they do in realizing their values, and not why they value the things that they do. As he puts it, “Our problem is not why they hold [particular] values, but given that they do hold them, what they do about them” (Homans 1961:48). However, this seeming simplification of the problem poses its own puzzles. While it may appear obvious to assume some values—a person new to a job will value the help coworkers can provide—others can confound an observer's expectations. It may well be the case that an individual values his sense of pride more than the help others can provide. Thus, while he is new to a job and in need of help, the cost in pride for asking outweighs the rewards for receiving it. Indeed, values that are their own reward, such as pride and altruism, greatly complicate the ability to predict and explain an individual's behavior (ibid.:45).

The second limitation involves the “bounded” nature of rationality attributed to actors (March and Simon 1958). The rational calculations that guide an individual's behaviors are by no means flawless. Thus, the rewards that are obtained are, more often than not, less than optimal. The ability to fully maximize the profit on one's values is limited by a number of conditions, including the uniqueness of one's past experiences, the dependence on others for rewards, and the particularities of a given exchange situation. In short, there are boundaries to individuals' decision making such that “All we impute to them in the way of rationality is that they know enough to come in out of the rain unless they enjoy getting wet” (Homans 1961:82).

## Reading

### Introduction to "Social Behavior as Exchange"

In this article, Homans introduces many of the central ideas discussed above. His individualistic orientation to understanding the basis of social order is made clear in the article's first paragraph. In it, he asserts that in studying elementary social behavior we are studying "what happens when two or three persons are in a position to influence one another, the sort of thing of which those massive structures called 'classes,' 'firms,' 'communities,' and 'societies' must ultimately be composed" (Homans 1958:597). Similarly, he expresses his rationalist orientation to action and indebtedness to Skinner's behavioral psychology when describing interaction as an exchange of goods reinforced by the values that actors attach to rewards sought and costs endured.

After laying the theoretical groundwork, Homans turns to a discussion of a number of experiments and studies that shed empirical light on his behaviorist propositions. Given our own discussion of Homans's work, we will not review here the details of the article. Instead, we leave you to determine the validity of his argument and of the role he assigns to such matters as profit seeking, behavioral reinforcements, and distributive justice in interaction.

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### "Social Behavior as Exchange" (1958)

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George C. Homans

#### THE PROBLEMS OF SMALL-GROUP RESEARCH

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What we are really studying in small groups is elementary social behavior: what happens when two or three persons are in a position to influence one another, the sort of thing of which those massive structures called "classes," "firms," "communities," and "societies" must ultimately be composed. . . .

[Analysis of elementary social behavior] would be furthered by our adopting the view that interaction between persons is an exchange of goods, material and non-material. This is one of the oldest theories of social behavior, and one that we still use every day to interpret our own behavior, as when we say, "I found so-and-so rewarding"; or "I got a great deal out of him"; or, even, "Talking with him took a great deal out of me." But, perhaps just because it is so obvious, this view has been much neglected by social scientists. . . .

An incidental advantage of an exchange theory is that it might bring sociology closer to economics—that science of man most advanced, most capable of application, and, intellectually, most isolated. Economics studies exchange carried out under special circumstances and with a most useful built-in numerical measure of value. What are the laws of the general phenomenon of which economic behavior is one class?

In what follows I shall suggest some reasons for the usefulness of a theory of social behavior as exchange and suggest the nature of the propositions such a theory might contain.

#### AN EXCHANGE PARADIGM

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I start with the link to behavioral psychology and the kind of statement it makes about the behavior of an experimental animal such as the

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SOURCE: "Social Behavior as Exchange" by George C. Homans from *The American Journal of Sociology*, 63:6, pp. 597–606. Copyright © 1958 University of Chicago Press. Reprinted with permission of The University of Chicago Press.

pigeon.<sup>1</sup> As a pigeon explores its cage in the laboratory, it happens to peck a target, whereupon the psychologist feeds it corn. The evidence is that it will peck the target again; it has learned the behavior, or, as my friend Skinner says, the behavior has been reinforced, and the pigeon has undergone *operant conditioning*. This kind of psychologist is not interested in how the behavior was learned: “learning theory” is a poor name for his field. Instead, he is interested in what determines changes in the rate of emission of learned behavior, whether pecks at a target or something else.

The more hungry the pigeon, the less corn or other food it has gotten in the recent past, the more often it will peck. By the same token, if the behavior is often reinforced, if the pigeon is given much corn every time it pecks, the rate of emission will fall off as the pigeon gets *satiated*. If, on the other hand, the behavior is not reinforced at all, then, too, its rate of emission will tend to fall off, though a long time may pass before it stops altogether, before it is *extinguished*. In the emission of many kinds of behavior the pigeon incurs *aversive stimulation*, or what I shall call “cost” for short, and this, too, will lead in time to a decrease in the emission rate. Fatigue is an example of a “cost.” Extinction, satiation, and cost, by decreasing the rate of emission of a particular kind of behavior, render more probable the emission of some other kind of behavior, including doing nothing. I shall only add that even a hard-boiled psychologist puts “emotional” behavior, as well as such things as pecking, among the unconditioned responses that may be reinforced in operant conditioning. As a statement of the propositions of behavioral psychology, the foregoing is, of course, inadequate for any purpose except my present one.

We may look on the pigeon as engaged in an exchange—pecks for corn—with the psychologist, but let us not dwell upon that, for the behavior of the pigeon hardly determines the behavior of the psychologist at all. Let us turn to a situation where the exchange is real, that is, where the determination is mutual. Suppose we are dealing with two men. Each is emitting behavior reinforced to some degree by the

behavior of the other. How it was in the past that each learned the behavior he emits and how he learned to find the other’s behavior reinforcing we are not concerned with. It is enough that each does find the other’s behavior reinforcing, and I shall call the reinforcers—the equivalent of the pigeon’s corn—*values*, for this, I think, is what we mean by this term. As he emits behavior, each man may incur costs, and each man has more than one course of behavior open to him.

This seems to me the paradigm of elementary social behavior, and the problem of the elementary sociologist is to state propositions relating the variations in the values and costs of each man to his frequency distribution of behavior among alternatives, where the values (in the mathematical sense) taken by these variable for one man determine in part their values for the other.

I see no reason to believe that the propositions of behavioral psychology do not apply to this situation, though the complexity of their implications in the concrete case may be great indeed. In particular, we must suppose that, with men as with pigeons, an increase in extinction, satiation, or aversive stimulation of any one kind of behavior will increase the probability of emission of some other kind. The problem is not, as it is often stated, merely, what a man’s values are, what he has learned in the past to find reinforcing, but how much of any one value his behavior is getting him now. The more he gets, the less valuable any further unit of that value is to him, and the less often he will emit behavior reinforced by it.

#### THE INFLUENCE PROCESS

We do not, I think, possess the kind of studies of two-person interaction that would either bear out these propositions or fail to do so. But we do have studies of larger numbers of persons that suggest that they may apply, notably the studies by Festinger, Schachter, Back, and their associates on the dynamics of influence. One of the variables they work with they call *cohesiveness*, defined as anything that attracts

<sup>1</sup>B. F. Skinner, *Science and Human Behavior* (New York: Macmillan Co., 1953).

people to take part in a group. Cohesiveness is a value variable; it refers to the degree of reinforcement people find in the activities of the group. Festinger and his colleagues consider two kinds of reinforcing activity: the symbolic behavior we call “social approval” (sentiment) and activity valuable in other ways, such as doing something interesting.

The other variable they work with they call *communication* and others call *interaction*. This is a frequency variable; it is a measure of the frequency of emission of valuable and costly verbal behavior. We must bear in mind that, in general, the one kind of variable is a function of the other.

Festinger and his co-workers show that the more cohesive a group is, that is, the more valuable the sentiment or activity the members exchange with one another, the greater the average frequency of interaction of the members.<sup>ii</sup> With men, as with pigeons, the greater the reinforcement, the more often is the reinforced behavior emitted. The more cohesive a group, too, the greater the change that members can produce in the behavior of other members in the direction of rendering these activities more valuable.<sup>iii</sup> That is, the more valuable the activities that members get, the more valuable those that they must give. For if a person is emitting behavior of a certain kind, and other people do not find it particularly rewarding, these others will suffer their own production of sentiment and activity, in time, to fall off. But perhaps the first person has found their sentiment and activity rewarding, and, if he is to keep on getting them, he must make his own behavior more valuable to the others. In short, the propositions of behavioral psychology imply a tendency toward a certain proportionality between the value to others of the behavior a man gives them and the value to him of the behavior they give him.

Schachter also studied the behavior of members of a group toward two kinds of other members, “conformers” and “deviates.”<sup>iv</sup> I assume that conformers are people whose activity the other members find valuable. For conformity is behavior that coincides to a degree with some group standard or norm, and the only meaning I can assign to *norm* is “a verbal description of behavior that many members find it valuable for the actual behavior of themselves and others to conform to.” By the same token, a deviate is a member whose behavior is not particularly valuable. Now Schachter shows that, as the members of a group come to see another member as a deviate, their interaction with him—communication addressed to getting him to change his behavior—goes up, the faster the more cohesive the group. The members need not talk to the other conformers so much; they are relatively satiated by the conformers’ behavior: they have gotten what they want out of them. But if the deviate, by failing to change his behavior, fails to reinforce the members, they start to withhold social approval from him: the deviate gets low sociometric choice at the end of the experiment. And in the most cohesive groups—those Schachter calls “high cohesive-relevant”—interaction with the deviate also falls off in the end and is lowest among those members that rejected him most strongly, as if they had given him up as a bad job. But how plonking can we get? These findings are utterly in line with everyday experience.

#### PRACTICAL EQUILIBRIUM

... [Real-life small groups] often appear to be in practical equilibrium, and by this I mean nothing fancy. I do not mean that all real-life groups are in equilibrium. I certainly do not mean that all groups must tend to equilibrium. I

<sup>ii</sup>K. W. Back, “The Exertion of Influence through Social Communication,” in L. Festinger, K. Back, S. Schachter, H. H. Kelley, and J. Thibaut (eds.), *Theory and Experiment in Social Communication* (Ann Arbor: Research Center for Dynamics, University of Michigan, 1950), pp. 21–36.

<sup>iii</sup>S. Schachter, N. Ellertson, D. McBride, and D. Gregory, “An Experimental Study of Cohesiveness and Productivity,” *Human Relations*, IV (1951), 229–38.

<sup>iv</sup>S. Schachter, “Deviation, Rejection, and Communication,” *Journal of Abnormal and Social Psychology*, XLVI (1951), 190–207.

do not mean that groups have built-in antidotes to change: there is no homeostasis here. I do not mean that we assume equilibrium. I mean only that we sometimes *observe* it, that for the time we are with a group—and it is often short—there is no great change in the values of the variables we choose to measure. If, for instance, person A is interacting with B more than with C both at the beginning and at the end of the study, then at least by this crude measure the group is in equilibrium.

Many of the Festinger-Schachter studies are experimental, and their propositions about the process of influence seem to me to imply the kind of proposition that empirically holds good of real-life groups in practical equilibrium. For instance, Festinger *et al.* find that, the more cohesive a group is, the greater the change that members can produce in the behavior of other members. If the influence is exerted in the direction of conformity to group norms, then, when the process of influence has accomplished all the change of which it is capable, the proposition should hold good that, the more cohesive a group is, the larger the number of members that conform to its norms. And it does hold good.<sup>v</sup>

Again, Schachter found, in the experiment I summarized above, that in the most cohesive groups and at the end, when the effort to influence the deviate had failed, members interacted little with the deviate and gave him little in the way of sociometric choice. Now two of the propositions that hold good most often of real-life groups in practical equilibrium are precisely that the more closely a member's activity conforms to the norms the more interaction he receives from other members and the more liking choices he gets from them too. From these main propositions a number of others may be derived that also hold good.

Yet we must ever remember that the truth of the proposition linking conformity to liking may on occasion be masked by the truth of other propositions. If, for instance, the man that conforms to the norms most closely also exerts some authority over the group, this may render

liking for him somewhat less than it might otherwise have been. . . .

## PROFIT AND SOCIAL CONTROL

Though I have treated equilibrium as an observed fact, it is a fact that cries for explanation. I shall not, as structural-functional sociologists do, use an assumed equilibrium as a means of explaining, or trying to explain, why the other features of a social system should be what they are. Rather, I shall take practical equilibrium as something that is itself to be explained by the other features of the system.

If every member of a group emits at the end of, and during, a period of time much the same kinds of behavior and in much the same frequencies as he did at the beginning, the group is for that period in equilibrium. Let us then ask why any one member's behavior should persist. Suppose he is emitting behavior of value  $A_1$ . Why does he not let his behavior get worse (less valuable or reinforcing to the others) until it stands at  $A_1 - \Delta A$ ? True, the sentiments expressed by others toward him are apt to decline in value (become less reinforcing to him), so that what he gets from them may be  $S_1 - \Delta S$ . But it is conceivable that, since most activity carries cost, a decline in the value of what he emits will mean a reduction in cost to him that more than offsets his losses in sentiment. Where, then, does he stabilize his behavior? This is the problem of social control.

Mankind has always assumed that a person stabilizes his behavior, at least in the short run, at the point where he is doing the best he can for himself under the circumstances, though his best may not be a "rational" best, and what he can do may not be at all easy to specify, except that he is not apt to think like one of the theoretical antagonists in the *Theory of Games*. Before a sociologist rejects this answer out of hand for its horrid profit-seeking implications, he will do well to ask himself if he can offer any other answer to the question posed. I think he will find that he cannot. Yet experiments designed to test the truth of the answer are extraordinarily rare.

<sup>v</sup>L. Festinger, S. Schachter, and K. Back, *Social Pressures in Informal Groups* (New York: Harper & Bros., 1950), pp. 72–100.

I shall review one that seems to me to provide a little support for the theory, though it was not meant to do so. The experiment is reported by H. B. Gerard, a member of the Festinger-Schachter team, under the title “The Anchorage of Opinions in Face-to-Face Groups.”<sup>vi</sup> The experimenter formed artificial groups whose members met to discuss a case in industrial relations and to express their opinions about its probable outcome. The groups were of two kinds: high-attraction groups, whose members were told that they would like one another very much, and low-attraction groups, whose members were told that they would not find one another particularly likable.

At a later time the experimenter called the members in separately, asked them again to express their opinions on the outcome of the case, and counted the number that had changed their opinions to bring them into accord with those of other members of their groups. At the same time, a paid participant entered into a further discussion of the case with each member, always taking, on the probable outcome of the case, a position opposed to that taken by the bulk of the other members of the group to which the person belonged. The experimenter counted the number of persons shifting toward the opinion of the paid participant.

The experiment had many interesting results, from which I choose only those summed up in Tables 1 and 2. The three different agreement classes are made up of people who, at the

original sessions, expressed different degrees of agreement with the opinions of other members of their groups. And the figure 44, for instance, means that, of all members of high-attraction groups whose initial opinions were strongly in disagreement with those of other members, 44 per cent shifted their opinion later toward that of others.

In these results the experimenter seems to have been interested only in the differences in the sums of the rows, which show that there is more shifting toward the group, and less shifting toward the paid participant, in the high-attraction than in the low-attraction condition. This is in line with a proposition suggested earlier. If you think that the members of a group can give you much—in this case, liking—you are apt to give them much—in this case, a change to an opinion in accordance with their views—or you will not get the liking. And, by the same token, if the group can give you little of value, you will not be ready to give it much of value. Indeed, you may change your opinion so as to depart from agreement even further, to move, that is, toward the view held by the paid participant.

So far so good, but, when I first scanned these tables, I was less struck by the difference between them than by their similarity. The same classes of people in both tables showed much the same relative propensities to change their opinions, no matter whether the change was toward the group or toward the paid participant. We see, for

**Table 1** Percentage of Subjects Changing Toward Someone in the Group

	Agreement	Mild Disagreement	Strong Disagreement
High attraction . . .	0	12	44
Low attraction . . .	0	15	9

**Table 2** Percentage of Subjects Changing Toward the Paid Participant

	Agreement	Mild Disagreement	Strong Disagreement
High attraction . . .	7	13	25
Low attraction . . .	20	38	8

<sup>vi</sup>*Human Relations*, VII (1954), 313–25.

instance, that those who change least are the high-attraction, agreement people and the low-attraction, strong-disagreement ones. And those who change most are the high-attraction, strong-disagreement people and the low-attraction, mild-disagreement ones.

How am I to interpret these particular results? Since the experimenter did not discuss them, I am free to offer my own explanation. The behavior emitted by the subjects is opinion and changes in opinion. For this behavior they have learned to expect two possible kinds of reinforcement. Agreement with the group gets the subject favorable sentiment (acceptance) from it, and the experiment was designed to give this reinforcement a higher value in the high-attraction condition than in the low-attraction one. The second kind of possible reinforcement is what I shall call the “maintenance of one’s personal integrity,” which a subject gets by sticking to his own opinion in the face of disagreement with the group. The experimenter does not mention this reward, but I cannot make sense of the results without something much like it. In different degrees for different subjects, depending on their initial positions, these rewards are in competition with one another: they are alternatives. They are not absolutely scarce goods, but some persons cannot get both at once.

