Chapter Two

Making Sense of Power

How It Works and How to Keep It

YOUR ALARM GOES OFF AT 6:45 A.M., A HALF-HOUR EARLIER THAN normal, because your boss insisted that you attend a meeting you think is worthless. You would have argued, but next week is your annual review, and you didn't want to jeopardize your promotion. An ad plays on your clock radio for the new Toyota Prius: "It gets the best mileage of any car in America." You're sick of paying so much every week to fill up your tank. The Joneses next door have a Prius; why not you? Except that you don't have the money for a down payment. At breakfast with your daughter, you notice that she—despite your offer last week to allow her to listen to music on her headphones if she would eat granola instead of Cocoa Puffs—is sitting there with headphones on and eating . . . Cocoa Puffs. You and your wife argue over who will leave work early and pick up your daughter from school. You win. But you feel guilty and agree to walk the dog as a conciliatory concession. You go outside with the dog. It's raining. He refuses to move. And there's absolutely nothing you can do to budge him.

As we make the many big and small decisions that come up in daily life, as citizens, employees, consumers, investors, or members of a household or family, we must constantly bear in mind the scope—and the limits—of our own power. Whether the challenge is getting a raise or a promotion, doing our job in a certain way, pushing an elected official to vote for a bill we favor, planning a vacation with a spouse, or getting a child to eat right, we are always, consciously or not, gauging our power: assessing our capacity to get others to behave as we want. We bridle at the power of others and its irritating and inconveniencing effects: how our boss, the government, the

police, the bank, or our telephone or cable provider induces us to behave in a certain way, to do certain things, or to quit doing others. And yet we often seek power, sometimes in very self-conscious ways.

Sometimes, the exercise of power is so brutal and definitive that it has an enduring half-life. Even though Saddam Hussein and Moammar Qaddafi are gone, their victims doubtless still shudder at the mention of their names—an experience commonly shared by survivors of brutal crimes long after the perpetrators have been caught. Past or present, we *feel* the presence of power, even when it is subtly used or merely displayed.

Yet whatever the extent to which power is part of our daily lives and on our minds, it eludes our understanding. Except in extreme cases when we are crudely compelled by the menace of handcuffs, fines, demotions, shaming, beatings, or other penalties, we tend to experience power more as emotional coercion than as corporeal force. Precisely because power is primordial, elemental, in our daily lives, we rarely stop to address it analytically—to identify exactly where it resides, how it works, how far it can go, and what stops it from going further.

There is a very good reason for this: power is hard to measure. In fact, strictly speaking, it is impossible to measure. You cannot tally it up and rank it. You can rank only what appear to be its agents, sources, and manifestations. Who has the most money in the bank? Which company can buy another one, or which has the largest assets on its balance sheet? Which army has the most soldiers or tanks or fighter jets? Which political party won the most votes in the last election or controls more seats in parliament? These things can all be measured and recorded. But they do not measure power. They are only proxies. As gauges of power, they are unreliable, and even when tallied up they do not tell the whole story about how powerful someone or something is.

Still, power pervades everything from the system of nations to markets and politics—indeed, any situation in which people or organizations compete or individuals interact. Wherever competition takes place, a distribution of power exists, and it is always relevant to human experience. Though not the only motivation behind such experience, the quest for power is surely one of the most important.

So how can we usefully talk about power? If we are to understand how power is obtained, used, or lost, we need a way to discuss it that is not vague, grandiose, or misleading. Unfortunately, most of our conversations about power never actually make it past those pitfalls.

How to Talk About Power

There is a way to talk productively about power. Yes, power itself is partly material and partly psychological, partly tangible and partly something that affects our imagination. As a commodity or force, power is hard to pin down and quantify. But as a *dynamic* that shapes a specific situation, it can be evaluated, and its limits and latitude assessed.

Take, for example, the ritualized group portrait of the heads of state and government who gather at a summit of the Group of Eight influential countries. Here are the president of the United States, the chancellor of Germany, the president of France, the prime minister of Japan, the prime minister of Italy, and others of their rank. Each of them is "in power." In that respect, they are peers. And indeed, each of them has a great deal of power. Does it come from the prestige of their office, its history, and the ritual that accompanies it? From their victory in an election? From their command over a large civil service and military? From their ability to direct, with a stroke of a pen, the spending of billions of dollars raised by taxes on the labor and commerce of their citizens? Obviously, it is a mix of all these factors and others too. That is power as a force—palpable, but hard to disaggregate and quantify.

Now, with the same photo in mind, imagine the latitude and limits that these leaders enjoy or confront in different situations. What happened during the summit meeting itself? What issues were discussed, what agreements were negotiated, and, in each case, whose will prevailed? Did the American president, often labeled "the most powerful man in the world," win every time? What coalitions formed, and who made what concessions? Then imagine each leader returning to his or her country and addressing the domestic agenda of the moment: budget cuts, labor conflicts, crime, immigration, corruption scandals, military deployments, and whatever else might be going on in that particular region. Some of these leaders command strong parliamentary majorities; others depend on fragile coalitions. Some, through their office, have great scope to rule by executive order or decree; others do not. Some enjoy great personal prestige or high approval ratings; others are beset by scandal or politically vulnerable. Their effective power—the practical translation into action of the power of their position—depends on all these circumstances and varies from issue to issue.

Even if we can't quantify power, we can be quite clear about how it *works*. Power operates in relation to others. The more accurately we define the players and the stakes, the more sharply power comes into focus: no longer an ill-defined force, it can now be seen as an arbiter of a menu of actions, of possibilities for shaping and changing a situation, with a defined scope and real limits. And if we understand how power works, then we can understand what makes it work well, and thus sustain itself and increase; and also what makes it fail, and thus disperse, decline, or even evaporate. In a given situation, to what extent is power fettered or constrained? What ability does each player have to change the situation? By examining competition or conflict in these practical, operational terms, we can begin to understand where events are headed.

Nowadays, as we will see in the pages ahead, the accumulation and exercise of power are headed into uncharted waters.

How Power Works

In Chapter 1, I offered a practical definition: *Power is the ability to direct or prevent the current or future actions of other groups and individuals.* This definition has the benefit of clarity, and better still, it avoids misleading proxies such as size, resources, weapons, and number of supporters. But it does need elaboration. After all, the actions of others can be directed or prevented in many ways. In practice, power is expressed through four different means. Call them the *channels* of power.

- *The Muscle:* The first channel of power is the most obvious and familiar. Force—or threat of force—is the blunt instrument through which power is exercised in certain extreme situations. The muscle can take the form of a conquering army, a police force with its handcuffs and jail cells, a bully in a schoolyard, a knife to the neck, a nuclear arsenal to deter attack, or someone's ability to bankrupt your company, fire you from your job, or expel you from your church. It can also dwell in the exclusive control of some essential resource that can be proffered or denied (money, oil, voters). The presence of muscle is not always bad. We all celebrate a police force that catches criminals even if doing so at times requires the use of force. The legitimate use of violence is a right that citizens grant the state in exchange for protection and stability. But whether in the service of tyrants or enlightened leaders, muscle ultimately relies on coercion. You obey it because if you don't, the consequences will be worse than those of obeying.

