

Chapter 3

Power Systems: How Power Works in Different Systems

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ABSTRACT

Three major power systems are described: The 'inclusive' totalitarian system, the 'non-inclusive' bureaucratic system, and the 'exclusive' plan targeting system. The totalitarian system is aiming at controlling the whole population of a social system and based on resource exploitation. The bureaucratic system is aimed at information collection and decision making according to pre-established rules. The post-Taylor plan targeting system is aimed at determining and controlling the operative work of individual workers. As previous communist country experiences have shown, all three systems suffer from systemic constraints, that even if the three power systems are woven together, they are finally leading to the demise of a social system. Hope for change may come from moves towards cooperative management practices, as e.g. suggested by William Edwards Deming, and more complex theories with higher levels of integrity and complexity, as e.g. suggested by Steven Wallis, Foundation for the Advancement of Social Theory.

INTRODUCTION

Beginning in the 1980s and more so after the collapse of communist power in European 1989/1991 an increasing number of publications have indicated that a period of bureaucracy is coming to an end and new forms of organization will emerge that most notably will offer more freedom to people. However, a huge body of literature as e.g. reviewed by McSweeney (2006) and Maravelias (2007) rather found that the bulk of the literature on post-bureaucracy and also numerous observations beyond that literature rather point at more intense power relations than at more freedom at the work place.

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BACKGROUND AND FOCUS

The focus of this chapter is on the principles of functioning of totalitarian systems, bureaucracies, and corporate plan target systems. It is shown why and how each of these systems has its own particular weaknesses leading to their demise. While the communist totalitarian system had also applied bureaucracy and plan targeting, the combination of the three did not alleviate their weaknesses. Hopes that management practices may change to the better are arising from the idea of a revival of the insights gained by William Edwards Deming (1993, 2000a, 2000b) and from the perspective of better management theory (Wallis & Valentinov, 2016). An important part of the background of this chapter is the broad range of personal information collected by the author in the period after World War II. Beyond that, the long-term research undertaken into the functioning of totalitarian systems and most notably into the economic systems of the communist countries of Europe during 1967-1990, and finally collected information about the management developments in the last 50 years in Western Europe.

The Totalitarian System

The contents of this section on the totalitarian system are strongly influenced by hundreds of conversations among adults, which the author witnessed first from childhood until about 1967, when he began to study history and economics of communist countries in Europe. Thanks to his studies at the University of Munich, Germany, a new horizon opened. Among others, the author came across the publications by Hannah Arendt (1951, 1963), and of the concentration camp survivors Benedikt Kautsky (1946) and Jaques Lusserant (1966, 1998), which did not contradict the tales within the author's family and among their friends, but their observations contributed to focus the views of the author. In later years, back to Austria, during the late 1970s and the 1980s the author had the luck to meet personally with more World War II survivors and numerous individuals, who at different society levels had contributed to the Austrian resistance movement O5, some as messengers between Vienna and Prague, others as co-founders of the re-emerging democratic parties, and Franz Nemschak, who re-established the Austrian Institute for Economic Research during the last days of World War II.

In a totalitarian system the power center claims and maintains the right to decide everything in public, private, and economic life of the whole society and of individuals. Thus, all action is directed towards establishing and maintaining an 'inclusive system'. For any totalitarian system an emotional climate of fear is a precondition of its existence. Such a climate of fear is generated by a great variety of observable action. Of course, it is not possible for a small group of people to determine precisely what can be done and what has to be done. Therefore, in order to remain in power, each individual has to be kept under permanent threat. Each individual has to fear power and each individual has to be forced to behave in accordance with the perceived intentions of the power center. The power center determines itself as an elite leadership. It emerges mostly out of an underground organization, which was fighting against the previous power structure. The members of the elite have been tested as to reliability and obedience to the commands of the leaders and to other features, which determine the subordination of members of the elitist group to the leader of this group.

Access to the leadership group can only be achieved by undergoing various procedures and over various steps. When organizations become larger, like for instance the communist parties in Europe after World War II, there were steps like:

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