Since the rewards are alternatives, let me introduce a familiar assumption from economics—that the cost of a particular course of action is the equivalent of the foregone value of an alternative—and then add the definition: Profit = Reward – Cost.

Now consider the persons in the corresponding cells of the two tables. The behavior of the high-attraction, agreement people gets them much in the way of acceptance by the group, and for it they must give up little in the way of personal integrity, for their views are from the start in accord with those of the group. Their profit is high, and they are not prone to change their behavior. The low-attraction, strong-disagreement people are getting much in integrity, and they are not giving up for it much in valuable acceptance, for they are members of low-attraction groups. Reward less cost is high for them, too, and they change little. The high-attraction, strong-disagreement people are getting much in the way

of integrity, but their costs in doing so are high, too, for they are in high-attraction groups and thus foregoing much valuable acceptance by the group. Their profit is low, and they are very apt to change, either toward the group or toward the paid participant, from whom they think, perhaps, they will get some acceptance while maintaining some integrity. The low-attraction, mild-disagreement people do not get much in the way of integrity, for they are only in mild disagreement with the group, but neither are they giving up much in acceptance, for they are members of low-attraction groups. Their rewards are low; their costs are low too, and their profit—the difference between the two—is also low. In their low profit they resemble the high-attraction, strong-disagreement people, and, like them, they are prone to change their opinions, in this case, more toward the paid participant. The subjects in the other two cells, who have medium profits, display medium propensities to change.

If we define profit as reward less cost, and if cost is value foregone, I suggest that we have here some evidence for the proposition that change in behavior is greatest when perceived profit is least. This constitutes no direct demonstration that change in behavior is least when profit is greatest, but if, whenever a man’s behavior brought him a balance of reward and cost, he changed his behavior away from what got him, under the circumstances, the less profit, there might well come a time when his behavior would not change further. That is, his behavior would be stabilized, at least for the time being. And, so far as this were true for every member of a group, the group would have a social organization in equilibrium.

I do not say that a member would stabilize his behavior at the point of greatest conceivable profit to himself, because his profit is partly at the mercy of the behavior of others. It is a commonplace that the short-run pursuit of profit by several persons often lands them in positions where all are worse off than they might conceivably be. I do not say that the paths of behavioral change in which a member pursues his profit under the condition that others are pursuing theirs too are easy to describe or predict; and we can readily conceive that in jockeying for position they might never arrive at any equilibrium at all.

## DISTRIBUTIVE JUSTICE

Yet practical equilibrium is often observed, and thus some further condition may make its attainment, under some circumstance, more probable than would the individual pursuit of profit left to itself. I can offer evidence for this further condition only in the behavior of subgroups and not in that of individuals. Suppose that there are two subgroups, working close together in a factory, the job of one being somewhat different from that of the other. And suppose that the members of the first complain and say: "We are getting the same pay as they are. We ought to get just a couple of dollars a week more to show that our work is more responsible." When you ask them what they mean by "more responsible," they say that, if they do their work wrong, more damage can result, and so they are under more pressure to take care.<sup>vii</sup> Something like this is a common feature of industrial behavior. It is at the heart of disputes not over absolute wages but over wage differentials—indeed, at the heart of disputes over rewards other than wages.

In what kind of proposition may we express observations like these? We may say that wages and responsibility give status in the group, in the sense that a man who takes high responsibility and gets high wages is admired, other things equal. Then, if the members of one group score higher on responsibility than do the members of another, there is a felt need on the part of the first to score higher on pay too. There is a pressure, which shows itself in complaints, to bring the *status factors*, as I have called them, into line with one another. If they are in line, a condition of *status congruence* is said to exist. In this condition the workers may find their jobs dull or irksome, but they will not complain about the relative position of groups.

But there may be a more illuminating way of looking at the matter. In my example I have considered only responsibility and pay, but these may be enough, for they represent the two kinds of thing that come into the problem. Pay is clearly a reward; responsibility may be looked

on, less clearly, as a cost. It means constraint and worry—or peace of mind foregone. Then the proposition about status congruence becomes this: If the costs of the members of one group are higher than those of another, distributive justice requires that their rewards should be higher too. But the thing works both ways: If the rewards are higher, the costs should be higher too. This last is the theory of *noblesse oblige*, which we all subscribe to, though we all laugh at it, perhaps because the *noblesse* often fails to *oblige*. To put the matter in terms of profit: though the rewards and costs of two persons or the members of two groups may be different, yet the profits of the two—the excess of reward over cost—should tend to equality. And more than "should." The less-advantaged group will at least try to attain greater equality, as, in the example I have used, the first group tried to increase its profit by increasing its pay.

I have talked of distributive justice. Clearly, this is not the only condition determining the actual distribution of rewards and costs. At the same time, never tell me that notions of justice are not a strong influence on behavior, though we sociologists often neglect them. Distributive justice may be one of the conditions of group equilibrium.

## EXCHANGE AND SOCIAL STRUCTURE

I shall end by reviewing almost the only study I am aware of that begins to show in detail how a stable and differentiated social structure in a real-life group might arise out of a process of exchange between members. This is Peter Blau's description of the behavior of sixteen agents in a federal law-enforcement agency.<sup>viii</sup>

The agents had the duty of investigating firms and preparing reports on the firms' compliance with the law. Since the reports might lead to legal action against the firms, the agents had to prepare them carefully, in the proper form, and take strict account of the many regulations that might apply. The agents were often in doubt what they should do, and then they were supposed

<sup>vii</sup>G. C. Homans, "Status among Clerical Workers," *Human Organization*, XII (1953), 5–10.

<sup>viii</sup>Peter M. Blau, *The Dynamics of Bureaucracy* (Chicago: University of Chicago Press, 1955), 99–116.

to take the question to their supervisor. This they were reluctant to do, for they naturally believed that thus confessing to him their inability to solve a problem would reflect on their competence, affect the official ratings he made of their work, and so hurt their chances for promotion. So agents often asked other agents for help and advice, and, though this was nominally forbidden, the supervisor usually let it pass.

Blau ascertained the ratings the supervisor made of the agents, and he also asked the agents to rate one another. The two opinions agreed closely. Fewer agents were regarded as highly competent than were regarded as of middle or low competence; competence, or the ability to solve technical problems, was a fairly scarce good. One or two of the more competent agents would not give help and advice when asked, and so received few interactions and little liking. A man that will not exchange, that will not give you what he has when you need it, will not get from you the only thing you are, in this case, able to give him in return, your regard.

But most of the more competent agents were willing to give help, and of them Blau says:

A consultation can be considered an exchange of values: both participants gain something, and both have to pay a price. The questioning agent is enabled to perform better than he could otherwise have done, without exposing his difficulties to his supervisor. By asking for advice, he implicitly pays his respect to the superior proficiency of his colleague. This acknowledgment of inferiority is the cost of receiving assistance. The consultant gains prestige, in return for which he is willing to devote some time to the consultation and permit it to disrupt his own work. The following remark of an agent illustrates this: "I like giving advice. It's flattering, I suppose, if you feel that others come to you for advice."<sup>x</sup>

Blau goes on to say: "All agents liked being consulted, but the value of any one of very many consultations became deflated for experts, and

the price they paid in frequent interruptions became inflated."<sup>x</sup> This implies that, the more prestige an agent received, the less was the increment of value of that prestige; the more advice an agent gave, the greater was the increment of cost of that advice, the cost lying precisely in the foregone value of time to do his own work. Blau suggests that something of the same sort was true of an agent who went to a more competent colleague for advice: the more often he went, the more costly to him, in feelings of inferiority, became any further request. "The repeated admission of his inability to solve his own problems . . . undermined the self-confidence of the worker and his standing in the group."<sup>xi</sup>

The result was that the less competent agents went to the more competent ones for help less often than they might have done if the costs of repeated admissions of inferiority had been less high and that, while many agents sought out the few highly competent ones, no single agent sought out the latter much. Had they done so (to look at the exchange from the other side), the costs to the highly competent in interruptions to their own work would have become exorbitant. Yet the need of the less competent for help was still not fully satisfied. Under these circumstances they tended to turn for help to agents more nearly like themselves in competence. Though the help they got was not the most valuable, it was of a kind they could themselves return on occasion. With such agents they could exchange help and liking, without the exchange becoming on either side too great a confession of inferiority.

The highly competent agents tended to enter into exchanges, that is, to interact with many others. But, in the more equal exchanges I have just spoken of, less competent agents tended to pair off as partners. That is, they interacted with a smaller number of people, but interacted often with these few. I think I could show why pair relations in these more equal exchanges would be more economical for an agent than a wider distribution of favors. But perhaps I have gone far enough. The final pattern of this social structure was one in which a small number of

<sup>x</sup>Ibid., p. 108.

<sup>x</sup>Ibid., p. 108.

<sup>xi</sup>Ibid., p. 109.

highly competent agents exchanged advice for prestige with a large number of others less competent and in which the less competent agents exchanged, in pairs and in trios, both help and liking on more nearly equal terms.

Blau shows, then, that a social structure in equilibrium might be the result of a process of exchanging behavior rewarding and costly in different degrees, in which the increment of reward and cost varied with the frequency of the behavior, that is, with the frequency of interaction. Note that the behavior of the agents seems also to have satisfied my second condition of equilibrium: the more competent agents took more responsibility for the work, either their own or others', than did the less competent ones, but they also got more for it in the way of prestige. I suspect that the same kind of explanation could be given for the structure of many "informal" groups.

#### SUMMARY

The current job of theory in small-group research is to make the connection between experimental and real-life studies, to consolidate the propositions that empirically hold good in the two fields, and to show how these propositions might be derived from a still more general set. One way of doing this job would be to revive and make more rigorous the oldest of theories of social behavior—social behavior as exchange.

Some of the statements of such a theory might be the following. Social behavior is an exchange

of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person engaged in exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behavior changes less as profit, that is, reward less cost, tends to a maximum. Not only does he seek a maximum for himself, but he tries to see to it that no one in his group makes more profit than he does. The cost and the value of what he gives and of what he gets vary with the quantity of what he gives and gets. It is surprising how familiar these propositions are; it is surprising, too, how propositions about the dynamics of exchange can begin to generate the static thing we call "group structure" and, in so doing, generate also some of the propositions about group structure that students of real-life groups have stated.

In our unguarded moments we sociologists find words like "reward" and "cost" slipping into what we say. Human nature will break in upon even our most elaborate theories. But we seldom let it have its way with us and follow up systematically what these words imply. Of all our many "approaches" to social behavior, the one that sees it as an economy is the most neglected, and yet it is the one we use every moment of our lives—except when we write sociology.



#### ■ PETER M. BLAU (1918–2002): A BIOGRAPHICAL SKETCH

Peter M. Blau was born in Vienna, Austria, in 1918. As a teenager, he spoke out against the political repression exacted by Austria's fascist government, then controlled by the National Fascist Party. Writing for an underground journal associated with the Socialist Worker's Party, Blau was imprisoned when the Austrian authorities discovered the journal's circulation. He was convicted of high treason and faced a ten-year sentence until an agreement between Hitler and the Austrian government led to the release of political prisoners.

When Hitler seized control of Austria in 1938, Blau, of Jewish descent, attempted to secure a visa allowing him to emigrate to another country. Unsuccessful, he tried to

escape to Czechoslovakia but was captured by Nazi border guards. For the next two months, he faced torture and starvation. When he was released, he made his way to Prague. He was forced to leave only a year later when Hitler invaded Czechoslovakia. Fortunately, arrangements had been made for Blau to emigrate to the United States via France. As fate would have it, he caught what would be the last train out of the country. (His parents remained in Vienna and four years later died in Auschwitz, a Nazi concentration camp.)

Once in France, Blau, who held a German passport, “surrendered” to the Allied forces. The French Army responded by deporting him to a labor camp in Bordeaux. While he was imprisoned, his visa was granted, so he left for the port city of Le Havre and a boat bound for the United States. As fate again would have it, he boarded what turned out to be the last civilian boat departing France. This trip proved doubly miraculous, for also waiting to board were representatives from Elmhurst College who were in Europe offering scholarships for Jewish refugees. Blau was given the address of the son of the college’s president, and a remarkable academic career was born.

After receiving his bachelor’s degree, Blau served four years in the Army as an interrogation officer. With the end of the war, he began his graduate studies in sociology at Columbia University and, under the tutelage of Robert K. Merton (see Chapter 2), received his Ph.D. in 1952. During the next fifty years, Blau would produce eleven books and more than one hundred articles, in the process becoming one of the leading scholars of his day. From 1953 to 1970, he was a professor at the University of Chicago and then, from 1970 to 1988, a professor at Columbia University. In addition to serving as president of the American Sociological Association in 1973, he was selected to a number of prominent positions. He was a Senior Fellow at King’s College as well as a Fellow of the National Academy of Sciences, the American Philosophical Society, and the American Academy of Arts and Sciences. He also was Pitt Professor at Cambridge University and a Distinguished Honorary Professor at the Tianjin Academy of Social Sciences in China. Peter Blau died in March 2002 of adult respiratory distress syndrome.<sup>1</sup>

#### BLAU’S INTELLECTUAL INFLUENCES AND CORE IDEAS ■■

Like Homans, Blau was interested in examining the processes that guide face-to-face interaction. And like Homans, Blau argued that such interaction is shaped by a reciprocal exchange of rewards, both tangible and intangible. On these points, Homans was an important influence on Blau’s work. However, the differences between the two exchange theorists outnumber the similarities. While Homans was interested in studying exchange relations in order to uncover the behaviorist principles that underlie interaction, Blau sought to derive from his analysis of social interaction a better understanding of the complex institutions and organizations that develop out of simpler exchange relations between individuals. Moreover, Blau not only abandoned Homans’s brand of behavioral psychology, but—in recognizing that imbalances of rewards and costs often pervade exchange relations—he also emphasized the roles that power, inequality, and norms of legitimation play in interaction.

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<sup>1</sup>This biographical account is adapted from the April 2002 edition of *Footnotes*, printed by the American Sociological Association.

In extending the work of Homans and fashioning his own brand of exchange theory, Blau drew from a number of scholars. Perhaps most influential in shaping his views on interaction was the German sociologist and philosopher Georg Simmel (1858–1918). In charting a course for the newly created discipline, Simmel argued that sociology should concern itself above all with analyzing the *forms* in which interaction occurs, for it is only through interacting with others that we are able to satisfy our ambitions. Understanding the specific *content* of interactions—what people talk about and why—is of secondary importance. What is of sociological significance, then, is determining the uniformities or shared properties that exist between seemingly diverse social associations. For instance, while a husband and wife may share experiences and discuss issues that are quite different from those expressed among coworkers, both social relations may take on a common form of cooperation or conflict.

Simmel also noted that, while the most dissimilar of contents (individual motivations or interests) may be expressed through an identical form of interaction, the same contents can be expressed in a range of forms of association. For instance, interactions within and between families, gangs, corporations, political organizations, and governments all may take the form of conflict. Thus, despite the varied interests or purposes that led to interaction in each of these cases, the individuals involved all may find themselves facing an opposing party that hinders the realization of their impulses or desires. Similarly, while giving a wedding present, paying for music lessons, and volunteering at the food co-op are actions motivated by different intentions or “contents,” the sociologist sees them all as taking the form of an exchange relation and thus as sharing interaction properties. Conversely, the same drive or interest can be expressed through a number of forms. Attempts to gain economic advantage, for instance, can be realized through cooperative agreements among parties as well as through relations of domination and subordination.

Like Simmel, Blau maintained that the central task of sociology is to uncover the basic forms of interaction through which individuals pursue their interests or satisfy their desires. Blau, moreover, would endorse Simmel’s assertion that in exchange relations lie “the purest and most concentrated form of all human interactions” (Simmel 1900/1971:43). Both maintained that every interaction (a performance, a conversation, or even a romantic affair) can be understood as a form of exchange in which the participant gives the other “more than he had himself possessed” (ibid.:44). Indeed, at the heart of Blau’s theoretical perspective is an attempt to analyze the dynamics of exchange—the interplay of rewards and sacrifice—that are the building blocks of all social relations.

As we noted above, Blau was interested in building a theoretical bridge that would link sociological studies of everyday interactions between individuals and studies that examined the collectivist or structural dimensions of society, such as economic systems, political institutions, or belief systems. While the work of Homans and Simmel (and, to a lesser extent, Erving Goffman) informed the “interactionist” elements of his approach, his analysis of society’s structural properties was most influenced by Max Weber (1864–1920) and Talcott Parsons (see Chapter 2). From them he developed his analysis of the role of power and norms of legitimation in shaping group processes.

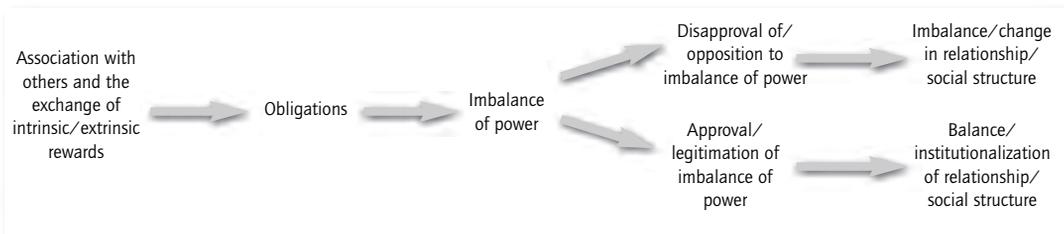
While beginning with Weber’s definition of power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance,” Blau stressed the significance of rewards in inducing others to accede to one’s wishes.<sup>2</sup> For

<sup>2</sup>Weber 1947:152, quoted in Blau 1964:115.