- *The Code:* Why do Catholics attend Mass, Jews observe the Sabbath, and Muslims pray five times a day? Why do many societies ask elders to mediate conflicts and consider their decisions just and wise? What causes people to follow the Golden Rule and refrain from harming others even when no law or punishment exists to deter them? The answers can be found in morals, tradition, cultural mores, social expectations, religious beliefs, and values handed down through generations or taught to children in school. We live in a universe of codes that we sometimes follow and sometimes do not. And we allow others to direct our behavior through their invocation of such codes. That channel of power does not employ coercion; instead, it activates our sense of moral duty. Perhaps the best example is the Ten Commandments: through them, a higher and unquestioned power unequivocally tells us how to behave.
- *The Pitch:* You hear a lot about the power of advertising. It gets the credit when people switch from McDonald's to Burger King or when Honda's sales surge as those of Volkswagen dwindle. Billions of dollars go into advertisements in television and radio programs, on billboards and websites, and in magazines, video games, and every other possible vehicle for the express purpose of getting people to do something they would not otherwise have done: purchase the product. The pitch requires neither force nor a moral code. Instead, it gets us to change our thinking, our perception; it persuades us that some product or service is worth selecting over the alternatives. The pitch is just the capacity to persuade others to see the situation in a way that leads them to advance the persuader's goals or interests. Real estate agents who induce potential buyers to value the advantages of living in a specific neighborhood are not applying force, exerting moral suasion, or changing the structure of the situation (by lowering the price, for example). They are changing the clients' behavior by altering their *perception* of the situation.
- *The Reward:* How many times have you heard someone say "I wouldn't do that even if you paid me to"? But typically the opposite is true: people accept payment to do things they would not otherwise do. Any individual who can provide coveted rewards has a major advantage in getting others to behave in ways aligned to his interests. He can change the structure of the situation. Whether in the form of an offer of fuel oil to North Korea in exchange for letting its nuclear reactors get inspected, the addition of hundreds of millions of dollars to the foreign aid budget to buy another country's support, or a bidding war for a top banker, singer, professor, or surgeon, the deployment of material benefits to induce behavior is perhaps power's most common use.

These four channels—*muscle, code, pitch,* and *reward*—are what social scientists call ideal-types: they are analytically distinct and extreme renderings of the category they seek to represent. But in practice—or, more precisely, in the exercise of power in specific situations—they tend to mix and combine and are seldom so clear-cut. Consider, for instance, the power of religion, which operates through multiple channels. Dogma or moral code, whether enshrined in age-old scripture or propounded by a latter-day preacher or guru, is a big part of what earns an organized faith its adherents—along with their commitment of time and belief, their presence at services, their tithes, and their labor. But when churches, temples, and mosques compete for members, they often do so on the basis of a pitch—as in advertising. Indeed, many institutions of faith stage elaborate campaigns managed by highly specialized advertising firms. And they offer rewards as well—not just the immaterial reward of promised salvation but tangible here-and-now benefits such as access to the congregation's job bank, child care, singles' nights, or access to a network of members in prominent positions. In some societies, religious participation itself is enforced by means of muscle; consider, for instance, the laws in certain countries that require certain forms of behavior and punishing others, enforce the length of women's abayas or men's beards, or excommunicate physicians who perform abortions.

Nonetheless, each of the four channels—muscle, code, pitch, and reward—operates in a distinct way. And understanding those differences offers a glimpse of the atomic structure of power.

My formulation of these four channels adheres to the compelling framework first presented by a distinguished scholar of business and management from South Africa: Ian MacMillan of the Wharton School of Business at the University of Pennsylvania (see Figure 2.1). In *Strategy Formulation: Political Concepts,* published in 1978, MacMillan sought to educate business students about the complexities of power and negotiation. He observed that in any power interaction, one party manipulates a situation in a way that affects the actions of another party.[1] But various kinds of manipulation are available depending on the answers to two questions:

- First, does the manipulation change the *structure* of the existing situation, or does it instead change the second party's *assessment* of the situation?
- Second, does the manipulation offer the second party an *improvement*, or does it instead lead the second party to accept a result that is not an improvement?

The relative role of *muscle* (coercion), *code* (obligation), *pitch* (persuasion), and *reward* (inducement) determines the answers to those questions in any given real-world situation.

FIGURE 2.1. MACMILLAN'S TAXONOMY OF POWER

	Outcome seen as improvement	***Outcome seen as nonimprovement***
Change incentives	Inducement via reward: Increase the salary, lower a price	Coercion via muscle: Law enforcement, repression, violence
Change preferences	Persuasion via pitch: Advertising, campaigning	Obligation via code: Religious or traditional duty, moral suasion

SOURCE: Adapted from Ian MacMillan, *Strategy Formulation: Political Concepts*, 1978.

Professor MacMillan's approach has three big advantages. First, it goes straight to the practical side of power—its effect on real-life situations, decisions, and behavior. In his assessment of power, MacMillan is not blinded by the image of the leaders posing for the photograph on the red carpet, projecting the pomp of their office. Instead, he asks (a) what tools are available to each leader—and to his or her opponents and allies—in addressing a particular challenge, and (b) what scope and what limits exist for changing the situation.

Second, because his approach is strategic and focuses on power as a dynamic, it is applicable—beyond geopolitics, military analysis, or corporate rivalry—to just about any other domain. A scholar of business, MacMillan devised his framework in the context of his field—business and management—and thus goes on to examine power dynamics within firms. But there is no reason why his approach cannot be applied to other fields—which is what I do in this book.

A third big advantage of this way of looking at power is that it lets us distinguish among concepts such as power, might, force, authority, and influence. For instance, people commonly confuse the difference between power and influence. Here, MacMillan's conceptual framework is very helpful. Both

power and influence can change the behavior of others or, more specifically, make others do something or stop them from doing it. But *influence* seeks to change the *perception* of the situation, not the situation itself.[2] So the MacMillan framework helps show that influence is a subset of power, in the sense that power includes not only actions that change the situation but also actions that alter the way the situation is perceived. Influence is a form of power, but power can obviously be exercised through means other than influence.

To illustrate: Extolling the virtues of a neighborhood in order to change a buyer's perception of a deal's value in a way that leads to a closing is different from reaching that goal by lowering the house's price. A real estate agent who changes a buyer's perception has the *influence* to do so, whereas an owner who drops the price to sell the house has the *power* to change the structure of the deal.

WHY POWER SHIFTS—OR STAYS STEADY

Think of power in terms of the ability of different players to affect the outcome of a bargaining situation. Any competition or conflict—whether a war, a battle for market share, diplomatic talks, recruitment of believers by rival churches, even a discussion of who washes the dishes after dinner—hinges on a distribution of power. That distribution reflects the ability of the competing parties to rely on some combination of muscle, code, pitch, and reward to get others to act in the way they desire. Sometimes a distribution of power stays steady, even for a long time. The classic nineteenth-century "balance of power" in Europe was a case in point: the continent avoided all-out war, and the boundaries of nations and empires changed little or only by agreement. So, too, was the heyday of the Cold War: the United States and Soviet Union, using plenty of muscle and also plenty of reward, built and maintained global spheres of influence that, despite local conflicts here and there, stayed remarkably consistent.

The structure of the markets for cola beverages (Coke and Pepsi), operating systems (PC and Mac), and long-haul passenger aircraft (Boeing and Airbus), each with a couple of dominant players and a few also-rans, is another example of a distribution of power that is quite steady—or at least not volatile. But as soon as a new party rapidly gains the ability to project muscle more effectively, invokes tradition or moral code in a more alluring way, presents a more persuasive pitch, or offers a larger reward, power will shift and reorganize the landscape, potentially in drastic ways. That's when things become interesting—when opportunities crop up, industries transform, political systems are upended, and cultures evolve. Indeed, when enough of these changes happen simultaneously, daily life changes for all of us.

But what causes the distribution of power to change? It can happen with the advent of a talented, disruptive newcomer like Alexander the Great or Steve Jobs, or that of a transforming innovation like the stirrup, the printing press, the integrated circuit, or YouTube. It can happen through warfare, of course. And natural disasters may well be a cause: Hurricane Katrina, for example, led to the marginalization of New Orleans's once all-powerful local school boards and the rise of the city's new charter-school movement. Don't discount dumb luck or accident, either: a previously unshakeable incumbent may make a strategic mistake or personal blunder that leads to a precipitous downfall. Think Tiger Woods or David Patreus. Sometimes, illness and age simply take their toll and alter the distribution of power at the top of a company, a government, an army, or a sport.

On the other hand, not every smart innovation gets traction. Not every well-run new business with a desirable product and careful plan acquires the financing or sales opportunities it needs to make its mark. Some giant corporations or institutions prove vulnerable to nimble new competitors; others seem to ward them off as if swatting flies. It will never be possible to predict every shift in power. The collapse of the Soviet Union, the eruption of the Arab Spring, the decline of erstwhile newspaper giants like the *Washington Post*, and the sudden emergence of Twitter as an information provider attest to the impossibility of knowing what power shifts await around the corner.

The Importance of Barriers to Power

Although predicting specific power shifts is a fool's errand, understanding the trends that alter either the distribution of power or its very nature is not. The key is to understand the barriers to power in a specific arena. What technology, law, weapon, fortune, or unique asset makes it hard for others to gain the power enjoyed by incumbents? When such barriers go up and stay up, incumbents become entrenched and consolidate their control. When they go down or stay down, new players gain an edge and can challenge the existing power structure. The more drastic the erosion of any given barrier to power, the more unusual or unexpected the new

players, and the faster they may attain prominence. *Identify the barriers to power and whether they are coming up or going down, and you can solve a large part of the puzzle of power.*

Monopolies, single-party systems, military dictatorships, societies that officially favor a particular race or religious faith, marketplaces swamped with advertising for a dominant product, cartels like OPEC, political systems like the American one in which two parties effectively control the electoral process and small ones cannot get a foothold—all of these are situations where the barriers to power are high, at least for now. But some citadels can be stormed—either because their defenses are not as strong as they seem, because they are unprepared for new types of attackers, or, for that matter, because the treasures they protected have lost value in the first place. In such instances the trade routes now bypass them, and they are no longer of interest to marauding armies.

For example, the founders of Google did not set out to erode the dominance of the *New York Times* or other powerful media companies, but that is in fact what they accomplished. Insurgents who use improvised explosive devices in Afghanistan, or bands of Somali pirates who use rickety boats and AK-47s to hijack large ships in the Gulf of Aden, are circumventing the barriers that ensured the dominance of technologically sophisticated armies and navies. The result has been not so much a shift in the power of such armies and navies as a challenge to the very nature of that power.

Barriers to power can differentiate situations that look similar on the surface. A small group of firms might be able to control most of the market share in a particular industry because only they possess the required resources, an attractive product, or a unique technology. Alternatively, they might have successfully lobbied or paid off politicians to create rules and regulations that make it harder, or impossible, for rivals to enter the market. Proprietary technology, access to resources, regulatory protections, and a corrupt insider connection are four very different kinds of advantage. Obviously, power shifts occur when the control of certain scarce resources becomes more critical to competition in a given market, substitutes are found that make it less of a barrier for others, or a new technology makes it easier for many other competitors to enter the market.

While such shifts represent a well-known idea in the world of business, this idea has been less frequently applied to politics and to rivalries between nation-states, churches, or philanthropists. Consider, for example, a parliamentary system in which a number of small parties have seats and may be involved in forming a governing coalition. Is there a threshold, as in Germany, such that a party needs to have earned 5 percent of the total national vote to be represented in parliament at all? Is there instead a rule whereby a party must score a minimum proportion of the vote in several different regions? Or look at the competition among top universities. Is accreditation difficult, or do employers and graduate schools no longer care as much about the accreditation of the schools whose graduates they recruit?

Barriers to power might take the form of rules and regulations that prove easy or hard to rewrite or circumvent. They might take the form of costs—of key assets, resources, labor, marketing—that increase or go down. They might take the form of access to growth opportunities—new customers, workers, capital sources, religious believers. The details will vary by field. But as a rule of thumb, the more numerous and stringent the regulations, the higher the costs of replicating the incumbents' advantages; and the more restricted or rare the key assets, the higher the barriers that prevent new players from gaining a toehold, let alone forging a sustained advantage for themselves.

The Blueprint: Explaining Market Power

The concept of barriers to power is rooted in economics. Specifically, I have adapted the idea of *barriers to entry*—an analytic construct that economists use to understand the distribution, behavior, and prospects of firms in an industry—and applied it to the distribution of power. It is fair to expand the concept this way: after all, the idea of barriers to entry is used in economics to explain a particular kind of power—*market power.*

As we know, the ideal state in economics is perfect competition. Under perfect competition, many different firms make perfectly interchangeable goods and customers are interested in purchasing all the products they make. There are no transaction costs, just the costs of inputs, and all firms have access to the same information. Perfect competition describes an environment in which no single firm can influence on its own the price of goods in its marketplace.

The reality is very different, of course. Two companies, Airbus and Boeing, command the market for big long-haul planes, and a small number of additional manufacturers make smaller jets. But innumerable companies manufacture shirts or socks. It is exceedingly difficult for a new aircraft maker to enter the market. Assemble a few tailors or seamstresses in a workshop, however, and you can produce shirts. A small new shirtmaker may be able to compete with the big names, or at least find a niche in which it can prosper. A brand-new aircraft manufacturer faces less attractive odds.