Blau, then, an individual is able to exercise **power** over others when he alone is able to supply needed rewards to them. If the others are unable to receive the benefits from another source, *and* if they are unable to offer rewards to the individual, they become dependent on the individual. Their only option is to submit to his demands lest he withdraw the needed benefits. In short, power results from an unequal exchange stemming from an individual's or group's monopoly over a desired resource (Blau 1964:115, 118).<sup>3</sup>

In defining power in terms of an inequality of resources and the submission that an **imbalanced exchange** imposes, Blau is led to consider the processes that shape the exercise of power and the rise of opposition to it. These processes, in turn, account for both stability and change in interpersonal and group relations, as well as in more complex social institutions (see Figure 4.2). Of central importance is the role of social norms of fairness and the legitimacy they either confer on or deny those in dominant positions. Following the work of both Weber and Talcott Parsons, Blau argues that legitimate authority—a superior's right to demand compliance from subordinates and their willing obedience—is based on shared norms that constrain an individual's response to issued directives. Thus, imbalanced exchange relations are governed less by individual, rational calculations than they are by shared expectations and the cultural values that legitimate them. As long as the superior meets or exceeds the expectations for rewards deemed acceptable by the group, then the ensuing legitimacy conferred on the superior will foster the stability of the group. That is, the costs incurred by subordinates, both in the services they perform and in the very act of submission, must be judged fair relative to the benefits derived for obedience. Otherwise, opposition to the superior's exercise of power may arise, and with it the potential for change in the structure of existing interpersonal or institutional relations (see Figure 4.2). Yet, this judgment rests, ultimately, on consensual, normative standards of fairness. Interestingly, Blau's emphasis on the normative dimension of group life and the exercise of power in it also represents a metatheoretical shift, a point that we discuss below.

**Figure 4.2** Blau's Model of Exchange and the Structure of Social Relations



<sup>3</sup>In arguing that the dynamics of power and submission are tied to the availability of alternative exchange relations, Blau again draws on Simmel's insights. Of particular importance here is the latter's analysis of the patterns of interaction that distinguish dyads from triads and from other larger groups. See Simmel 1950.

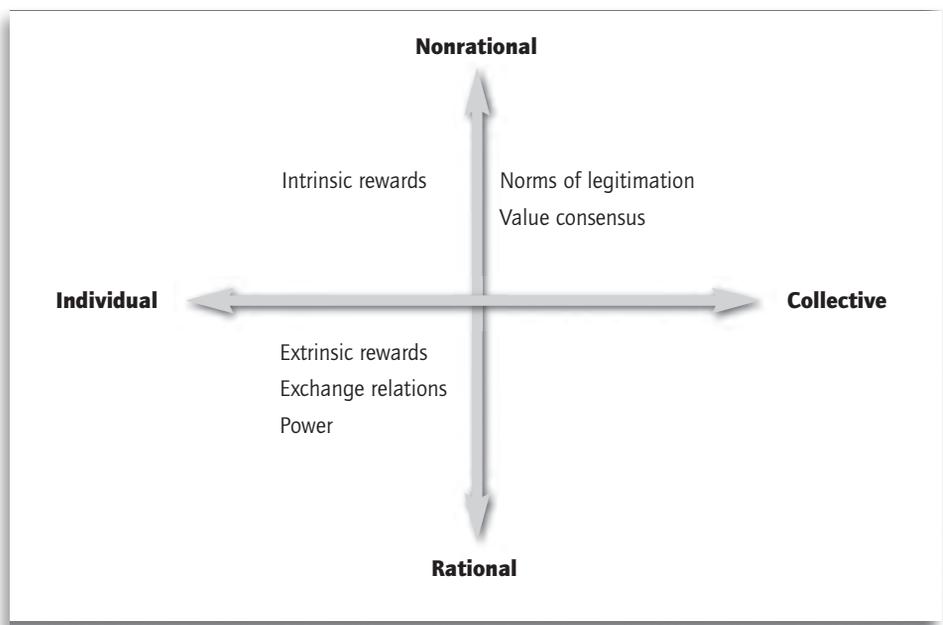
## ■ ■ BLAU'S THEORETICAL ORIENTATION

Like Homans's, Blau's perspective is primarily individualistic and rationalist (see Figure 4.3). In his major work on exchange theory, *Exchange and Power in Social Life* (1964:2), from which the following excerpt is taken, he states his position thusly:

The [theoretical] problem is to derive the social processes that govern the complex structures of communities and societies from the simpler processes that pervade the daily intercourse among individuals and their interpersonal relations.

In other words, while acknowledging that complex social structures (a family, a university, manufacturing industries, the federal government, etc.) possess properties that are distinct from the individuals that live and work in and through them, such structures, nevertheless, emerge only through individual and group interactions. As such, any attempt to understand complex structures must begin with an analysis of the patterns of daily interactions that guide individual conduct.

**Figure 4.3** Blau's Basic Concepts and Theoretical Orientation



Although Blau's emphasis rested on examining the nature of interpersonal interaction, his interests, unlike Homans's, did not lie in searching for the psychological roots of exchange behavior or the patterns of reinforcement that determine the future of such behavior. Instead, reminiscent of Simmel, his objective was to explain the dynamics of exchange *relations* that emerge *between* individuals and groups as they jointly pursue their interests. A simplified model of this dynamic is depicted in Table 4.2. At their root, exchange relations present individuals with four basic interaction options. These options provide the context for an individual's calculation of the possible rewards and costs for initiating an exchange relation. Once an option is realized, it establishes the relational

structure for subsequent exchange calculations that may, in turn, alter the very structure that shaped the individual's or group's decision. (You can see the logic of this model in the strategies devised by the participants in currently popular "reality" shows such as *Survivor*. The players' efforts to prove their worth in the challenges and their use of deception and secret alliances are calculated attempts to create a favorable imbalance of power.)

As we alluded earlier, however, Blau would make a theoretical shift that incorporated collectivist (and nonrational) aspects of social life. In attempting to build a theory of social structure on the basis of those "simpler processes" that shape face-to-face interaction, Blau saw in shared norms a generalized mechanism that defines the expectations and governs the reactions of those subjected to power imbalances. More broadly, Blau viewed "value consensus" as a crucial mediating link allowing for "integrative bonds and social solidarity among millions of people in society, most of whom have never met . . . [and] which alone make it possible to transcend personal transactions and develop complex networks of independent exchange" (ibid.:24). While originally an emergent product of simple exchange relations, norms and values become institutionalized in the broader social fabric as they are transmitted from one generation to the next. Despite this theoretical shift, however, Blau's argument in the following selection underscores the individualistic dimension of social order.<sup>4</sup>

Regarding his general position on the problem of action, Blau adopted a rational orientation. Although the incorporation of norms and values into his model suggests a nonrational perspective, Blau emphasized the goal-directed aspects of human behavior:

Within the rather broad limits . . . norms impose on social relations, however, human beings tend to be governed in their associations with one another by the desire to obtain social rewards of various sorts, and the resulting exchanges of benefits shape the structure of social relations. (ibid.:18)

**Table 4.2** Exchange Relations and Interaction Options

		<b>A's Choice</b>	
		<b>Provide Rewards</b>	<b>Withhold Rewards</b>
<b>B's Choice</b>	<b>Provide Rewards</b>	Peer relation (second choice of both)	A profits—imbalance of power (A's first choice)
	<b>Withhold Rewards</b>	B profits—imbalance of power (B's first choice)	No relation (last choice of both)

SOURCE: Adapted from Peter Blau, *Exchange and Power in Social Life* (1964:45).

<sup>4</sup>Blau's theoretical shift also left him open to the charge of ad hoc theorizing. In other words, he resorted to logically inconsistent concepts to plug the holes in his essentially individualistic argument. Interestingly, Blau would later abandon his attempt to develop a theory of complex social structures on the basis of "simple" exchange relations.

Yet, like Homans, he, too, assumed a restricted view on the nature of rational action, contending only that individuals “choose between alternative potential associates or courses of action by evaluating the experiences or expected experiences with each in terms of a preference ranking and then selecting the best alternative” (ibid.). Which objectives an individual pursues and how successful she will be in achieving them remains an open question, one that can be answered only inductively after the fact.<sup>5</sup>

As for the “rewards of various sorts,” Blau distinguished between two: extrinsic and intrinsic. **Extrinsic rewards** are those that are “detachable” from the association in which they are acquired. In other words, extrinsic benefits are derived not from another person’s company itself, but from the external rewards his company will provide. Here, associating with others serves as a means to a further end.<sup>6</sup> Thus, a salesperson is considerate because she wants to make a commission, not because she values the relationship she initiates with any particular customer.

**Intrinsic rewards** are those things we find pleasurable in and of themselves, not because they provide the means for obtaining other benefits. Examples of intrinsic rewards are celebrating a holiday with one’s family, going on a walk with a friend, or love—the purest type of intrinsic reward. In cases such as these, rewards express one’s commitment to the relationship and are exchanged in the interest of maintaining it.

Because linking intimate relations to exchange processes runs counter to our conventional understanding of such relations, some additional remarks on the topic perhaps are in order. As Blau notes, “Love appears to make human beings unselfish, since they themselves enjoy giving pleasure to those they love, but this selfless devotion generally rests on an interest in maintaining the other’s love” (ibid.:76). Yet, it is often the case that in intimate relations one individual is more in love than the other. As a result, the “interests” in maintaining the relationship are not equal. This, in turn, creates an imbalance that advantages one partner while disadvantaging the other, as the costs for ending the relationship, as well as the willingness to endure costs to maintain it, are not proportionate. As is the case in other types of relationships, the individual who is less committed in an intimate relationship is able to exercise power over the other, whose greater interest in maintaining the relationship resigns him to a dependent position.

It is this dynamic that underlies “playing hard to get,” where “the lover who does not express unconditional affection early gains advantages in the established interpersonal relationship. Indeed, the more restrained lover also seems to have a better chance of inspiring another’s love for himself or herself” (ibid.:78). Like other benefits offered, affections that are given too freely decrease in value. Moreover, the more freely one gives his affection, the more he signals that he has few options, thus reducing his value on the “market.” From this perspective, dating is a “challenge of

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<sup>5</sup>It is important to point out that our theoretical positioning of Blau is based primarily on the selection included in this volume. In fact, the totality of Blau’s works spans into each quadrant of our map. For instance, in addition to his contributions to exchange theory, Blau also made a significant impact in the sociology of organizations and social stratification. See, for example, *Structural Contexts of Opportunities* (1994), *Inequality and Heterogeneity* (1977), and *The Dynamics of Bureaucracy* (1955).

<sup>6</sup>Blau saw his distinction between intrinsic and extrinsic rewards as a special case of Parsons’s distinction between the pattern variables, particularism and universalism, respectively (see Chapter 2).

conquest” in which those “who are successful in making many conquests . . . validate their attractiveness in their own eyes as well as those of others” (ibid.:81). Conversely, resisting conquests implies that one has many alternatives to choose from, which then enhances a person’s desirability in the eyes of others. Just as relationships based on an exchange of extrinsic rewards involve a cost/benefit dilemma, so too do intimate relations. In this instance, though, the dilemma is one in which lovers must express affection for one another in order to maintain the relationship, while at the same time they experience pressure to withhold such expressions in order to make themselves more attractive to each other.

## Reading

### Introduction to *Exchange and Power in Social Life*

In the following selection, you will encounter the themes discussed to this point: interaction as a reciprocal exchange of rewards, how an imbalance in exchanges can lead to an imbalance of power, and how this inequality can lead to a change in the structure of social relations depending on social norms of fairness that shape the exercise of legitimate authority. It is through such norms that subordinate individuals define the imbalances as just and beneficial or as oppressive and exploitative.

In addition to these themes, Blau also emphasizes the role of “social attraction” in exchange relations. For Blau, social attraction represents the fundamental “force that induces human beings to establish social associations” with others (ibid.:20). Such attraction rests on whether or not an individual expects to receive rewards for forming an association with another. Thus, it is what the other can offer us that determines whether we will find him “attractive.” Our attraction to others often is motivated and sustained by a mix of extrinsic and intrinsic rewards. Indeed, associations we find intrinsically gratifying often were initiated for the extrinsic rewards they provided: the coworker whose advice we sought last year is now a valued friend, the comparative (i.e., extrinsic) good looks and wit of another sparks a lasting courtship. Similarly, in addition to loving one another, spouses also may be attracted to the economic rewards that their marriage brings.

While the forms of social attraction may differ, the same basic exchange processes guide the relations they initiate. Whether the rewards exchanged are intrinsic or extrinsic in nature, the exchange itself produces a “strain toward reciprocity,” since individuals are interested in discharging their obligations to provide benefits to those from whom rewards were received. Failure to do so can jeopardize not only the continued supply of benefits, but also the conferring of social approval, a basic and important reward. Yet, the obligation to reciprocate, felt as a blessing or a burden, also produces a strain toward imbalance in the relationship, for individuals seek not merely to stay out of “debt,” but also to “accumulate credit that makes their status superior to that of others” (ibid.:26). As you will read below, even love relationships are not free from these twin strains and the power dynamics to which they give rise.

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## *Exchange and Power in Social Life (1964)*

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Peter Blau

### THE STRUCTURE OF SOCIAL ASSOCIATIONS

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To speak of social life is to speak of the associations between people—their associating together in work and in play, in love and in war, to trade or to worship, to help or to hinder. It is in the social relations men establish that their interests find expression and their desires become realized. As Simmel put it: “Social association refers to the widely varying forms that are generated as the diverse interests of individuals prompt them to develop social units in which they realize these—sensual or ideal, lasting or fleeting, conscious or unconscious, casually impelling or teleologically inducing—interests.”<sup>i</sup> Simmel’s fundamental postulate, and also that of this book, is that the analysis of social associations, of the processes governing them, and of the forms they assume is the central task of sociology. . . .

The objectives of our investigation are to analyze social associations, the processes that sustain them and the forms they attain, and to proceed to inquire into the complex social forces and structures to which they give rise. Broad as this topic is, it is intended to provide a specific focus that explicitly excludes many sociological problems from consideration. Sociology is defined by Weber as “a science which attempts the interpretative understanding of social action in order thereby to arrive at a causal explanation of its course and effects. . . . Action is social insofar as, by virtue of the subjective meaning attached to it by the acting individual (or individuals), it takes account of the behavior of others and is thereby oriented in its course.”<sup>ii</sup> A concern with social action, broadly conceived as any conduct that derives its impetus and meaning from social values, has characterized contemporary theory in sociology for some years. The resulting preoccupation with value

orientations has diverted theoretical attention from the study of the actual associations between people and the structures of their associations. While structures of social relations are, of course, profoundly influenced by common values, these structures have a significance of their own, which is ignored if concern is exclusively with the underlying values and norms. Exchange transactions and power relations, in particular, constitute social forces that must be investigated in their own right, not merely in terms of the norms that limit and the values that reinforce them, to arrive at an understanding of the dynamics of social structures. If one purpose of the title of this chapter is to indicate a link with the theoretical tradition of Simmel, another purpose is to distinguish the theoretical orientation in this monograph from that of Weber and Parsons; not “the structure of social action” but the structure of social associations is the focal point of the present inquiry.

After illustrating the concept of social exchange and its manifestations in various social relations, this chapter presents the main theme of how more complex processes of social association evolve out of simpler ones. Forces of social attraction stimulate exchange transactions. Social exchange, in turn, tends to give rise to differentiation of status and power. Further processes emerge in a differentiated status structure that lead to legitimation and organization, on the one hand, and to opposition and change, on the other. Whereas the conception of reciprocity in exchange implies the existence of balancing forces that create a strain toward equilibrium, the simultaneous operations of diverse balancing forces recurrently produce imbalances in social life, and the resulting dialectic between reciprocity and imbalance gives social structures their distinctive nature and dynamics.

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<sup>i</sup>Georg Simmel, *Soziologie*, Leipzig: Duncker und Humblot, 1908, p. 6 (my translation).

<sup>ii</sup>Max Weber, *The Theory of Social and Economic Organization*, New York: Oxford University Press, 1947, p. 88.

### *The Exchange of Social Rewards*

Most human pleasures have their roots in social life. Whether we think of love or power, professional recognition or sociable companionship, the comforts of family life or the challenge of competitive sports, the gratifications experienced by individuals are contingent on actions of others. The same is true for the most selfless and spiritual satisfactions. To work effectively for a good cause requires making converts to it. Even the religious experience is much enriched by communal worship. Physical pleasures that can be experienced in solitude pale in significance by comparison. Enjoyable as a good dinner is, it is the social occasion that gives it its luster. Indeed, there is something pathetic about the person who derives his major gratification from food or drink as such, since it reveals either excessive need or excessive greed; the pauper illustrates the former, the glutton, the latter. To be sure, there are profound solitary enjoyments—reading a good book, creating a piece of art, producing a scholarly work. Yet these, too, derive much of their significance from being later communicated to and shared with others. The lack of such anticipation makes the solitary activity again somewhat pathetic: the recluse who has nobody to talk to about what he reads; the artist or scholar whose works are completely ignored, not only by his contemporaries but also by posterity.