Industries with stable and narrow structures, where incumbents hold sway and new rivals struggle, feature a great deal of market power. In plain language, this means the ability to ignore competition and still make a profit. In a perfectly competitive market, if you sell above the marginal cost (the cost of producing one additional unit, which is assumed to be the same for all producers in that industry), no one will buy, as all the other competitors will underprice you. The more market power a company possesses, the more it can set its prices without worrying about rivals. The more market power prevails among the companies in a given sector or marketplace, the more entrenched the pecking order. The difference in corporate "league tables" between a sector like personal care and hygiene—where the rankings of firms such as Procter and Gamble, Colgate-Palmolive, and other top companies have barely changed in several decades, and the personal-computer industry, where the rankings have been in utter flux—often has a great deal to do with market power.

Market power is ultimately exclusionary, and thus anti-competitive. But even for the companies that already enjoy a position inside the citadel, protected by barriers that limit the entry of newcomers, an easy life or even survival may be far from guaranteed. Existing rivals may gain market power and turn against them, leveraging their market dominance to buy them out or drive them to bankruptcy. Collusion and exclusion are common among companies that operate in sectors or nations where open competition is stifled and market power reigns. Entrepreneurs like to extol competition, but a chief executive of a dominant firm will be far more concerned with preserving its market power.

These considerations often usefully apply to the power dynamics among competitors in other areas—that is, to actors that are not businesses in search of maximum profit. Ahead we apply this set of ideas to illustrate what is happening to the equivalents of "market power" in military conflict, party politics, and other activities.

Barriers to Entry: A Key to Market Power

What are the sources of market power? In the business world, what causes certain firms to achieve dominance and remain unchallenged for a long time? Why do some sectors give rise to monopolies, duopolies, or a small number of firms that are able to coordinate their pricing or approaches to regulation, while others remain hospitable to myriad small companies that compete furiously? Why does the configuration of firms in some industries get relatively frozen over time, while in others it changes constantly?

For specialists in industrial organization, who seek to understand how companies gain advantages over their rivals, the factors that make it difficult for a new player to enter a given sector and compete successfully are crucial. And for our purposes, they can illuminate how power is obtained, retained, used, and lost, whether in a market or elsewhere.

Some barriers to entry stem from underlying conditions. They have to do with an industry's technical characteristics: manufacturing aluminum, for instance, requires massive, expensive-to-build, energy-consuming smelters. The underlying conditions may also reflect how much the industry is tied to a particular geographic location. For instance, does it require natural resources that are found only in a few places? Or does the product need to be processed or packaged close to where it will be sold, as in the case of cement, or can it be frozen, as with shrimp from China or lamb from New Zealand or vegetables from Mexico, and shipped around the world? Is a very specialized set of human skills required, such as a PhD in physics or mastery of a particular computer programming language? All of these questions point to requirements that explain why it is easier to open, say, a restaurant, a lawn-mowing company, or an office-cleaning firm than to enter the steel business, where you not only need capital, expensive equipment, a large factory, and expensive and specific inputs but also might incur big transportation costs.

Other barriers to entry result from laws, licenses, and trademarks; examples include bar membership for lawyers, a doctor's license to practice medicine, and the zoning, sanitation, facilities inspection, liquor license, and other hurdles one might face when trying to open a restaurant. Such barriers—whether they stem from scale, access to key resources, access to specialized technology, or legal and regulatory requirements—are *structural barriers* that confront any firm wishing to compete in the market. Even for firms already operating in that particular market, these barriers are hard to change—although firms that have grown large and powerful are often able to influence their regulatory environment.

Alongside these more permanent structural barriers are *strategic barriers to entry*. Incumbents create strategic barriers to prevent new rivals from emerging and to prevent existing rivals from growing. Examples include exclusive marketing agreements (e.g., the one between AT&T and Apple when

iPhones were first launched), long-term contracts that tie suppliers to sellers (e.g., oil producers and oil refiners), collusion and price-fixing (e.g., the infamous effort in the 1990s by Archer Daniels Midland and other firms to fix the price of animal-feed additives), and lobbying politicians to extract unique governmental advantages (e.g., a license to run a casino as a monopoly in a certain area). They also include advertising, special promotions, product placement, frequent-user discounts, and similar marketing tools that make entry difficult for would-be competitors. Indeed, it's hard to break in, even with the most exciting product, when you need an enormously expensive advertising budget to let potential customers know that your product exists and an even larger one to persuade them to actually try it.[3]

From Barriers to Entry to Barriers to Power

So it is no surprise that quite a bit of competitive ardor, not just in business but in other fields as well, goes into building up or breaking down the barriers to power—that is, affecting the game by changing its rules and requirements. This is especially true in politics, where parties and candidates often expend tremendous energy in battles over drawing up congressional districts (the infamous practice known in the United States as gerrymandering), or over mandating gender parity in parliament and on candidate slates, as in Argentina and Bangladesh, where a quota of seats in parliament is reserved for women. In India, where Dalits (once known as the caste of "untouchables") have reserved seats in parliament and regional assemblies, intense political and legal battles have raged over extending these benefits to the so-called Other Backward Classes (OBCs). In many countries, leaders with autocratic tendencies have sought to exclude political rivals while preserving a veneer of democracy by pushing through amendments to election law that just happen to disqualify those rivals on technicalities. Battles over corporate contributions in politics, political advertising, disclosure, and access to airwaves are often much more virulent than battles over policy. Parties that vehemently disagree on major policy questions might find themselves in lockstep defending rules that give them, together, the lion's share of seats. After all, a lost election can always be won back, but new rules change the game.[4]

Ultimately, barriers to power are the obstacles that stop new players from deploying enough of the muscle, the code, the pitch, and the reward, or some combination thereof, to gain a competitive hold; and, conversely, that allow incumbent companies, parties, armies, churches, foundations, universities, newspapers, and unions (or whatever other type of organization is involved) to maintain their dominance.

For many decades, even centuries, barriers to power sheltered massive armies, corporations, governments, parties, and social and cultural institutions. Now, those barriers are crumbling, eroding, leaking, or being rendered otherwise irrelevant. To appreciate just how profound this transformation is, and how much it reverses the tide of history, we need to review why and how power got big in the first place. The next chapter explains how, by the twentieth century, the world got to the point where—according to the conventional wisdom—power required size, and no better, more effective, and more sustainable way existed to exercise power than through large centralized and hierarchical organizations.