Much of human suffering as well as much of human happiness has its source in the actions of other human beings. One follows from the other, given the facts of group life, where pairs do not exist in complete isolation from other social relations. The same human acts that cause pleasure to some typically cause displeasure to others. For one boy to enjoy the love of a girl who has committed herself to be his steady date, other boys who had gone out with her must suffer the pain of having been rejected. The satisfaction a man derives from exercising power over others requires that they endure the deprivation of being subject to his power. For a professional to command an outstanding reputation in his field, most of his colleagues must get along without such pleasant recognition, since it is the lesser professional esteem of the majority that defines his as outstanding. The joy the victorious team members experience has its

counterpart in the disappointment of the losers. In short, the rewards individuals obtain in social associations tend to entail a cost to other individuals. This does not mean that most social associations involve zero-sum games in which the gains of some rest on the losses of others. Quite the contrary, individuals associate with one another because they all profit from their association. But they do not necessarily all profit equally, nor do they share the cost of providing the benefits equally, and even if there are no direct costs to participants, there are often indirect costs born [*sic*] by those excluded from the association, as the case of the rejected suitors illustrates.

Some social associations are intrinsically rewarding. Friends find pleasure in associating with one another, and the enjoyment of whatever they do together—climbing a mountain, watching a football game—is enhanced by the gratification that inheres in the association itself. The mutual affection between lovers or family members has the same result. It is not what lovers do together but their doing it *together* that is the distinctive source of their special satisfaction—not seeing a play but sharing the experience of seeing it. Social interaction in less intimate relations than those of lovers, family members, or friends, however, may also be inherently rewarding. The sociability at a party or among neighbors or in a work group involves experiences that are not especially profound but are intrinsically gratifying. In these cases, all associates benefit simultaneously from their social interaction, and the only cost they incur is the indirect one of giving up alternative opportunities by devoting time to the association.

Social associations may also be rewarding for a different reason. Individuals often derive specific benefits from social relations because their associates deliberately go to some trouble to provide these benefits for them. Most people like helping others and doing favors for them—to assist not only their friends but also their acquaintances and occasionally even strangers, as the motorist who stops to aid another with his stalled car illustrates. Favors make us grateful, and our expressions of gratitude are social rewards that tend to make doing favors enjoyable, particularly if we express our appreciation and indebtedness publicly and thereby help establish

a person's reputation as a generous and competent helper. Besides, one good deed deserves another. If we feel grateful and obligated to an associate for favors received, we shall seek to reciprocate his kindness by doing things for him. He in turn is likely to reciprocate, and the resulting mutual exchange of favors strengthens, often without explicit intent, the social bond between us.

A person who fails to reciprocate favors is accused of ingratitude. This very accusation indicates that reciprocation is expected, and it serves as a social sanction that discourages individuals from forgetting their obligations to associates. Generally, people are grateful for favors and repay their social debts, and both their gratitude and their repayment are social rewards for the associate who has done them favors. The fact that furnishing benefits to others tends to produce these social rewards is, of course, a major reason why people often go to great trouble to help their associates and enjoy doing so. We would not be human if these advantageous consequences of our good deeds were not important inducements for our doing them.<sup>iii</sup> There are, to be sure, some individuals who selflessly work for others without any thought of reward and even without expecting gratitude, but these are virtually saints, and saints are rare. The rest of us also act unselfishly sometimes, but we require some incentive for doing so, if it is only the social acknowledgment that we are unselfish.

An apparent "altruism" pervades social life; people are anxious to benefit one another and to reciprocate for the benefits they receive. But beneath this seeming selflessness an underlying "egoism" can be discovered; the tendency to help others is frequently motivated by the expectation that doing so will bring social rewards. Beyond this self-interested concern with profiting from social associations, however, there is again an "altruistic" element or, at least, one that removes social transactions from simple egoism or psychological hedonism. A

basic reward people seek in their associations is social approval, and selfish disregard for others makes it impossible to obtain this important reward.

The social approval of those whose opinions we value is of great significance to us, but its significance depends on its being genuine. We cannot force others to give us their approval, regardless of how much power we have over them, because coercing them to express their admiration or praise would make these expressions worthless. "Action can be coerced, but a coerced show of feeling is only a show."<sup>iv</sup> Simulation robs approval of its significance, but its very importance makes associates reluctant to withhold approval from one another and, in particular, to express disapproval, thus introducing an element of simulation and dissimulation into their communications. As a matter of fact, etiquette prescribes that approval be simulated in disregard of actual opinions under certain circumstances. One does not generally tell a hostess, "Your party was boring," or a neighbor, "What you say is stupid." Since social conventions require complimentary remarks on many occasions, these are habitually discounted as not reflecting genuine approbation, and other evidence that does reflect it is looked for, such as whether guests accept future invitations or whether neighbors draw one into further conversations.

In matters of morality, however, individuals have strong convictions that constrain them to voice their actual judgments more freely. They usually do not hesitate to express disapproval of or, at least, withhold approval from associates who have violated socially accepted standards of conduct. Antisocial disregard for the welfare of the ingroup meets universally with disapprobation regardless of how immoral, in terms of the mores of the wider community, the norms of a particular group may be. The significance of social approval, therefore, discourages conduct that is utterly and crudely selfish. A more profound

<sup>iii</sup>Once a person has become emotionally committed to a relationship, his identification with the other and his interest in continuing the association provide new independent incentives for supplying benefits to the other. Similarly, firm commitments to an organization lead members to make recurrent contributions to it without expecting reciprocal benefits in every instance.

<sup>iv</sup>Erving Goffman, *Asylums*, Chicago: Aldine, 1962, p. 115.

morality must rest not merely on group pressure and long-run advantage but primarily on internalized normative standards. In the ideal case, an individual unerringly follows the moral commands of his conscience whatever the consequences. While such complete morality is attained only by the saint and the fool, and most men make some compromises, moral standards clearly do guide and restrain human conduct. Within the rather broad limits these norms impose on social relations, however, human beings tend to be governed in their associations with one another by the desire to obtain social rewards of various sorts, and the resulting exchanges of benefits shape the structure of social relations.

The question that arises is whether a rationalistic conception of human behavior underlies this principle that individuals pursue social rewards in their social associations. The only assumption made is that human beings choose between alternative potential associates or courses of action by evaluating the experiences or expected experiences with each in terms of a preference ranking and then selecting the best alternative. Irrational as well as rational behavior is governed by these considerations, as Boulding has pointed out:

All behavior, in so far as the very concept of behavior implies doing one thing rather than another, falls into the above pattern, even the behavior of the lunatic and the irrational or irresponsible or erratic person. The distinction between rational and irrational behavior lies in the degree of self-consciousness and the stability of the images involved rather than in any distinction of the principle of optimum.<sup>v</sup>

What is explicitly *not* assumed here is that men have complete information, that they have no social commitments restricting their alternatives, that their preferences are entirely consistent or remain constant, or that they pursue one specific ultimate goal to the exclusion of all others. These more restrictive assumptions, which are not made in the present analysis, characterize rationalistic models of human conduct, such as that of game theory. Of particular

importance is the fact that men strive to achieve diverse objectives. The statement that men select the most preferred among available alternatives does not imply that they always choose the one that yields them the greatest material profit. They may, and often do, choose the alternative that requires them to make material sacrifices but contributes the most to the attainment of some lofty ideal, for *this* may be their objective. Even in this choice they may err and select an alternative that actually is not the best means to realize their goal. Indeed, the need to anticipate in advance the social rewards with which others will reciprocate for favors in exchange relations inevitably introduces uncertainty and recurrent errors of judgment that make perfectly rational calculations impossible. Granted these qualifications, the assumption that men seek to adjust social conditions to achieve their ends seems to be quite realistic, indeed inescapable.

#### *Basic Processes*

The basic social processes that govern associations among men have their roots in primitive psychological processes, such as those underlying the feelings of attraction between individuals and their desires for various kinds of rewards. These psychological tendencies are primitive only in respect to our subject matter, that is, they are taken as given without further inquiry into the motivating forces that produce them, for our concern is with the social forces that emanate from them.

The simpler social processes that can be observed in interpersonal associations and that rest directly on psychological dispositions give rise to the more complex social processes that govern structures of interconnected social associations, such as the social organization of a factory or the political relations in a community. New social forces emerge in the increasingly complex social structures that develop in societies, and these dynamic forces are quite removed from the ultimate psychological base of all social life. Although complex social systems have their foundation in simpler ones, they have their own dynamics with emergent properties. In this section, the basic processes of social

<sup>v</sup>Kenneth Boulding, *Conflict and Defense*, New York: Harper, 1962, p. 151.

associations will be presented in broad strokes, to be analyzed subsequently in greater detail, with special attention to their wider implications.

Social attraction is the force that induces human beings to establish social associations on their own initiative and to expand the scope of their associations once they have been formed. Reference here is to social relations into which men enter of their own free will rather than to either those into which they are born (such as kinship groups) or those imposed on them by forces beyond their control (such as the combat teams to which soldiers are assigned), although even in these involuntary relations the extent and intensity of the association depend on the degree of mutual attraction. An individual is attracted to another if he expects associating with him to be in some way rewarding for himself, and his interest in the expected social rewards draws him to the other. The psychological needs and dispositions of individuals determine which rewards are particularly salient for them and thus to whom they will be attracted. Whatever the specific motives, there is an important difference between the expectation that the association will be an intrinsically rewarding experience and the expectation that it will furnish extrinsic benefits, for example, advice. This difference calls attention to two distinct meanings of the term "attraction" and its derivatives. In its narrower sense, social attraction refers to liking another person *intrinsically* and having positive feelings toward him; in the broader sense, in which the term is now used, social attraction refers to being drawn to another person for any reason whatsoever. The customer is attracted in this broader sense to the merchant who sells goods of a given quality at the lowest price, but he has no intrinsic feelings of attraction for him, unless they happen to be friends.

A person who is attracted to others is interested in proving himself attractive to them, for his ability to associate with them and reap the benefits expected from the association is contingent on their finding him an attractive associate and thus wanting to interact with him. Their attraction to him, just as his to them, depends on the anticipation that the association will be rewarding. To arouse this anticipation, a person tries to impress others. Attempts to appear impressive are pervasive in the early

stages of acquaintance and group formation. Impressive qualities make a person attractive and promise that associating with him will be rewarding. Mutual attraction prompts people to establish an association, and the rewards they provide each other in the course of their social interaction, unless their expectations are disappointed, maintain their mutual attraction and the continuing association.

Processes of social attraction, therefore, lead to processes of social exchange. The nature of the exchange in an association experienced as intrinsically rewarding, such as a love relationship, differs from that between associates primarily concerned with extrinsic benefits, such as neighbors who help one another with various chores, but exchanges do occur in either case. A person who furnishes needed assistance to associates, often at some cost to himself, obligates them to reciprocate his kindness. Whether reference is to instrumental services or to such intangibles as social approval, the benefits each supplies to the others are rewards that serve as inducements to continue to supply benefits, and the integrative bonds created in the process fortify the social relationship.

A situation frequently arises, however, in which one person needs something another has to offer, for example, help from the other in his work, but has nothing the other needs to reciprocate for the help. While the other may be sufficiently rewarded by expressions of gratitude to help him a few times, he can hardly be expected regularly to devote time and effort to providing help without receiving any return to compensate him for his troubles. (In the case of intrinsic attraction, the only return expected is the willingness to continue the association.) The person in need of recurrent services from an associate to whom he has nothing to offer has several alternatives. First, he may force the other to give him help. Second, he may obtain the help he needs from another source. Third, he may find ways to get along without such help. If he is unable or unwilling to choose any of these alternatives, however, there is only one other course of action left for him; he must subordinate himself to the other and comply with his wishes, thereby rewarding the other with power over himself as an inducement for furnishing the needed help. Willingness to comply with

another's demands is a generic social reward, since the power it gives him is a generalized means, parallel to money, which can be used to attain a variety of ends. The power to command compliance is equivalent to credit, which a man can draw on in the future to obtain various benefits at the disposal of those obligated to him. The unilateral supply of important services establishes this kind of credit and thus is a source of power.

Exchange processes, then, give rise to differentiation of power. A person who commands services others need, and who is independent of any at their command, attains power over others by making the satisfaction of their need contingent on their compliance. This principle is held to apply to the most intimate as well as the most distant social relations. The girl with whom a boy is in love has power over him, since his eagerness to spend much time with her prompts him to make their time together especially pleasant for her by acceding to her wishes. The employer can make workers comply with his directives because they are dependent on his wages. To be sure, the superior's power wanes if subordinates can resort to coercion, have equally good alternatives, or are able to do without the benefits at his disposal. But given these limiting conditions, unilateral services that meet basic needs are the penultimate source of power. Its ultimate source, of course, is physical coercion. While the power that rests on coercion is more absolute, however, it is also more limited in scope than the power that derives from met needs.

A person on whom others are dependent for vital benefits has the power to enforce his demands. He may make demands on them that they consider fair and just in relation to the benefits they receive for submitting to his power. On the other hand, he may lack such restraint and make demands that appear excessive to them, arousing feelings of exploitation for having to render more compliance than the rewards received justify. Social norms define the expectations of subordinates and their evaluations of the superior's demands. The fair exercise of power gives rise to approval of the superior, whereas unfair exploitation promotes disapproval.

The greater the resources of a person on which his power rests, the easier it is for him to refrain from exploiting subordinates by making excessive demands, and consequently the better are the chances that subordinates will approve of the fairness of his rule rather than disapprove of its unfairness.

There are fundamental differences between the dynamics of power in a collective situation and the power of one individual over another. The weakness of the isolated subordinate limits the significance of his approval or disapproval of the superior. The agreement that emerges in a collectivity of subordinates concerning their judgment of the superior, on the other hand, has far-reaching implications for developments in the social structure.

Collective approval of power legitimates that power. People who consider that the advantages they gain from a superior's exercise of power outweigh the hardships that compliance with his demands imposes on them tend to communicate to each other their approval of the ruler and their feelings of obligation to him. The consensus that develops as the result of these communications finds expression in group pressures that promote compliance with the ruler's directives, thereby strengthening his power of control and legitimating his authority. "A feeling of obligation to obey the commands of the established public authority is found, varying in liveliness and effectiveness from one individual to another, among the members of any political society."<sup>vi</sup> Legitimate authority is the basis of organization. It makes it possible to organize collective effort to further the achievement of various objectives, some of which could not be attained by individuals separately at all and others that can be attained more effectively by coordinating efforts. Although power that is not legitimated by the approval of subordinates can also be used to organize them, the stability of such an organization is highly precarious.

Collective disapproval of power engenders opposition. People who share the experience of being exploited by the unfair demands of those in positions of power, and by the insufficient rewards they receive for their contributions, are

<sup>vi</sup>Bertrand de Jouvenel, *Sovereignty*, University of Chicago Press, 1957, p. 87.

likely to communicate their feelings of anger, frustration, and aggression to each other. There tends to arise a wish to retaliate by striking down the existing powers. "As every man doth, so shall it be done to him, and retaliation seems to be the great law that is dictated to us by nature."<sup>vii</sup> The social support the oppressed give each other in the course of discussing their common grievances and feelings of hostility justifies and reinforces their aggressive opposition against those in power. It is out of such shared discontent that opposition ideologies and movements develop—that men organize a union against their employer or a revolutionary party against their government.

In brief, differentiation of power in a collective situation evokes contrasting dynamic forces: legitimating processes that foster the organization of individuals and groups in common endeavors; and countervailing forces that deny legitimacy to existing powers and promote opposition and cleavage. Under the influence of these forces, the scope of legitimate organization expands to include ever larger collectivities, but opposition and conflict recurrently redivide these collectivities and stimulate reorganization along different lines.

The distinctive characteristic of complex social structures is that their constituent elements are also social structures. We may call these structures of interrelated groups "macrostructures" and those composed of interacting individuals "microstructures." There are some parallels between the social processes in microstructures and macrostructures. Processes of social attraction create integrative bonds between associates, and integrative processes also unite various groups in a community. Exchange processes between individuals give rise to differentiation among them, and intergroup exchanges further differentiation among groups. Individuals become incorporated in legitimate organizations, and these in turn become part of broader bodies of legitimate authority. Opposition and conflict occur not only within collectivities but also between them. These parallels, however, must not conceal the fundamental differences between the processes that govern the interpersonal associations in microstructures and

the forces characteristic of the wider and more complex social relations macrostructures.

First, *value consensus* is of crucial significance for social processes that pervade complex social structures, because standards commonly agreed upon serve as mediating links of social transactions between individuals and groups without any direct contact. Sharing basic values creates integrative bonds and solidarity among millions of people in a society, most of whom have never met, and serves as functional equivalent for the feelings of personal attraction that unite pairs of associates and small groups. Common standards of valuation produce media of exchange—money being the prototype but not the only one—which alone make it possible to transcend personal transactions and develop complex networks of indirect exchange. Legitimizing values expand the scope of centralized control far beyond the reach of personal influence, as exemplified by the authority of a legitimate government. Opposition ideals serve as rallying points to draw together strangers from widely dispersed places and unite them in a common cause. The study of these problems requires an analysis of the significance of social values and norms that must complement the analysis of exchange transactions and power relations but must not become a substitute for it.