CHAPTER THREE

HOW POWER GOT BIG

An Assumption's Unquestioned Rise

TAKE YOUR PICK AS TO WHEN THE STORY BEGINS. WAS IT 1648, WHEN the Peace of Westphalia ushered in the modern nation-state, in place of the post-medieval order of city-states and overlapping principalities? Was it 1745, when a French aristocrat and commercial administrator named Vincent de Gournay is said to have coined the term *bureaucracy*? Or perhaps it was 1882, when a constellation of small oil firms in the United States were melded into the gigantic Standard Oil—amid the rise of new large-scale industries, and foreshadowing a great wave of mergers one decade later that would end the heyday of small, local, family-firm capitalism and install a new order based on giant corporations?

At any rate, by the start of the twentieth century, these and other great advances—all generally understood to reflect human progress, science, and ingenuity—were cementing a broadly held consensus about how to accumulate, retain, and exercise power. And by roughly mid-century, *big* had triumphed; no longer could individuals, artisans, family firms, city-states, or loose-knit bands of like-minded people hold their own against the overwhelming advantages of large organizations. Power now required size, scale, and a strong, centralized, hierarchical organization.

Whether the body in question was General Motors, the Catholic Church, or the Red Army, how to organize to get and keep maximum power was a practical question with an obvious answer: get big.

To understand how the idea of big took hold, we must start with some whirlwind history. In particular, we must spend some time getting to know the American dean of business history, the German father of modern sociology, and the British economist who won the Nobel Prize for explaining why, in business, bigger was often better. Taken together, their respective works illuminate not only how the creation of modern bureaucracy enabled the efficient exercise of power but also how the world's most successful corporations—as well as charities, churches, armies, political parties, and universities—have used the bureaucratic exercise of power to keep down rivals and advance their own interests.

Historians have identified the germ of modern bureaucracy in systems of government dating to ancient China, Egypt, and Rome. In both their military and administrative practices, the Romans invested heavily in large-scale, complex, centralized organization. Much later, Napoleon Bonaparte and others in Europe, absorbing the lessons of the Enlightenment, would commit to centralized and professionalized administration as the progressive and rational way to run a government. Drawing on that model and adapting American and European examples, Meiji-era Japan assembled a professional bureaucracy—including, above all, its Ministry of Industry, established in 1870—to reengineer its society and catch up with the West. By World War I the nation-state with a unitary government and civil service was the template for the world, including colonies. In India, for example, the British rulers set up the Indian Civil Service, which would carry on after independence as the prestigious Indian Administrative Service, a much-sought-after career path among the educated elite. Whether free-market or socialist, governed by a single party or robustly democratic, nations around the world in the twentieth century shared a commitment to a large central administration—that is, to a bureaucracy.

The same thing happened in economic life. Pushed by technology, the demands of large-scale industry, and new regulations, smaller companies gave way to large, multi-unit, hierarchically and administratively run firms, a species that had not existed before 1840. During what scholars call the first great merger movement in America—a decade-long period from 1895 to 1904—no fewer than 1,800 small firms disappeared in a wave of consolidation. The familiar names of many major brands date back to that era. General Electric was founded, out of a merger, in 1892. Coca-Cola was founded the same year, and Pepsi in 1902. The American Telephone and Telegraph Company (ancestor of AT&T) was founded in 1885; Westinghouse, in 1886; General Motors, in 1908; and so on. By 1904, seventy-eight corporations controlled more than half the production in their particular industry, and twenty-eight firms controlled more than four-fifths.[1] Commenting on the upheaval these new organizations represented, a dyspeptic

Henry Adams observed that "the Trusts and Corporations stood for the larger part of the new power that had been created since 1840, and were obnoxious because of their vigorous and unscrupulous energy. They were revolutionary, troubling all the old conventions and values, as the screws of ocean steamers must trouble a school of herring."[2]

This "managerial revolution," as the great business historian Alfred Chandler termed it, was also spreading from what he called its American "seed-bed" to the rest of the capitalist world. German industry was increasingly dominated by large firms such as AEG, Bayer, BASF, Siemens, and Krupp—many of them born in the mid-nineteenth century—that were themselves combining into larger formal and informal trusts. In Japan, with a helping hand from the government, the fledgling *zaibatsu* were expanding into new industries such as textiles, steel, shipbuilding, and railroads. Chandler persuasively argued that the more elaborate use of steam power in manufacturing during the nineteenth century as well as the popularization of electricity and innovations in management led to a *second industrial revolution* that spawned much larger companies than those that had emerged during the industrial revolution of the previous century. These new industrial plants used vastly more capital, workers, and managers. As a result, growth in scale became the precondition for business success and big became synonymous with corporate power. In his seminal work (aptly titled *The Visible Hand*), Chandler argued that the visible hand of powerful managers replaced the invisible hand of market forces as the main driver of modern business.[3] The power and the decisions of these professional managers who led giant companies, or giant divisions within companies, shaped economic activities and outcomes as much as if not more than the prices determined by market exchanges.

The ascent and dominance of these large industrial companies led Chandler to identify three distinct models of capitalism, each associated with one of the three leading bastions of capitalism at the time of this second industrial revolution: (a) the "personal capitalism" found in *Great Britain*, (b) the competitive (or managerial) one common in the *United States*, and (c) *Germany*'s "cooperative capitalism."[4] In Chandler's view, even successful large industrial firms in Britain were impaired by the familial nature of the dominant entrepreneurial dynasty that owned and managed them; they lacked the drive, agility, and ambition of their American counterparts. In contrast, the separation of ownership and management that Chandler called "managerial capitalism" enabled American companies to adopt new organizational forms—notably, the multi-divisional, or "M," structure (M-form)—that were far superior for raising and allocating capital, attracting talent, and innovating and investing in production and marketing. The M-form, which entailed a confederation of semi-independent product or geographical groups within a central headquarters, allowed more efficient handling of large-sized operations and created faster-growing corporations. In turn, the propensity of German companies to cooperate with labor unions led to a system that Chandler labeled "cooperative capitalism," which eventually became known as "codetermination." German firms strived to include more stakeholders in the companies' governance structure beyond shareholders and top managers.

Although these three systems differed in many ways, they had one paramount similarity: in each case, corporate power resided in large-sized companies. Size led to power and vice versa.

Whether we call it Big Business, Big Government, or Big Labor, this triumph of large, centralized organizations validated and reinforced the increasingly common assumption that big was best, and that achieving power in any relevant domain was a task best suited to a certain kind of modern and rational organization that was most effective when centralized and large. And if this idea had the force of received wisdom, one key reason was that it found compelling intellectual backing in economics, sociology, and political science. All such backing proceeded, fundamentally, from the seminal work of a remarkable social scientist: Max Weber.

Max Weber, or Why Size Made Sense

Max Weber was more than a German sociologist. He was one of the most remarkable intellectuals of his time, a prodigious scholar of economics, history, religion, culture, and more. He wrote on Western economic and legal history; studies of Indian, Chinese, and Jewish religion; public administration; the life of the city; and, finally, a massive tome, *Economy and Society*, published in 1922, two years after his death. He was also, as the political scientist and sociologist Alan Wolfe observed, "the leading scholar of questions of power and authority in the twentieth century,"[5] and it is in that capacity that we draw on him here. Indeed, Weber and his theories about bureaucracy are critical to understanding how power can actually be used.

Born in 1864, Weber came of age in Germany as it was unifying out of an assemblage of regional principalities, under the impetus of the Prussian chancellor Otto von Bismarck, and turning into a modern industrial nation. Weber, though an intellectual, took part in this modernization in

multiple roles—not just as an academic but also as an adviser to the Berlin stock exchange, a consultant to political reform groups, and a reserve officer in the Kaiser's army.[6] He first came to public attention with his controversial study of the plight of German agricultural laborers being displaced by Polish migrants, in which he argued that large German estates should be broken up into plots that could be given to workers to encourage them to stay in the area. Subsequently having taken a position at Freiburg University, he again courted controversy with proposals that Germany follow a path of "liberal imperialism" to build up the political and institutional structures needed for a modern state.[7]

In 1898, after a fiery family argument that precipitated his father's death, Weber had a breakdown and developed a form of nervous exhaustion that often left him unable to teach. It was during his recovery from one such bout, in 1903, that he was invited by Hugo Münsterberg, a Harvard professor of applied psychology, to join a gathering of international scholars that was assembling in St. Louis, Missouri. Weber accepted, drawn by the lure of the United States and what he considered to be its relatively undeveloped economic and political forms, the chance to delve deeper into Puritanism (his most influential work, *The Protestant Ethic and the Spirit of Capitalism*, would appear shortly), and a fat honorarium. As the German historian Wolfgang Mommsen later put it, the trip would prove to be "pivotally important to his social and political thought."[8]

Visiting the United States in 1904, Weber expanded his lecture invitation into a grand observation and data-gathering tour across much of the country; he would spend more than 180 hours on trains over a period of nearly three months, visiting New York; St. Louis; Chicago; Muskogee, Oklahoma (to see Indian country); Mt. Airy, North Carolina (where he had relatives); and sundry other destinations (meeting with William James, for example, in Cambridge, Massachusetts). Weber was coming from a mod-
example, in Cambridge, Massachusetts). Weber was coming from a mod-
ern country to one even more so. Indeed, as Weber viewed America, it represented "the last time in the long-lasting history of mankind that so
favourable conditions for a free and grand development will exist."[9] Amer-
ica was the most intensely capitalist society Weber had seen, and he recog-
nized that it presaged the future. The skyscrapers of New York and Chicago
appeared to him as "fortresses of capital," and he was awed by the Brooklyn
Bridge and by both cities' trains, trams, and elevators.

But Weber also found much to lament in the United States. He was
shocked at labor conditions, the lack of workplace safety, the endemic cor-
ruption of city officials and labor leaders, and the insufficient ability of

civil servants to regulate the whole mess and keep up with the dynamic economy. In Chicago, which he called "one of the most unbelievable cities," he wandered through stockyards, tenements, and streets, watching its residents at work and play, cataloguing the ethnic pecking order (Germans were waiters, Italians were ditch-diggers, and the Irish were politicians), and observing local customs. The city was, he observed, "like a human being with its skin peeled off and whose intestines are seen at work."[10] Capitalist development was moving rapidly, he further noted; everything "opposed to the culture of capitalism is going to be demolished with irresistible force."[11]

What Weber saw in America confirmed and strengthened his ideas about organization, power, and authority—and he would go on to produce a massive body of work that would earn him the reputation of "father of modern social science." Weber's theory of power, laid out in *Economy and Society*, began with authority—the basis on which "domination" was justified and exercised. Drawing on his encyclopedic command of global history, Weber argued that, in the past, much authority had been "traditional"—that is, inherited by its holders and accepted by the holders' subjects. A second source for authority had been "charismatic," in which an individual leader was seen by followers to possess a special gift. But the third form of authority—and the one suited to modern times—is "bureaucratic" and "rational" authority, grounded in laws and wielded by an administrative structure capable of enforcing clear and consistent rules. It rests, Weber wrote, on the "belief in the validity of legal statute and functional competence based on rationally created rules."

And so, Weber believed, the key to wielding power in modern society is bureaucratic organization. Bureaucracy to Weber was far from the dirty word it has become today. It described the most advanced form of organization humans had achieved and the one best suited for progress in a capitalist society. Weber enumerated bureaucratic organizations' fundamental characteristics: specific jobs with detailed rights, obligations, responsibilities, and scope of authority as well as a clear system of supervision, subordination, and unity of command. Such organizations also relied heavily on written communications and documents, and on the training of personnel according to each job's requirements and the skills it needed. Importantly, the inner workings of bureaucratic organizations were based on the application of consistent and comprehensive rules for everyone regardless of socioeconomic status or family, religious, or political links. Therefore, recruitments, responsibilities, and promotions were based on competence

and experience—not, as in the past, on the basis of family connections or personal relationships.[12]

Germany had been at the forefront of European efforts to create a modern civil service, beginning with Prussia in the seventeenth and eighteenth centuries. In Weber's day, that process intensified, with parallel developments in other countries that reduced the scope for patronage. The UK's Civil Service Commission, established in 1855, is one such example; another is the US Civil Service Commission created in 1883 to control entry into the Federal service. And 1874 saw the first step toward an international civil service, with the formation of the Universal Postal Union.

On his American journey, Weber also witnessed a parallel revolution in methods and bureaucratic organization among the new pioneers in business. In Chicago's stockyards, whose packing plants were at the forefront of assembly-line mechanization and specialization of tasks that allowed management to substitute unskilled labor for craft workers, Weber was agog over "the tremendous intensity of work."[13] Yet even amid the "wholesale slaughter and oceans of blood," his observer's mind was engaged:

> From the moment when the unsuspecting bovine enters the slaughtering area, is hit by a hammer and collapses, whereupon it is immediately gripped by an iron clamp, is hoisted up, and starts on its journey, it is in constant motion—past ever-new workers who eviscerate and skin it, etc., but are always (in the rhythm of work) tied to the machine that pulls the animal past them. ' . . There one can follow the pig from the sty to the sausage and the can.[14]

For managers, large-scale industrial production in an increasingly international market required the advantages of bureaucratic specialization and hierarchy, or, as Weber listed them: "precision, speed, unambiguity, knowledge of the files, continuity, discretion, strict subordination, reduction of friction and of material and personal costs."[15] What was good for cutting-edge government was also good for cutting-edge commerce. "Normally," Weber wrote, "the very large, modern capitalist enterprises are themselves unequalled models of strict bureaucratic organization."[16]