A second emergent property of macrostructures is the complex interplay between the internal forces within substructures and the forces that connect the diverse substructures, some of which may be microstructures composed of individuals while others may themselves be macrostructures composed of subgroups. The processes of integration, differentiation, organization, and opposition formation in the various substructures, which often vary greatly among the substructures, and the corresponding processes in the macrostructure all have repercussions for each other. A systematic analysis of these intricate patterns . . . would have to constitute the core of a general theory of social structures.

Finally, enduring institutions typically develop in macrostructures. Established systems of legitimation raise the question of their perpetuation

<sup>vii</sup>Adam Smith, *The Theory of Moral Sentiments* (2d ed.), London: A. Millar, 1761, p. 139.

through time. The strong identification of men with the highest ideals and most sacred beliefs they share makes them desirous to preserve these basic values for succeeding generations. The investments made in establishing and expanding a legitimate organization create an interest in stabilizing it and assuring its survival in the face of opposition attacks. For this purpose, formalized procedures are instituted that make the organization independent of any individual member and permit it to persist beyond the life span or period of tenure of its members. Institutionalization refers to the emergence of social mechanisms through which social values and norms, organizing principles, and knowledge and skills are transmitted from generation to generation. A society's institutions constitute the social matrix in which individuals grow up and are socialized, with the result that some aspects of institutions are reflected in their own personalities, and others appear to them as the inevitable external conditions of human existence. Traditional institutions stabilize social life but also introduce rigidities that make adjustment to changing conditions difficult. Opposition movements may arise to promote such adjustment, yet these movements themselves tend to become institutionalized and rigid in the course of time, creating needs for fresh oppositions.

### *Reciprocity and Imbalance*

There is a strain toward imbalance as well as toward reciprocity in social associations. The term "balance" itself is ambiguous inasmuch as we speak not only of balancing our books but also of a balance in our favor, which refers, of course, to a lack of equality between inputs and outputs. As a matter of fact, the balance of the accounting sheet merely rests, in the typical case, on an underlying imbalance between income and outlays, and so do apparent balances in social life. Individuals and groups are interested in, at least, maintaining a balance between inputs and outputs and staying out of debt in their social transactions; hence the strain toward reciprocity. Their aspirations, however, are to achieve a balance in their favor and accumulate credit that makes their status superior to that of others; hence the strain toward imbalance.

Arguments about equilibrium—that all scientific theories must be conceived in terms of

equilibrium models or that any equilibrium model neglects the dynamics of real life—ignore the important point that the forces sustaining equilibrium on one level of social life constitute disequilibrating forces on other levels. For supply and demand to remain in equilibrium in a market, for example, forces must exist that continually disturb the established patterns of exchange. Similarly, the circulation of the elite, an equilibrium model, rests on the operation of forces that create imbalances and disturbances in the various segments of society. The principle suggested is that balanced social states depend on imbalances in other social states; forces that restore equilibrium in one respect do so by creating disequilibrium in others. The processes of association described illustrate this principle.

A person who is attracted to another will seek to prove himself attractive to the other. Thus a boy who is very much attracted to a girl, more so than she is to him, is anxious to make himself more attractive to her. To do so, he will try to impress her and, particularly, go out of his way to make associating with him an especially rewarding experience for her. He may devote a lot of thought to finding ways to please her, spend much money on her, and do the things she likes on their dates rather than those he would prefer. Let us assume that he is successful and she becomes as attracted to him as he is to her, that is, she finds associating with him as rewarding as he finds associating with her, as indicated by the fact that both are equally eager to spend time together.

Attraction is now reciprocal, but the reciprocity has been established by an imbalance in the exchange. To be sure, both obtain satisfactory rewards from the association at this stage, the boy as the result of her willingness to spend as much time with him as he wants, and the girl as the result of his readiness to make their dates enjoyable for her. These reciprocal rewards are the sources of their mutual attraction. The contributions made, however, are in imbalance. Both devote time to the association, which involves giving up alternative opportunities, but the boy contributes in addition special efforts to please her. Her company is sufficient reward by itself, while his is not, which makes her "the more useful or otherwise superior" in terms of their own evaluations, and he must furnish

supplementary rewards to produce “equality in a sense between the parties.” Although two lovers may, of course, be equally anxious to spend time together and to please one another, it is rare for a perfect balance of mutual affection to develop spontaneously. The reciprocal attraction in most intimate relations—marriages and lasting friendships as well as more temporary attachments—is the result of some imbalance of contributions that compensates for inequalities in spontaneous affection, notably in the form of one partner’s greater willingness to defer to the other’s wishes. . . .

The theoretical principle that has been advanced is that a given balance in social associations is produced by imbalances in the same associations in other respects. This principle, which has been illustrated with the imbalances that underlie reciprocal attraction, also applies to the process of social differentiation. A person who supplies services in demand to others obligates them to reciprocate. If some fail to reciprocate, he has strong inducements to withhold the needed assistance from them in order to supply it to others who do repay him for his troubles in some form. Those who have nothing else to offer him that would be a satisfactory return for his services, therefore, are under pressure to defer to his wishes and comply with his requests in repayment for his assistance. Their compliance with his demands gives him the power to utilize their resources at his discretion to further his own ends. By providing unilateral benefits to others, a person accumulates a capital of willing compliance on which he can draw whenever it is to his interest to impose his will upon others, within the limits of the significance the continuing supply of his benefits has for them. The general advantages of power enable men who cannot otherwise repay for services they need to obtain them in return for their compliance; although in the extreme case of the person who has much power and whose benefits are in great demand, even an offer of compliance may not suffice to obtain them.

Here, an imbalance of power establishes reciprocity in the exchange. Unilateral services give rise to a differentiation of power that equilibrates the exchange. The exchange balance,

in fact, rests on two imbalances: unilateral services and unilateral power. Although these two imbalances make up a balance or equilibrium in terms of one perspective, in terms of another, which is equally valid, the exchange equilibrium reinforces and perpetuates the imbalances of dependence and power that sustain it. Power differences not only are an imbalance by definition but also are actually experienced as such, as indicated by the tendency of men to escape from domination if they can. Indeed, a major impetus for the eagerness of individuals to discharge their obligations and reciprocate for services they receive, by providing services in return, is the threat of becoming otherwise subject to the power of the supplier of the services. While reciprocal services create an interdependence that balances power, unilateral dependence on services maintains an imbalance of power.

Differentiation of power evidently constitutes an imbalance in the sense of an inequality of power; but the question must be raised whether differentiation of power also necessarily constitutes an imbalance in the sense of a strain toward change in the structure of social relations. Power differences as such, analytically conceived and abstracted from other considerations, create such a pressure toward change, because it can be assumed that men experience having to submit to power as a hardship from which they would prefer to escape. The advantages men derive from their ruler or government, however, may outweigh the hardships entailed in submitting to his or its power, with the result that the analytical imbalance or disturbance introduced by power differences is neutralized. The significance of power imbalances for social change depends, therefore, on the reactions of the governed to the exercise of power.

Social reactions to the exercise of power reflect once more the principle of reciprocity and imbalance, although in a new form. Power over others makes it possible to direct and organize their activities. Sufficient resources to command power over large numbers enable a person or group to establish a large organization. The members recruited to the organization receive benefits, such as financial remuneration, in exchange for complying with the directives of

superiors and making various contributions to the organization. The leadership exercises power within the organization, and it derives power from the organization for use in relation with other organizations or groups. The clearest illustration of this double power of organizational leadership is the army commander's power over his own soldiers and, through the force of their arms, over the enemy. Another example is the power business management exercises over its own employees and, through the strength of the concern, in the market. The greater the external power of an organization, the greater are its chances of accumulating resources that put rewards at the disposal of the leadership for possible distribution among the members.

The normative expectations of those subject to the exercise of power, which are rooted in their social experience, govern their reactions to it. In terms of these standards, the benefits derived from being part of an organization or political society may outweigh the investments required to obtain them, or the demands made on members may exceed the returns they receive for fulfilling these demands. The exercise of power, therefore, may produce two different kinds of imbalance, a positive imbalance of benefits for subordinates or a negative imbalance of exploitation and oppression.

If the members of an organization, or generally those subject to a governing leadership, commonly agree that the demands made on them are only fair and just in view of the ample rewards the leadership delivers, joint feelings of obligation and loyalty to superiors will arise and bestow legitimating approval on their authority. A positive imbalance of benefits generates legitimate authority for the leadership and thereby strengthens and extends its controlling influence. By expressing legitimating approval of, and loyalty to, those who govern them subordinates reciprocate for the benefits their leadership provides, but they simultaneously

fortify the imbalance of power in the social structure.

If the demands of the men who exercise power are experienced by those subject to it as exploitative and oppressive, and particularly if these subordinates have been unsuccessful in obtaining redress for their grievances, their frustrations tend to promote disapproval of existing powers and antagonism toward them. As the oppressed communicate their anger and aggression to each other, provided there are opportunities for doing so, their mutual support and approval socially justify and reinforce the negative orientation toward the oppressors, and their collective hostility may inspire them to organize an opposition. The exploitative use of coercive power that arouses active opposition is more prevalent in the relations between organizations and groups than within organizations. Two reasons for this are that the advantages of legitimating approval restrain organizational superiors and that the effectiveness of legitimate authority, once established, obviates the need for coercive measures. But the exploitative use of power also occurs within organizations, as unions organized in opposition to exploitative employers show. A negative imbalance for the subjects of power stimulates opposition. The opposition negatively reciprocates, or retaliates, for excessive demands in an attempt to even the score, but it simultaneously creates conflict, disequilibrium, and imbalance in the social structure.<sup>viii</sup>

Even in the relatively simple structures of social association considered here, balances in one respect entail imbalances in others. The interplay between equilibrating and disequilibrating forces is still more evident, if less easy to unravel, in complex macrostructures with their cross-cutting substructures, where forces that sustain reciprocity and balance have disequilibrating and imbalancing repercussions not only on other levels of the same substructure but also on other substructures.



<sup>viii</sup>Organized opposition gives expression to latent conflicts and makes them manifest.

## ■ JAMES S. COLEMAN (1926–1995): A BIOGRAPHICAL SKETCH

James S. Coleman was born in Bedford, Indiana, in 1926. After graduating from high school, he served in the U.S. Navy during World War II. Once discharged from the Navy he attended Purdue University, where he graduated with a bachelor's degree in chemical engineering in 1949. Upon graduating, he was hired by the photography giant Eastman-Kodak, based in Rochester, New York. He soon left his job, however, to pursue a Ph.D. in sociology from Columbia University, which he received in 1955. While there, he studied under the tutelage of some of the discipline's most influential figures of the day, most notably Robert Merton, Paul Lazarsfeld, and Seymour Martin Lipset. As a professor at the University of Chicago (1956–59, 1973–95) and Johns Hopkins University (1959–73), Coleman would go on to become one of the most distinguished sociologists in his own right, publishing more than three hundred articles and twenty-five books, including his thousand-page opus, *The Foundations of Social Theory* (1990), in which he laid the intellectual groundwork for rational-choice theory. For Coleman, however, sociology was not to be an academic pursuit carried out by experts in a cloistered ivory tower; instead, it was a science with a unique capacity for informing crucial public policy issues. To that end, much of his work examined the implications of public policy for America's educational system. In 1966, he published the *Equality of Educational Opportunity*, a landmark study conducted for the federal government that examined 600,000 students and 60,000 teachers in 4,000 public schools in order to explore "the lack of availability of equal education opportunities for individuals by reason of race, color, religion, or national origin" (1964 *Civil Rights Act*, Title IV Sec. 402). Based on his findings, he concluded—controversially—that school funding, instructional materials, and teachers' pay did not account for the educational achievement gap between white and black students. In fact, majority black schools were funded comparably to majority white schools by the beginning of the 1960s. (Southern states in particular increased their funding for black schools in the wake of the 1954 *Brown v. Board of Education* Supreme Court decision in an effort to avoid having to comply with its mandates.) Moreover, Coleman found that the academic performance of lower-income black children improved when they attended middle-class, integrated schools, leading him to conclude that the effects of school funding, instructional materials, and the school environment more generally, were mediated through the effects of students' socioeconomic status, race, and family environment. In response, this study, commonly known as the "Coleman Report," helped set the stage for implementing a system of busing to racially integrate schools and create equal educational opportunities for black children. In a subsequent report published in 1975, he revised his policy recommendations as the "white flight" response to busing exacerbated the decline of urban public schools. While a strident opponent of racial segregation, his reversal on the use of busing to achieve racial parity sparked a controversy that saw some civil rights leaders, policy makers, and experts in education vociferously challenging his findings. Indeed, some sociologists called for his expulsion from the discipline's national organization, the American Sociological Association.

Coleman would pursue his interest in the educational system through a number of other works including his coauthored studies, *High School Achievement: Public, Catholic and Private Schools Compared* (1982) and *Public and Private High Schools: The Impact of Communities* (1987). These works were based on a multiwave research program he headed, "High School and Beyond." Based on an initial sample of more than 58,000 sophomore and senior high school students drawn from 1,015 public and private schools, the study is the country's largest longitudinal survey ever conducted on the effects of schooling on individuals' careers and lives.

During his distinguished career, he was a member of the National Academy of Sciences, the American Academy of Arts and Sciences, the Royal Swedish Academy of Sciences, the

American Philosophical Society, and the National Academy of Education. His expertise in the American educational system led to his appointment to the President's Science Advisory Committee under President Richard Nixon. In 1989, he was the recipient of the Educational Freedom Award. Coleman also served as president of the American Sociological Association in 1992 and received the Association's Distinguished Publication Award that year for his *Foundations of Social Theory*. Indeed, it is Coleman's leading role in the development of rational choice theory, a perspective aligned with exchange theory, that established him as a key contemporary theorist. His contribution to the discipline lives on in *Rationality and Society*, a journal he founded in 1989 dedicated to advancing theory and research grounded in a rational choice framework.

#### COLEMAN'S INTELLECTUAL INFLUENCES AND CORE IDEAS ■

Rational choice theories share with exchange theories a view of the actor as a rational, purposive agent motivated by maximizing rewards or realizing his interests. Beyond this similarity, however, a subtle yet important shift in emphasis distinguishes the two perspectives. Exchange theorists emphasize the strategic decision making of individuals and how such individual decisions can produce, sustain, modify, or terminate social relationships within small groups, often dyads. Here, the more collectivist aspects of social order—for instance, norms, social networks, institutionalized access to resources—are either left unexamined or incorporated in a superficial manner as social “givens.” (Blau's focus on norms was an attempt to rectify such criticism.) Within sociological theory, rational choice theorists, while emphasizing the strategic decisions of individuals, are more inclined to situate such decisions within the context of group dynamics. Thus, rational choice theorists explore how interaction between rationally motivated individuals can produce norms, networks, control of resources, and group solidarity, as well how these factors, once created, orient or constrain individuals' decisions and behavior. In other words, more attention is granted to understanding the “feedback loop” that exists between the purposive action of individuals and the broader social conditions in which they are embedded.

#### *Trust and Norms*

Coleman set out to elaborate the premises and promises of rational choice theory in *The Foundations of Social Theory* (1990). To this end, he introduced a number of concepts to explain and predict not only individual decision making and behavior, but also the formation of groups, or, in Coleman's terms, “corporate actors,” and the conditions that enable and affect individual and group or corporate decision making. **Trust** is one such concept; as Coleman notes, “actors place trust, in both the judgement and performance of others, based on rational considerations of what is best, given the alternatives they confront” (ibid.:192). Importantly, the alternatives for possible rewards that an individual has at his disposal are determined by the people with whom he associates. As a result, possible rewards are not equally available to all, but instead are distributed along broader social dimensions such as age, gender, class, and race, because each of these influences the amount and type of resources a person has as well as who one associates with (ibid.). Regardless of the relative advantages and disadvantages that stem from one's network of associates, when a person (trustor) places trust in another (trustee), the latter accrues additional resources paid by the trustor. Thus, it is to the advantage of the trustee to be trustworthy in order to reap possible future benefits (whether they be favors from friends or a merchant's continued business with a supplier) that come with establishing a reputation as a trustworthy person. Likewise, it is advantageous to the trustor to place trust in a person when the possible gain for doing so

outweighs the possible loss that comes with the risk that the person might prove to be untrustworthy, a risk that increases or decreases depending on the information one has about the trustee and the amount of possible gain and loss. For instance, say Julia (the trustee) asks to borrow \$200 from Malika (the trustor) to buy some new clothes, and in return, Julia offers to repay Malika by watching her pets when Malika goes on vacation. Malika now has to decide whether or not to trust Julia to follow through on her promises. Her decision will be based on how valuable the \$200 is to her, how important it is to her to avoid boarding her pets when she goes away on vacation, and how well she knows Julia. If Malika places her trust in Julia, then Julia benefits by getting money that she can use to buy the clothes. If Julia proves to be trustworthy, then Malika benefits by getting her money back and being able to vacation without having to pay the expense of boarding her pets. Julia's trustworthiness allows her to ask for future favors and increases the likelihood of having her requests granted. However, if Julia proves to be untrustworthy, then Malika is out \$200 while her pets starve to death while she is away on vacation. On the bright side, Julia has a new wardrobe.

In essence, the decision to place trust in another involves the same rational calculations that are involved in deciding whether or not to place a bet: both entail knowing how much will be lost (the size of the bet), how much can be gained or won, and the chances of winning (the information one has at her disposal). "If the *chance of winning*, relative to the *chance of losing*, is greater than the *amount that would be lost* (if he loses), relative to the *amount that would be won* (if he wins), then by placing the bet he has an expected gain; and if he is rational, he should place it" (ibid.:99; emphasis in the original).

Like trust, Coleman sees norms emerging on the basis of actors' rational considerations. More specifically, they develop out of repeated exchanges between a limited number of individuals who have an interest in maintaining a relationship with one another. The norms that emerge are not assumed to be universally shared across a society, but instead apply only to those individuals involved in the relationship. Decisions to adhere to and enforce norms, like those that led to their initial emergence, are conditioned by the relative costs and benefits derived from doing so. This view fundamentally contrasts with the one taken by collectivist theories such as structural functionalism, where norms are taken as preexisting "givens" more or less internalized universally by individuals within a social system. Here, norms become part of individuals' cognitive makeup as processes of socialization lead to the acceptance and reproduction of particular normative codes of behavior, even those codes that reinforce relations of domination. From such a perspective, the questions of how and why norms initially emerge and are adhered to are left largely unanswered. The same can be said for Homans's incorporation of norms such as distributive justice into his version of exchange theory. He, too, assumes the presence of norms and thus either explains their emergence in an ad hoc fashion or attributes it to psychological principles innate to the individual.

But what, specifically, are norms from Coleman's perspective? **Norms** are socially defined informal rights to control the actions of others. "No norm exists as long as the individual actor holds the right to his own action, and no norm exists if no right [to control others' actions] has come into existence. A norm exists only when others assume the right to affect the direction an actor's action will take" (ibid.:243). Thus, in establishing a norm, individuals are required to forfeit some of their rights to control their own actions even if it prevents them from realizing one or another of their interests. Individuals who hold the right to control the actions of others are the "beneficiaries" of the particular norm as they realize benefits from encouraging or inducing others to perform or refrain from particular actions. The "targets" of the norm are those who give up their rights to control their actions. In some instances, the same individuals are both the beneficiaries and the targets of the norm (a "conjoint" norm). In giving up the right to control some of their own actions—and subordinating their own interests to those of another individual or group—the individuals

who are the targets of the norm also receive the benefits that come from having the authority to claim the right to control the same actions of others. Here it is rational for the individual to accept the legitimacy of others' claims to control his action because doing so is a necessary condition for giving him the right to control their actions. In other instances, there is a conflict of interest because some of the individuals are beneficiaries while others are the targets (a "disjoint norm"). In either case, the transferring of rights that is the basis of norms is born out of those circumstances in which individuals see themselves either as benefitting if particular actions are followed or harmed if they are not. To encourage proper behavior and the positive consequences they produce, "prescriptive norms" are established; "proscriptive norms" are established to discourage improper behavior and the negative consequences that follow it. Table 4.3 offers an illustration of the various norms.

**Table 4.3** Types of Norms

	Disjoint	Conjoint
Prescriptive	men (beneficiaries) expecting women (targets) to do most of the household chores	an office "policy" requiring that the person who finishes the pot of coffee makes a new pot
Proscriptive	a nonsmoker (beneficiary) inducing a smoker (target) to extinguish his cigarette in a restaurant	members of a group preventing each other from marrying anyone from outside the group

Up to this point, we have discussed what norms are and why some individuals have an interest in controlling the actions of others, namely to encourage behavior that produces positive consequences and to discourage behavior that produces negative consequences. Yet, in order for a demand for a norm to be realized—that is, in order for the norm to be effective—it is not enough that beneficiaries claim the right to control the actions of targets. The beneficiaries also must be able to apply sanctions—rewards and punishments—to the targets to ensure compliance with their demands, particularly in those instances in which the targets have not internalized the desire to conform. Conformity with normative demands, then, can only be sustained when those individuals subjected to them (1) are rewarded by the beneficiaries with positive sanctions for compliance, (2) are punished by the beneficiaries with negative sanctions for engaging in improper behavior, (3) have internalized the demand and thus self-sanction their conduct by experiencing internally generated rewards for performing proper behavior, or (4) have internalized the demand and thus self-sanction their conduct by experiencing internally generated punishments for performing improper actions. In the end, it is the sanctions attached to effective norms that provide the incentive for individuals to cede their rights and coordinate their activities with others in the pursuit of collective goals. With the emergence and realization of norms, group relations and the patterning of behavior that reinforces norms can be sustained over time while limiting wholly self-interested (and potentially socially destructive) conduct.

However, because effective norms require the implementation of sanctions, any number of behaviors are unregulated by others. Those who would benefit from encouraging or preventing particular behaviors may find that the rewards gained for doing so are outweighed by the costs entailed in applying sanctions. An example from Coleman's (ibid.:281) work illustrates this principle:

[S]uppose all members of a club are expected to clean up after meetings, but one member consistently fails to help. If one person expresses disapproval, this might induce a small effort on

the offender's part, but would also have a negative effect on the relationship between the two, an effect that might be more important to the potential sanctioner than the benefit from the offender's effort.

In this case, the rewards gained by the individual for applying "heroic" sanctions are less than the potential costs entailed. As a result, the other member's improper behavior will continue. However, if "incremental" sanctions in the form of collective expressions of disapproval were employed, the offender may be induced to make his full contribution and "the benefits to each would outweigh the costs of each one's worsened relation with the offender" (ibid.). (This same dynamic is likely to arise in our "coffee pot" example in Table 4.3.)

This example leads to another related issue: how the distribution of power and resources determines who can or cannot impose sanctions and who is or is not subjected to them. Individuals with greater power and resources are less likely to abide by norms and less likely to be sanctioned due to the fact that sanctioning such individuals typically incurs higher costs for those who have less power. Certainly we have all heard of the wealthy businessman, the politician, or the group leader whose behavior suggests that the rules do not apply to him or her. Conversely, it is less costly to sanction those of lower status, a calculation that perhaps accounts for the fact that often the same violation will exact harsher punishments (fines, prison terms) for lower-status persons than for higher-status persons. Or, to take an example from Table 4.3, a smoker is inclined to give up his right to smoke in particular settings when the beneficiaries of the norm—the nonsmokers—have more power, given their recourse to legally backed negative sanctions. In cases where an unequal distribution of power and resources exists, those subjected to norms, and perhaps even exploited by them (for example, by norms that legitimate racism or sexism), are likely to conform because the costs for compliance are lower than the costs for deviance. In many instances, it is thus in one's self-interest to reproduce her own submission.

### *The Free Rider*

As a final consideration, in examining the relationship between individual decisions and group action, Coleman (and many other rational choice theorists) turned his attention to the **free-rider** problem.<sup>7</sup> The term "free rider" refers to the individual's rational decision not to participate in group activity if the goals of the group or the "joint goods" it produces cannot be denied to the individual and if their supply is not reduced by others consuming them. For instance, given that any one individual's efforts in the fight to protect the natural environment border on being inconsequential, why should an individual spend his time and energy fighting for the cause? Surely, one person's taking the time to distribute literature in his community or to write letters to his political representatives, or even to donate \$50 to an environmental group, will not tip the balance in the fight one way or another. Similarly, common interests derived from a shared structural position (e.g., economic interests of the working class to raise taxes on the wealthy) are not enough to produce group solidarity. That most individuals do not engage in collective action to further their interests is evidenced, for instance, by poor and working-class individuals in the United States who have failed to galvanize as a group to effectively demand a more equitable distribution of the nation's wealth.

But this is not a matter of defeatism; rather, it makes sense (i.e., it is rational) to let others bear the costs of campaigning for cleaner air and water or tax reform, because if the group is successful in achieving its goals, the individual will receive the benefits for free. After all, you cannot stop someone from breathing air, drinking water, or getting a tax rebate, and their supply, while not necessarily unlimited, is not diminished such that noncontributors to

<sup>7</sup>See Mancur Olson, *The Logic of Collective Action* (1965); Russell Hardin, *Collective Action* (1982); and Michael Hechter (1987), *Principles of Group Solidarity* for foundational statements on the free-rider problem and its effects on goal-oriented group action

the group's cause are unable to consume them. The issue for rational choice theorists, then, is how to explain the formation and success of *groups* when it is rational for *individuals* not to pay the price of participation.

So, why do people participate in the production of joint goods when they cannot be excluded from consuming the benefits the group provides? Rational choice theorists typically offer three solutions to this seeming paradox. First, groups can reward individuals for their participation through “selective incentives”—benefits that are distributed exclusively to those who bear the costs for providing a good. Selective incentives can take on any number of forms, from winning a leadership position in a revolutionary movement to receiving a coffee mug or bumper sticker for making a contribution to a public television station. Second, individuals may work toward achieving a group goal for the intangible benefits that participation itself can provide. For instance, individuals may receive social approval from others or experience a sense of personal satisfaction for having altruistically participated in realizing a collective goal. Thus, a person might even risk imprisonment in order to protest a chemical plant's environmental practices or endure the hardships of a hunger strike to protest political conditions if positive sanctions or the encouragement of others is sufficient to motivate him to bear such extreme costs, even though the possible personal benefits that might come with a successful outcome would pale in comparison. Such a transformation from the rationality of free riding to the rationality of “zeal” is more likely to occur when the social structure in which actors are embedded is “closed.” In this case, the actors are connected to or know one another such that each is able to influence the behavior of the others by directly offering “low-cost” encouragement or gratitude for their efforts (Coleman 1990:272–78). Third, free riding can be minimized by enforcing participation or negatively sanctioning individuals for not contributing to the public good. This is the rationale of government taxes and the penalties incurred for not paying them.

### Significant Others

#### Michael Hechter (1943– ): Rational Choice and Group Solidarity

Michael Hechter graduated with a Ph.D. from Columbia University in 1972. Over his forty-year career, he has taught at the University of Washington, the University of Oxford, the University of Arizona, and Arizona State University, where he currently serves as the director of the School of Politics and Global Studies. A prolific writer, his publications include three single-authored books—*Principles of Group Solidarity* (1987) (selected as a *Choice* Outstanding Academic Book in 1988), *Containing Nationalism* (2000), and *Internal Colonialism: The Celtic Fringe in British National Development* (1975/1999) (selected in 2000 by the International Sociological Association as one of the *Best Books of the Century*)—more than eighty articles and book chapters, and five edited or coedited books. He has received numerous honors and awards, including his election as a Fellow to the American Academy of Arts & Sciences. Hechter has presented his work at colleges and universities across the United States and in a host of other countries (Arizona State University n.d.).

Much of Hechter's research revolves around explaining the development of group solidarity, particularly as it relates to the emergence of nationalist movements. He grounds his examination of the institutional arrangements and processes that shape how, when, and where groups form within the framework of rational choice theory. In doing so, he explicitly seeks to extend the individualist orientation of the

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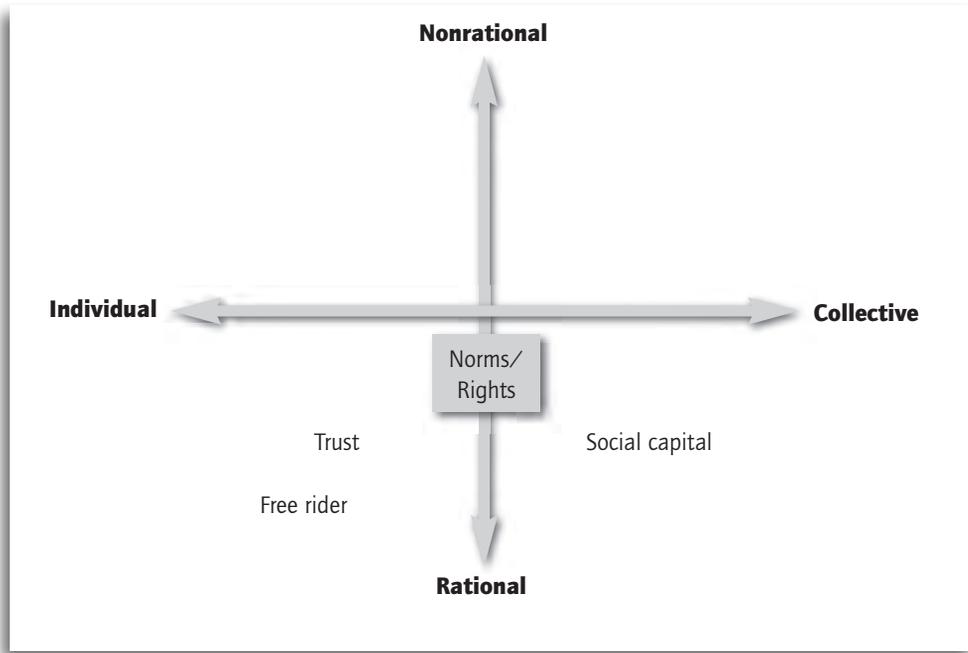
framework to an analysis of issues that have traditionally been explored through collectivist approaches. For instance, he argues in *Internal Colonialism* (1975) that the rise of nationalism is tied to the modern development of centralized, direct rule that stratifies the life chances of individuals based on cultural distinctions, typically race or ethnicity. Politicizing such distinctions engenders the rational motivation for culturally subordinated individuals (e.g., the Celts under British rule or the Chechnyans under Russian rule) to engage in nationalist, often violent, political activity.

Hechter's theoretical treatment of the issue of social cohesion is offered in his book *Principles of Group Solidarity* (1987). He begins with the premise that rational actors form or join a group solely to consume the benefits the group jointly (i.e., cooperatively) produces. As a result, groups must ensure the continued production of their benefits and meet the needs of their individual members—otherwise they will not survive. But how can an individual be compelled to participate in the production of joint goods if it is in her self-interest to free ride? In other words, how can group solidarity be successfully cultivated such that individuals forgo the pursuit of their own selfish goals and interests in order to produce group benefits?

For Hechter, the provision of selective incentives or coercive measures—the conventional rational choice explanations—does not adequately prevent free riding, even in the case of groups such as political parties, professional associations, or food co-ops that produce excludable collective goods (goods produced solely for group members to which they can be denied access). Instead, group solidarity is dependent on guaranteeing that members comply with group rules. The obligation to conform to the will of the group and to forgo one's own interests serves "as a tax that is imposed upon each member as a condition of access to the joint good" (ibid.:10). The intensity of obligation, and thus the extensiveness of group solidarity is itself conditioned by two factors: dependency and control mechanisms. The more a member is dependent on the group to provide the goods in question, the greater the tax—the willingness to comply with group obligations—she will bear in order to produce the joint good. Similarly, the more costly it will be for her to refuse compliance and do without the group's good, the fewer alternative sources there are for providing the good. (The range of available alternative sources is typically due to "market" conditions that are not subject to the group's control.) However, dependency alone does not guarantee compliance with group obligations and a solution to the free-rider problem. In addition, compliance—and thus the maintenance of group solidarity—requires the development of control mechanisms in the form of monitoring and sanctioning. Monitoring entails the capacity to collect information about individuals' compliance with group obligations—for instance, by providing opportunities for individuals to discuss the behavior of other group members (gossiping), or increasing the visibility of individuals' performance of their group obligations. Sanctioning refers to a group's capacity to produce and mete out measures that discourage noncompliance. They take the form of rewards such as increased prestige or monetary compensation to members who fulfill their obligations, and punishments such as expulsion, loss of privileges, or public criticism to those who fail to do so. Compliance is increased and group solidarity is enhanced when detection of both conforming and nonconforming behaviors is more likely and when the magnitude of both positive and negative sanctions is increased. Greater dependency on the group for the good it produces, in turn, lowers the group's control costs because individuals are less likely to risk noncompliance for fear of expulsion (ibid.:126).

On the question of action, Coleman takes a decidedly rationalist view. This is clearly demonstrated when he notes that “[a]ctors have a single principle of action, that of acting so as to maximize their realization of interests” (Coleman 1990:37) as they weigh the potential rewards and punishments accompanying their behavior. In adopting this perspective, however, Coleman does not suggest that nonrational factors such as norms play an inconsequential role in shaping individual behavior. He acknowledges that conduct is subject to normative regulation and that individuals do take norms into account when developing their lines of action: “persons do obey them (though not uniformly), and persons do often act in the interests of others or of a collectivity, ‘unselfishly’ as we would say” (ibid.: 31). Nevertheless, norms are not “absolute determinants of action,” but, rather, “elements which affect [individuals’] decisions about what actions it will be in their interests to carry out” (ibid.: 243). Similarly, trust, while playing a vital role in making cooperative action possible, is not rooted in some type of emotional bond or moral obligation to another. It arises, or not, between individuals based on their rational assessment of the potential costs and gains that come with relying on another. Thus, when someone says, “I feel like he is someone I can trust,” it is a calculation of risk, and not the “feeling,” that leads to this conclusion.