Deploying a range of examples, Weber would ultimately show that rational, professionalized, hierarchical, and centralized structures were ascendant in every domain, from successful political parties to trade unions, "ecclesiastical structures," and great universities. "It does not matter for the character of bureaucracy whether its authority is called 'private' or 'public,'" Weber wrote. "Where the bureaucratization of administration has been completely carried through," he concluded, "a form of power relation is established that is practically unshatterable."[17]

How the World Went Weberian

One of the catalysts for the spread of bureaucratization was the outbreak of World War I, a conflict that Weber initially supported but came to bitterly regret. The mass mobilization of millions of men and millions of tons of materiel required managerial innovations on the battlefield and the home front. Given the stationary nature of trench warfare, for example, the supply of ammunition became arguably the most critical constraint on operations. As just one facet of the organizational challenge this represented, consider the French production of 75-millimeter artillery shells. Prewar planners set a production goal of twelve thousand shells per day. Shortly after the outbreak of hostilities, they increased it to a hundred thousand per day—still only half the level that production eventually reached to meet demand. By 1918, more than 1.7 million men, women, and youths (including prisoners of war, mutilated veterans, and conscripted foreigners) were working in French munitions plants alone. As the historian William McNeill observed, "Innumerable bureaucratic structures that had previously acted more or less independently of one another in a context of market relationships coalesced into what amounted to a single national firm for waging war"—a process that played out in every combatant nation.[18]

Weber died of a lung infection two years after the war ended. But everything that happened for decades after his death only confirmed his insight about the fundamental superiority of large-scale, bureaucratic systems. Weber had been keen to show the effectiveness of such systems in organizations beyond the military and business, and this indeed proved to be the case. The managerial model soon took hold in philanthropy, for example, as the same great industrialists who pioneered modern business created foundations that would dominate charitable work for a century. By 1916, there were more than forty thousand millionaires in the United States, up from just one hundred in the 1870s. Tycoons like John D. Rockefeller and Andrew Carnegie teamed up with social reformers to endow universities and create free-standing institutes such as the Rockefeller Institute for Medical Research, which became a model for similar institutions. By 1915, the United States had twenty-seven general-purpose foundations, a uniquely

American innovation, with in-house experts conducting independent research on a variety of social problems and putting programs in place to ameliorate them. By 1930, that number had swelled to more than two hundred. The rise of independent endowed foundations was accompanied by the advent of mass philanthropy, especially in areas such as public health, where reformers harnessed community giving for broad social goals. In 1905, for example, no more than five thousand Americans were donating time and money to the fight against tuberculosis, a scourge that accounted for up to 11 percent of all US deaths. By 1915, led by organizations such as the National Association for the Study and Prevention of Tuberculosis (created in 1904), there were as many as five hundred thousand donors, many of them involved in the popular "Christmas seals" campaign, a Danish innovation popularized in the United States by the reformer Jacob Riis.[19]

What does all this have to do with power? Everything. It is not enough to control large, power-endowing resources like money, weapons, or followers. Such resources are a necessary precondition of power; but without an effective way of managing them, the power they create is less effective, more transient, or both. Weber's central message was that without a reliable, well-functioning organization, or, to use his term, without a bureaucracy, power could not be effectively wielded.

If Weber helped us understand the rationale and workings of bureaucracy in the exercise of power, the British economist Ronald Coase helped us understand the economic advantages that they conferred on companies. In 1937, Coase produced a conceptual breakthrough that explained why large organizations were not just rational according to a certain theory of profit-maximizing behavior but, indeed, often proved more efficient than the alternatives. It was no coincidence that, while still an undergraduate, in 1931–1932, Coase carried out the research for his seminal paper, "The Nature of the Firm," in the United States. Earlier he had flirted with socialism, and he became intrigued by the similarities in organization between American and Soviet firms and, in particular, by the question of why large industry, where power was highly centralized, had emerged on both sides of the ideological divide.[20]

Coase's explanation—which would help earn him the Nobel Prize in economics decades later—was both simple and revolutionary. He observed that modern firms faced numerous costs that were lower when the firm brought the functions in-house than they would have been when dealing at arms' length with another enterprise. Included among such costs are those for drafting and enforcing sales contracts—expenses that Coase initially called "marketing costs" and later redubbed "transaction costs." Specifically, transaction costs helped explain why some firms grew by vertically integrating—that is, by buying their suppliers or distributors—while others didn't. Large oil producers, for example, prefer to own the refineries where their oil is processed, as this tends to be less risky and more efficient than relying on a commercial relationship with independent refiners whose actions the oil companies can't control. In contrast, a large garment retailer like Zara and computer companies like Apple or Dell are less compelled to own the manufacturing facilities that make their products. They subcontract ("outsource") the manufacturing to another firm and concentrate on the technology, design, and marketing and retailing of their products. The propensity to operate through a vertically integrated firm is driven by the structure of the market of buyers and sellers active in the different stages of the industry and by the kinds of investments needed to enter the business. In short, transaction costs determine the contours, growth patterns, and, ultimately, the very nature of firms.[21] Although Coase's insight became an important underpinning of economics in general, its main initial impact was in the field of industrial organization, which focuses on factors that stimulate or hinder competition among firms.

The idea that transaction costs determine the size and even the nature of an organization can be applied to many other fields beyond industry to explain why not just modern corporations but also government agencies, armies, and churches became large and centralized. In all such cases, it has been rational and efficient to do so. High transaction costs create strong incentives to bring critical activities controlled by others inside the organization, thereby growing it. And by the same token, the more the pattern of transaction costs made it rational for organizations to grow large by integrating vertically, the more daunting an obstacle this growth represented for new rivals trying to gain a foothold. It is harder for a new rival to challenge an existing company that also controls the main source of raw materials, for example, or has internalized the main distribution channels or retail chain. The same applies to situations in which one army has exclusive control over the procurement of its weapons and technology and a second army is forced to depend on another nation's arms industry. Thus, the transaction costs that some organizations are able to minimize by "internalizing" or controlling the provider or the distributors constitute one more barrier to potential new rivals and a barrier to gaining power more generally—and scale boosted by vertical integration provides a high protective barrier for incumbents inasmuch as newer, smaller players have a lesser chance to compete and succeed. It is worth noting that until the 1980s many governments were tempted to "integrate" vertically and own and operate airlines, smelters, cement factories, and banks. Indeed, governments' quest for efficiency and autonomy often masked other motivations such as public sector employment creation and opportunities for patronage, corruption, regional development, and so on.

Though not commonly thought of as such, transaction costs are indeed determinants of an organization's size and, often, of its power. And as discussed below, since the nature of transaction costs is changing and their impact is dwindling, the barriers that used to shield the powerful from their challengers are falling. And this is not happening only in the realm of business competition.

The Myth of the Power Elite?