Coleman’s orientation to the question of order, while predominately individualist, recognizes the collectivist aspects to the patterning of social life. This is captured in his view that to best understand social life, theory must be attuned to the feedback process through which individual purposive action is translated into collectivist or “system-level” properties that then work back down to influence the action of individuals. Norms (and rights), for instance, possess this dual feature that is represented by their straddling the “order” line in Figure 4.4. Norms can only originate through the action of individuals, “yet a norm itself is a system-level property which affects the further action of individuals, both the sanctions applied by individuals who hold the norm and the action in conformity with the norm” (ibid.: 244). On the one hand, then, norms are collectivist constructs that can lead individuals to pursue particular courses of action because the sanctions that are attached to them condition the weighing of benefits and costs and thus the likelihood of undertaking a given path of behavior. Yet, on the other hand, norms exist only as an expression of individual action. To be sure, Coleman’s individualist orientation is more a matter of emphasis than of a disavowal of the collectivist or system-level effects on individual action. (Our discussion of social capital below illustrates a collectivist dimension to Coleman’s theory.) However, this emphasis is critical to Coleman’s theoretical model and understanding of human nature and not a mere academic splitting of hairs. For Coleman, theories that emphasize the collectivist determinants of social life present “a fatalistic view of the future, in which humans are the pawns” of forces outside their control (ibid.: 17). Within a collectivist orientation, “the proposed causes of action are not persons’ goals or purposes or intents, but some forces outside them or unconscious impulses within them. As a consequence, these theories can do nothing other than describe an inexorable fate; they are useful only to describe the waves of change that wash over us. At the mercy of these uncontrolled external or internal forces, persons are unable to purposefully shape their destiny” (ibid.). Coleman’s intent is to counter such a view by asserting that all that is social must be created and maintained—accomplishments that can be effected only through the purposive action of individuals. Normative regulations and moral codes do not originate on their own, and adherence to them is not the product of some sort of “automated conformity.” They result from the voluntary action of individuals whose rational decisions determine their birth and development. (See Figure 4.4.)

**Figure 4.4** Coleman's Basic Concepts and Theoretical Orientation

## Reading

### Introduction to "Social Capital in the Creation of Human Capital"

In the reading below, Coleman addresses the role of social capital as an important resource that enables individuals to realize their interests. While it is in a sense something an individual or an organization possesses, **social capital** "inheres in the structure of relations between actors and among actors" (Coleman 1988:S98), particularly those relations that are part of a "closed" social network in which most individuals either directly or indirectly (as in a friend of a friend) know one another. It is thus a product of social relations and not something that an individual or organization alone can develop or use at its own discretion. While social capital comes in many forms, Coleman here emphasizes how authority, trustworthiness (and the obligations and expectations that are tied to trust), information channels, and social norms are types of resources or capital that allow individuals to achieve goals that are otherwise unattainable. For instance, when you do a favor for a friend or colleague, it establishes an obligation on his or her part to repay the favor in order to uphold norms of trustworthiness and maintain the relationship. Much like a "credit slip," you can redeem the obligation owed in order to accomplish a task that might otherwise be impossible or too costly to undertake alone. Similarly, individuals often use their relationships with others in order to gain access to information such as the inside story on a job opening or the latest trends in music or fashion (Coleman 1990:300–21). Here, Coleman explores how the presence of social capital in the family and in the broader community fosters a child's success in school, while its absence increases the likelihood of dropping out. Thus, social capital plays a central role in the creation of human capital.

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## "Social Capital in the Creation of Human Capital" (1988)

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James S. Coleman

There are two broad intellectual streams in the description and explanation of social action. One, characteristic of the work of most sociologists, sees the actor as socialized and action as governed by social norms, rules, and obligations. The principal virtues of this intellectual stream lie in its ability to describe action in social context and to explain the way action is shaped, constrained, and redirected by the social context.

The other intellectual stream, characteristic of the work of most economists, sees the actor as having goals independently arrived at, as acting independently, and as wholly self-interested. Its principal virtue lies in having a principle of action, that of maximizing utility. This principle of action, together with a single empirical generalization (declining marginal utility) has generated the extensive growth of neoclassical economic theory, as well as the growth of political philosophy of several varieties: utilitarianism, contractarianism, and natural rights.

. . . I have argued for and engaged in the development of a theoretical orientation in sociology that includes components from both these intellectual streams. It accepts the principle of rational or purposive action and attempts to show how that principle, in conjunction with particular social contexts, can account not only for the actions of individuals in particular contexts but also for the development of social organization. In the present paper, I introduce a conceptual tool for use in this theoretical enterprise: social capital. . . .

### SOCIAL CAPITAL

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. . . If we begin with a theory of rational action, in which each actor has control over certain resources and interests in certain resources and events, then social capital constitutes a particular kind of resource available to an actor.

Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors—whether persons or corporate actors—within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others.

Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production. Because purposive organizations can be actors ("corporate actors") just as persons can, relations among corporate actors can constitute social capital for them as well (with perhaps the best-known example being the sharing of information that allows price-fixing in an industry). However, in the present paper, the examples and area of application to which I will direct attention concern social capital as a resource for persons. . . .

### HUMAN CAPITAL AND SOCIAL CAPITAL

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Probably the most important and most original development in the economics of education in the past 30 years has been the idea that the concept of physical capital as embodied in tools, machines, and other productive equipment can be extended to include human capital as well (see Schultz 1961; Becker 1964). Just as physical capital is created by changes in materials to form tools that facilitate production, human capital is created by changes in persons that bring about skills and capabilities that make them able to act in new ways.

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Social capital, however, comes about through changes in the relations among persons that facilitate action. If physical capital is wholly tangible, being embodied in observable material form, and human capital is less tangible, being embodied in the skills and knowledge acquired by an individual, social capital is less tangible yet, for it exists in the *relations* among persons. Just as physical capital and human capital facilitate productive activity, social capital does as well. For example, a group within which there is extensive trustworthiness and extensive trust is able to accomplish much more than a comparable group without that trustworthiness and trust.

### FORMS OF SOCIAL CAPITAL

The value of the concept of social capital lies first in the fact that it identifies certain aspects of social structure by their functions, just as the concept “chair” identifies certain physical objects by their function, despite differences in form, appearance, and construction. The function identified by the concept of “social capital” is the value of these aspects of social structure to actors as resources that they can use to achieve their interests.

By identifying this function of certain aspects of social structure, the concept of social capital constitutes both an aid in accounting for different outcomes at the level of individual actors and an aid toward making the micro-to-macro transitions without elaborating the social structural details through which this occurs. . . .

Before examining empirically the value of social capital in the creation of human capital, I will go more deeply into an examination of just what it is about social relations that can constitute useful capital resources for individuals.

#### *Obligations, Expectations, and Trustworthiness of Structures*

If *A* does something for *B* and trusts *B* to reciprocate in the future, this establishes an expectation in *A* and an obligation on the part of *B*. This obligation can be conceived as a credit slip held by *A* for performance by *B*. If *A* holds a large number of these credit slips, for a number of persons with whom *A* has relations, then the analogy to financial capital is direct. These credit

slips constitute a large body of credit that *A* can call in if necessary—unless, of course, the placement of trust has been unwise, and these are bad debts that will not be repaid.

In some social structures, it is said that “people are always doing things for each other.” There are a large number of these credit slips outstanding, often on both sides of a relation (for these credit slips appear often not to be completely fungible across areas of activity, so that credit slips of *B* held by *A* and those of *A* held by *B* are not fully used to cancel each other out). . . . In other social structures where individuals are more self-sufficient and depend on each other less, there are fewer of these credit slips outstanding at any time.

This form of social capital depends on two elements: trustworthiness of the social environment, which means that obligations will be repaid, and the actual extent of obligations held. Social structures differ in both these dimensions, and actors within the same structure differ in the second. A case that illustrates the value of the trustworthiness of the environment is that of the rotating-credit associations of Southeast Asia and elsewhere. These associations are groups of friends and neighbors who typically meet monthly, each person contributing to a central fund that is then given to one of the members (through bidding or by lot), until, after a number of months, each of the *n* persons has made *n* contributions and received one payout. As Geertz (1962) points out, these associations serve as efficient institutions for amassing savings for small capital expenditures, an important aid to economic development.

But without a high degree of trustworthiness among the members of the group, the institution could not exist—for a person who receives a payout early in the sequence of meetings could abscond and leave the others with a loss. For example, one could not imagine a rotating-credit association operating successfully in urban areas marked by a high degree of social disorganization—or, in other words, by a lack of social capital.

Differences in social structures in both dimensions may arise for a variety of reasons. There are differences in the actual needs that persons have for help, in the existence of other sources of aid (such as government welfare services), in the degree of affluence (which reduces aid needed from others), in cultural differences in the tendency to lend aid and ask for aid (see Banfield 1967) in the closure of social networks, in the logistics of social contacts

(see Festinger, Schachter, and Back 1963), and other factors. Whatever the source, however, individuals in social structures with high levels of obligations outstanding at any time have more social capital on which they can draw. The density of outstanding obligations means, in effect, that the overall usefulness of the tangible resources of that social structure is amplified by their availability to others when needed.

Individual actors in a social system also differ in the number of credit slips outstanding on which they can draw at any time. The most extreme examples are in hierarchically structured extended family settings, in which a patriarch (or “godfather”) holds an extraordinarily large set of obligations that he can call in at any time to get what he wants done. Near this extreme are villages in traditional settings that are highly stratified, with certain wealthy families who, because of their wealth, have built up extensive credits that they can call in at any time.

Similarly, in political settings such as a legislature, a legislator in a position with extra resources (such as the Speaker of the House of Representatives or the Majority Leader of the Senate in the U.S. Congress) can, by effective use of resources, build up a set of obligations from other legislators that makes it possible to get legislation passed that would otherwise be stymied. This concentration of obligations constitutes social capital that is useful not only for this powerful legislator but useful also in getting an increased level of action on the part of a legislature. Thus, those members of legislatures among whom such credits are extensive should be more powerful than those without extensive credits and debits because they can use the credits to produce bloc voting on many issues. It is well recognized, for example, that in the U.S. Senate, some senators are members of what is called “the Senate Club,” while others are not. This in effect means that some senators are embedded in the system of credits and debits, while others, outside the “Club,” are not. It is also well recognized that those in the Club are more powerful than those outside it.

### *Information Channels*

An important form of social capital is the potential for information that inheres in social relations. Information is important in providing a basis for action. But acquisition of information is

costly. At a minimum, it requires attention, which is always in scarce supply. One means by which information can be acquired is by use of social relations that are maintained for other purposes. Katz and Lazarsfeld (1955) showed how this operated for women in several areas of life in a midwestern city around 1950. They showed that a woman with an interest in being in fashion, but no interest in being on the leading edge of fashion, used friends who she knew kept up with fashion as sources of information. Similarly, a person who is not greatly interested in current events but who is interested in being informed about important developments can save the time of reading a newspaper by depending on spouse or friends who pay attention to such matters. A social scientist who is interested in being up-to-date on research in related fields can make use of everyday interactions with colleagues to do so, but only in a university in which most colleagues keep up-to-date.

All these are examples of social relations that constitute a form of social capital that provides information that facilitates action. The relations in this case are not valuable for the “credit slips” they provide in the form of obligations that one holds for others’ performances or for the trustworthiness of the other party but merely for the information they provide.

### *Norms and Effective Sanctions*

When a norm exists and is effective, it constitutes a powerful, though sometimes fragile, form of social capital. Effective norms that inhibit crime make it possible to walk freely outside at night in a city and enable old persons to leave their houses without fear for their safety. Norms in a community that support and provide effective rewards for high achievement in school greatly facilitate the school’s task.

A prescriptive norm within a collectivity that constitutes an especially important form of social capital is the norm that one should forgo self-interest and act in the interests of the collectivity. A norm of this sort, reinforced by social support, status, honor, and other rewards, is the social capital that builds young nations (and then dissipates as they grow older), strengthens families by leading family members to act selflessly in “the family’s” interest, facilitates the development of nascent social movements

through a small group of dedicated, inward-looking, and mutually rewarding members, and in general leads persons to work for the public good. In some of these cases, the norms are internalized; in others, they are largely supported through external rewards for selfless actions and disapproval for selfish actions. But, whether supported by internal or external sanctions, norms of this sort are important in overcoming the public goods problem that exists in collectivities.

As all these examples suggest, effective norms can constitute a powerful form of social capital. This social capital, however, like the forms described earlier, not only facilitates certain actions; it constrains others. A community with strong and effective norms about young persons' behavior can keep them from "having a good time." Norms that make it possible to walk alone at night also constrain the activities of criminals (and in some cases of noncriminals as well). Even prescriptive norms that reward certain actions, like the norm in a community that says that a boy who is a good athlete should go out for football, are in effect directing energy away from other activities. Effective norms in an area can reduce innovativeness in an area, not only deviant actions that harm others but also deviant actions that can benefit everyone. (See Merton [1968, pp. 195–203] for a discussion of how this can come about.)

#### SOCIAL STRUCTURE THAT FACILITATES SOCIAL CAPITAL

All social relations and social structures facilitate some forms of social capital; actors establish

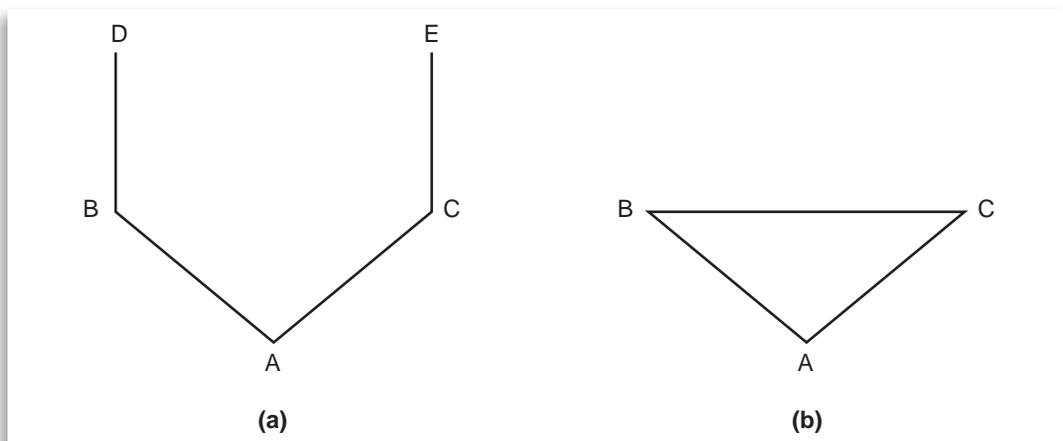
relations purposefully and continue them when they continue to provide benefits. Certain kinds of social structure, however, are especially important in facilitating some forms of social capital.

#### *Closure of Social Networks*

One property of social relations on which effective norms depend is what I will call closure. In general, one can say that a necessary but not sufficient condition for the emergence of effective norms is action that imposes external effects on others. . . . Norms arise as attempts to limit negative external effects or encourage positive ones. But, in many social structures where these conditions exist, norms do not come into existence. The reason is what can be described as lack of closure of the social structure. Figure 1 illustrates why. In an open structure like that of figure 1a, actor A, having relations with actors B and C, can carry out actions that impose negative externalities on B or C or both. Since they have no relations with one another, but with others instead (D and E), then they cannot combine forces to sanction A in order to constrain the actions. Unless either B or C alone is sufficiently harmed and sufficiently powerful vis-à-vis A to sanction alone, A's actions can continue unabated. In a structure with closure, like that of figure 1b, B and C can combine to provide a collective sanction, or either can reward the other for sanctioning A. . . .

In the case of norms imposed by parents on children, closure of the structure requires a slightly more complex structure, which I will

**Figure 1** Network without (a) and with (b) closure

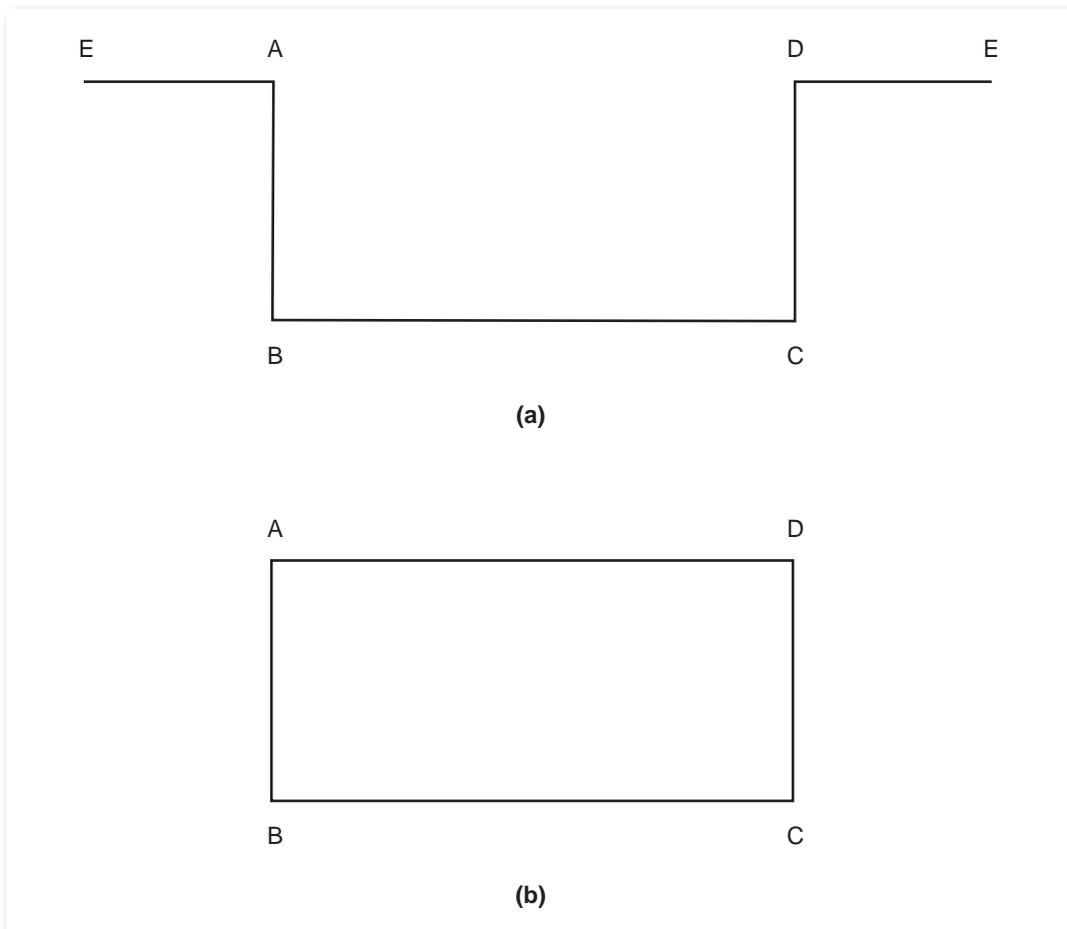


call intergenerational closure. Intergenerational closure may be described by a simple diagram that represents relations between parent and child and relations outside the family. Consider the structure of two communities, represented by figure 2. The vertical lines represent relations across generations, between parent and child, while the horizontal lines represent relations within a generation. The point labeled *A* in both figure 2*a* and figure 2*b* represents the parent of child *B*, and the point labeled *D* represents the parent of child *C*. The lines between *B* and *C* represent the relations among children that exist within any school. Although the other relations among children within the school are not shown here, there exists a high degree of closure among peers, who see each other daily, have expectations toward each other, and develop norms about each other's behavior.

The two communities differ, however, in the presence or absence of links among the parents of children in the school. For the school represented by figure 2*b*, there is intergenerational closure; for that represented by figure 2*a*, there is not. To put it colloquially, in the lower community represented by 2*b*, the parents' friends are the parents of their children's friends. In the other, they are not.

The consequence of this closure is . . . a set of effective sanctions that can monitor and guide behavior. In the community in figure 2*b*, parents *A* and *D* can discuss their children's activities and come to some consensus about standards and about sanctions, parent *A* is reinforced by parent *D* in sanctioning his child's actions; beyond that, parent *D* constitutes a monitor not only for his own child, *C*, but also for the other child, *B*. Thus, the existence of intergenerational closure provides

**Figure 2** Network involving parents (*A, D*) and children (*B, C*) without (*a*) and with (*b*) intergenerational closure



a quantity of social capital available to each parent in raising his children—not only in matters related to school but in other matters as well.

Closure of the social structure is important not only for the existence of effective norms but also for another form of social capital: the trustworthiness of social structures that allows the proliferation of obligations and expectations. Defection from an obligation is a form of imposing a negative externality on another. Yet, in a structure without closure, it can be effectively sanctioned, if at all, only by the person to whom the obligation *is* owed. Reputation cannot arise in an open structure, and collective sanctions that would ensure trustworthiness cannot be applied. Thus, we may say that closure creates trustworthiness in a social structure. . . .

#### SOCIAL CAPITAL IN THE CREATION OF HUMAN CAPITAL

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The preceding pages have been directed toward defining and illustrating social capital in general. But there is one effect of social capital that is especially important: its effect on the creation of human capital in the next generation. Both social capital in the family and social capital in the community play roles in the creation of human capital in the rising generation. I will examine each of these in turn.

##### *Social Capital in the Family*

Ordinarily, in the examination of the effects of various factors on achievement in school, “family background” is considered a single entity, distinguished from schooling in its effects. But there is not merely a single “family background”; family background is analytically separable into at least three different components: financial capital, human capital, and social capital. Financial capital is approximately measured by the family’s wealth or income. It provides the physical resources that can aid achievement: a fixed place in the home for studying, materials to aid learning, the financial resources that smooth family problems. Human capital is approximately measured by parents’ education and provides the potential for a cognitive environment for the child that aids

learning. Social capital within the family is different from either of these. . . . The social capital of the family is the relations between children and parents (and, when families include other members, relationships with them as well). That is, if the human capital possessed by parents is not complemented by social capital embodied in family relations, it is irrelevant to the child’s educational growth that the parent has a great deal, or a small amount, of human capital. . . .

Social capital within the family that gives the child access to the adult’s human capital depends both on the physical presence of adults in the family and on the attention given by the adults to the child. The physical absence of adults may be described as a structural deficiency in family social capital. The most prominent element of structural deficiency in modern families is the single-parent family. However, the nuclear family itself, in which one or both parents work outside the home, can be seen as structurally deficient, lacking the social capital that comes with the presence of parents during the day, or with grandparents or aunts and uncles in or near the household.

Even if adults are physically present, there is a lack of social capital in the family if there are not strong relations between children and parents. The lack of strong relations can result from the child’s embeddedness in a youth community, from the parents’ embeddedness in relationships with other adults that do not cross generations, or from other sources. Whatever the source, it means that whatever *human* capital exists in the parents, the child does not profit from it because the *social* capital is missing.

The effects of a lack of social capital within the family differ for different educational outcomes. One for which it appears to be especially important is dropping out of school. With the *High School and Beyond* sample of students in high schools, table 1 shows the expected dropout rates for students in different types of families when various measures of social and human capital in the family and a measure of social capital in the community are controlled statistically. An explanation is necessary for the use of number of siblings as a measure of lack of social capital. The number of siblings represents, in this interpretation, a dilution of adult attention to the child. . . .

**Table 1** Dropout Rates between Spring, Grade 10, and Spring, Grade 12, for Students Whose Families Differ in Social Capital, Controlling for Human Capital and Financial Capital in the Family

	Percentage Dropping Out	Difference in Percentage Points
1. Parents' presence:		
Two parents	13.1	6.0
Single parent	19.1	
2. Additional children:		
One sibling	10.8	6.4
Four siblings	17.2	
3. Parents and children:		
Two parents, one sibling	10.1	12.5
One parent, four siblings	22.6	
4. Mother's expectation for child's education:		
Expectation of college	11.6	8.6
No expectation of college	20.2	
5. Three factors together:		
Two parents, one sibling, mother expects college	8.1	22.5
One parent, four siblings, no college expectation	30.6	

Item 1 of table 1 shows that, when other family resources are controlled, the percentage of students who drop out between spring of the sophomore year and spring of the senior year is 6 percentage points higher for children from single-parent families. Item 2 of table 1 shows that the rate is 6.4 percentage points higher for sophomores with four siblings than for those with otherwise equivalent family resources but only one sibling. Or, taking these two together, we can think of the ratio of adults to children as a measure of the social capital in the family available for the education of any one of them. Item 3 of table 1 shows that for a sophomore with four siblings and one parent, and an otherwise average background, the rate is 22.6%; with one sibling and two parents, the rate is 10.1%—a difference of 12.5 percentage points.

Another indicator of adult attention in the family, although not a pure measure of social

capital, is the mother's expectation of the child's going to college. Item 4 of the table shows that, for sophomores without this parental expectation, the rate is 8.6 percentage points higher than for those with it. With the three sources of family social capital taken together, item 5 of the table shows that sophomores with one sibling, two parents, and a mother's expectation for college (still controlling on other resources of family) have an 8.1% dropout rate; with four siblings, one parent, and no expectation of the mother for college, the rate is 30.6%. . . .

### *Social Capital Outside the Family*

The social capital that has value for a young person's development does not reside solely within the family. It can be found outside as well in the community consisting of the social relationships that exist among parents, in the

closure exhibited by this structure of relations, and in the parents' relations with the institutions of the community. . . .

In the *High School and Beyond* data set, [a] variation among the schools constitutes a useful indicator of social capital. This is the distinctions among public high schools, religiously based private high schools, and nonreligiously based private high schools. It is the religiously based high schools that are surrounded by a community based on the religious organization. These families have intergenerational closure that is based on a multiplex relation: whatever other relations they have, the adults are members of the same religious body and parents of children in the same school. In contrast, it is the independent private schools that are typically least surrounded by a community, for their student bodies are collections of students, most of whose families have no contact. The choice of private school for most of these parents is an individualistic one, and, although they back their children with extensive human capital, they send their children to these schools denuded of social capital.

In the *High School and Beyond* data set, there are 893 public schools, 84 Catholic schools, and 27 other private schools. Most of the other private schools are independent schools, though a minority have religious foundations. In this analysis, I will at the outset regard the other private schools as independent private schools to

examine the effects of social capital outside the family.

The results of these comparisons are shown in table 2. Item 1 of the table shows that the dropout rates between sophomore and senior years are 14.4% in public schools, 3.4% in Catholic schools, and 11.9% in other private schools. What is most striking is the low dropout rate in Catholic schools. The rate is a fourth of that in the public schools and a third of that in the other private schools.

Adjusting the dropout rates for differences in student-body financial, human, and social capital among the three sets of schools by standardizing the population of the Catholic schools and other private schools to the student-body backgrounds of the public schools shows that the differences are affected only slightly. Furthermore, the differences are not due to the religion of the students or to the degree of religious observance. Catholic students in public school are only slightly less likely to drop out than non-Catholics. Frequency of attendance at religious services, which is itself a measure of social capital through intergenerational closure, is strongly related to dropout rate, with 19.5% of public school students who rarely or never attend dropping out compared with 9.1% of those who attend often. But this effect exists apart from, and in addition to, the effect of the school's religious affiliation. Comparable figures for Catholic

**Table 2** Dropout Rates between Spring, Grade 10, and Spring, Grade 12, for Students from Schools with Differing Amounts of Social Capital in the Surrounding Community

	Public	Catholic	Other Private Schools
1. Raw dropout rates	14.4	3.4	11.9
2. Dropout rates standardized to average public school sophomore	14.4	5.2	11.6
	Non-Catholic Religious	Independent	
3. Raw dropout rates for students <sup>a</sup> from independent and non-Catholic religious private schools	3.7	10.0	

<sup>a</sup>This tabulation is based on unweighted data, which is responsible for the fact that both rates are lower than the rate for other private schools in item 1 of the table, which is based on weighted data.

school students are 5.9% and 2.6%, respectively (Coleman and Hoffer 1987, p. 138).

The low dropout rates of the Catholic schools, the absence of low dropout rates in the other private schools, and the independent effect of frequency of religious attendance all provide evidence of the importance of social capital outside the school, in the adult community surrounding it, for this outcome of education.

A further test is possible, for there were eight schools in the sample of non-Catholic private schools (“other private” in the analysis above) that have religious foundations and over 50% of the student body of that religion. Three were Baptist schools, two were Jewish, and three from three other denominations. If the inference is correct about the religious community’s providing intergenerational closure and thus social capital and about the importance of social capital in depressing the chance of dropping out of high school, these schools also should show a lower dropout rate than the independent private schools. Item 3 of table 2 shows that their dropout rate is lower, 3.7%, essentially the same as that of the Catholic schools.<sup>1</sup>

The data presented above indicate the importance of social capital for the education of youth, or, as it might be put, the importance of social capital in the creation of human capital. Yet there is a fundamental difference between social capital and most other forms of capital that has strong implications for the development of youth. It is this difference to which I will turn in the next section.

#### PUBLIC GOODS ASPECTS OF SOCIAL CAPITAL

Physical capital is ordinarily a private good, and property rights make it possible for the person who invests in physical capital to capture the benefits it produces. Thus, the incentive to invest in physical capital is not depressed; there is not a

suboptimal investment in physical capital because those who invest in it are able to capture the benefits of their investments. For human capital also—at least human capital of the sort that is produced in schools—the person who invests the time and resources in building up this capital reaps its benefits in the form of a higher-paying job, more satisfying or higher-status work, or even the pleasure of greater understanding of the surrounding world—in short, all the benefits that schooling brings to a person.

But most forms of social capital are not like this. For example, the kinds of social structures that make possible social norms and the sanctions that enforce them do not benefit primarily the person or persons whose efforts would be necessary to bring them about, but benefit all those who are part of such a structure. For example, in some schools where there exists a dense set of associations among some parents, these are the result of a small number of persons, ordinarily mothers who do not hold full-time jobs outside the home. Yet these mothers themselves experience only a subset of the benefits of this social capital surrounding the school. If one of them decides to abandon these activities—for example, to take a full-time job—this may be an entirely reasonable action from a personal point of view and even from the point of view of that household with its children. The benefits of the new activity may far outweigh the losses that arise from the decline in associations with other parents whose children are in the school. But the withdrawal of these activities constitutes a loss to all those other parents whose associations and contacts were dependent on them. . . .

It is not merely voluntary associations, such as a PTA, in which underinvestment of this sort occurs. When an individual asks a favor from another, thus incurring an obligation, he does so because it brings him a needed benefit; he does not consider that it does the other a benefit as well by adding to a drawing fund of social

<sup>1</sup>It is also true, though not presented here, that the lack of social capital in the family makes little difference in dropout rates in Catholic schools—or, in the terms I have used, social capital in the community compensates in part for its absence in the family. See Coleman and Hoffer (1987, chap. 5).

capital available in a time of need. If the first individual can satisfy his need through self-sufficiency, or through aid from some official source without incurring an obligation, he will do so—and thus fail to add to the social capital outstanding in the community.

Similar statements can be made with respect to trustworthiness as social capital. An actor choosing to keep trust or not (or choosing whether to devote resources to an attempt to keep trust) is doing so on the basis of costs and benefits he himself will experience. That his trustworthiness will facilitate others' actions or that his lack of trustworthiness will inhibit others' actions does not enter into his decision. A similar but more qualified statement can be made for information as a form of social capital. An individual who serves as a source of information for another because he is well informed ordinarily acquires that information for his own benefit, not for the others who make use of him. . . .

For norms also, the statement must be qualified. Norms are intentionally established, indeed as means of reducing externalities, and their benefits are ordinarily captured by those who are responsible for establishing them. But the capability of establishing and maintaining effective norms depends on properties of the social structure (such as closure) over which one actor does not have control yet are affected by one actor's action. These are properties that affect the structure's capacity to sustain effective norms, yet properties that ordinarily do not enter into an individual's decision that affects them.

Some forms of social capital have the property that their benefits can be captured by those who invest in them; consequently, rational actors will not underinvest in this type of social capital. Organizations that produce a private good constitute the outstanding example. The result is that there will be in society an imbalance in the relative investment in organizations that produce private goods for a market and those associations and relationships in which the

benefits are not captured—an imbalance in the sense that, if the positive externalities created by the latter form of social capital could be internalized, it would come to exist in greater quantity.

The public goods quality of most social capital means that it is in a fundamentally different position with respect to purposive action than are most other forms of capital. It is an important resource for individuals and may affect greatly their ability to act and their perceived quality of life. They have the capability of bringing it into being. Yet, because the benefits of actions that bring social capital into being are largely experienced by persons other than the actor, it is often not in his interest to bring it into being. The result is that most forms of social capital are created or destroyed as by-products of other activities. This social capital arises or disappears without anyone's willing it into or out of being and is thus even less recognized and taken account of in social action than its already intangible character would warrant.

There are important implications of this public goods aspect of social capital that play a part in the development of children and youth. Because the social structural conditions that overcome the problems of supplying these public goods—that is, strong families and strong communities—are much less often present now than in the past, and promise to be even less present in the future, we can expect that, *ceteris paribus*, we confront a declining quantity of human capital embodied in each successive generation. The obvious solution appears to be to attempt to find ways of overcoming the problem of supply of these public goods, that is, social capital employed for the benefit of children and youth. This very likely means the substitution of some kind of formal organization for the voluntary and spontaneous social organization that has in the past been the major source of social capital available to the young. . . .

## Discussion Questions

1. Homans claimed that the behaviorist propositions used to explain individual conduct are capable of explaining social or group behavior. Do you think that individual and group behaviors are rooted in the same set of processes? If not, what processes or mechanisms differentiate the two forms of conduct? Do you think that social systems or structures can produce behavioral effects independent of the individuals that compose them? If so, what might be some of these effects?

2. Compare Parsons's notion of system equilibrium to Blau's view of social interaction producing a strain toward reciprocity.

3. Following Blau's discussion, what is the link between social attraction and power? What role does social approval play in mediating this link?

4. Homans and Blau suggest that, in calculating the potential profits derived from interacting with others, individuals attempt to establish a position of dominance. As such,

maximizing our own benefits is contingent on having others dependent on us for the rewards they seek. Do you think this motive characterizes all relationships? If not, what other considerations might guide our interactions with others? What types of relationships are more likely to generate such considerations?

5. Based on Coleman's approach to norms, why is there a demand on the part of some individuals and groups for a prescriptive norm that assigns women the responsibility for taking care of the home? What dynamics lead to the persistence of and challenges to this norm?

6. According to Coleman, what are some of the factors that contribute to the production of social capital? How does social capital affect individuals' and groups' actions and the likelihood that their goals will be realized? How might the concept of social capital help to explain the existence and persistence of social inequality?