In process and outcome, World War II reinforced the equation of size with power. The US "arsenal of democracy" that fueled the Allied victory nearly doubled the size of the US economy over the course of the war and nurtured corporate giants that were paragons of mass production. And who were the ultimate winners of this conflict but the United States and the USSR—countries that spanned whole continents, not island-nations like Japan or even Great Britain, beggared by the costs of the fighting into second-class status. At war's end, pent-up American consumer demand, supported by wartime savings and new, generous government programs, allowed big companies to grow even bigger. More broadly and more ominously, as the Good War segued into what John F. Kennedy would call the "long, twilight struggle," the contest for mastery between the capitalist West and the communist East fed huge security establishments on both sides of the Cold War divide, each guided by its own ideology, with bureaucratic imperatives stretching far beyond the purely military into science, education, and culture. As the historian Derek Leebaert put it in *The Fifty-Year Wound,* his wide-ranging tally of the costs of the Cold War, "Emergency played into the penchant for bigness that was a child of earlier industrialization, of the radical insecurity that the Depression inflicted on small organizations, and of the cooperative giantism of World War II: big unions, big corporations, and big government, with little concern for the market."[22]

In short order, the symbolism of size and scale—the idea that the ventures most likely to succeed and endure were in some way the most monumental—passed into popular imagery virtually everywhere. As the world's largest office building (as measured by floor area), the Pentagon, built during World War II, from 1941 to 1943, was a perfect symbol of this principle during the 1950s and '60s. So, too, was the famed buttoned-down culture of IBM, whose attributes of hierarchy and convention were placed in support of the goal of advanced engineering. In 1955, General Motors, one of the early adopters and paradigmatic examples of the M-form management structure, became the first US corporation to net more than $1 billion in a year as well as the largest corporation in the United States, in terms of its revenues as a proportion of gross domestic product (roughly 3 percent); it employed more than five hundred thousand workers in the United States alone, offered consumers eighty-five different models to choose from, and sold about 5 million cars and trucks.[23] Mass-production principles were also being expanded to industries such as homebuilding by businessmen like Bill Levitt, a former Navy construction worker who pioneered suburban development by building affordable middle-class homes by the thousands.

But the apparent triumph of the behemoth organizations that produced this Cold War cornucopia of goods and services also stirred worries. Architecture critics like Lewis Mumford complained that the new Levittowns were monotonous and the houses too spread out to create a real community. Irving Howe, the literary and social commentator, decried the postwar years as the "Age of Conformity," and in 1950 the sociologist David Riesman bemoaned the loss of individualism under institutional pressure in his influential book *The Lonely Crowd.*[24]

And these were not the only concerns raised. As large organizations took hold in every area, apparently cementing their grip on various facets of human life, social critics worried that the hierarchies they established would become permanent, separating an elite that controlled politics and business from everyone else, and concentrating power in a ruling group or class at the same time that the implacable logic of size caused organizations to grow larger and larger, swallowing each other up if need be through mergers or sharing the wealth in cartels and combines. For some, the expansion of government programs from military to social spending, and the growth of the bureaucracies tasked with administering them—again, not just in left or socialist societies—was a similarly worrying trend.

Others viewed the concentration of power as chiefly a product of the capitalist economy.

In one way or another, these fears echoed the beliefs of Karl Marx and Friedrich Engels, who argued in *The Communist Manifesto* (1848) that governments in capitalist society were political extensions of the interests of business owners. "The executive of the state," they wrote, was "nothing more than a committee for managing the affairs of the whole bourgeoisie."[25] Over the following decades, scores of influential followers would advance various arguments that had in common a core theme. Marxists argued that the expansion of capitalism brought with it the reinforcement of class divisions and, through imperialism and the spread of finance capital around the world, the replication of these divisions both within countries and between them.

But the rise of large hierarchical organizations focused a very particular critique that owed a debt to Weber, for its focus, and to Marx, for its argument. In 1951, the Columbia University sociologist C. Wright Mills published a study titled *White Collar: The American Middle Classes.*[26] Like Ronald Coase, Mills was fascinated by the rise of large managerial corporations. He argued that these firms, in their pursuit of scale and efficiency, had created a vast tier of workers who carried out repetitive, mechanistic tasks that stifled their imagination and, ultimately, their ability to fully participate in society. In short, Mills argued, the typical corporate worker was alienated. For many, that alienation was captured in the warning printed on the Hollerith punch cards that, thanks to IBM and other data processing firms, became ubiquitous symbols and agents of bureaucratized life during the 1950s and 1960s: "Do Not Fold, Spindle, or Mutilate."

In 1956 Mills further developed this argument in his most famous work, *The Power Elite.* Here, he identified the ways in which, according to him, power in the United States clustered in the hands of a ruling "caste" that dominated economic, industrial, and political affairs. Yes, Mills argued, American political life was democratic and pluralistic; yet despite this, the concentration of political and economic power put the elite in a stronger position than ever before to retain its supremacy.[27] These ideas made Mills a social critic, but his views were by no means radical for their time. President Dwight Eisenhower would make a similar point only five years later in his farewell speech to the nation, in which he warned against unchecked power and the "undue influence" of the "military-industrial complex."[28]

During the 1960s, the suspicion that modern economic organizations inherently produced inequalities and a permanent elite spread further among sociologists and psychologists. In 1967, a scholar at the University of California at Santa Cruz, G. William Domhoff, published a book titled *Who Rules America?* In it, Domhoff used what he called the "Four Networks" theory to show that American life was controlled by the owners and top managers of large corporations. Domhoff has continued to update the book in new editions, weaving in everything from the Vietnam War to the election of Barack Obama to make his case.[29]

The trope of an entrenched elite or establishment has itself become a foil for those who want to join its ranks, whether politicians who run against Washington or upstart firms seeking to dethrone a larger, more powerful rival. An example of the latter traces back to 1984, when Apple made advertising history with its iconic commercial introducing the Macintosh personal computer: in a tableaux inspired by George Orwell's dystopic novel, a woman pursued by a phalanx of jackbooted police hurls a sledgehammer at a huge screen broadcasting a Big Brotheresque message to row upon row of benumbed automatons, setting them free. The ad was not-so-subtly aimed at IBM, Apple's then-dominant competitor in the personal computer market. Of course, today IBM is out of the PC market, and its market capitalization value is dwarfed by that of Apple, which, in turn, is being criticized for maintaining its own Big Brotheresque grip on its operating system, hardware, stores, and consumer experience. Google, incorporated in 1998 with the informal hacker ethos and corporate motto of "Don't Be Evil," is now one of the world's biggest corporations (as measured by market capitalization) and is seen in some quarters as akin to the Antichrist, single-handedly destroying newspapers, crushing rivals, and violating consumer privacy.

Increasing wealth and income inequality in the United States in the last twenty years, along with the global trend toward massive CEO pay packages and banker bonuses, have fed the perception that those who get to the top stay there, remote and above the cares that afflict lesser mortals. The theorist Christopher Lasch, who died in 1994, called the policies and behaviors in the West that made these trends possible—deregulation and such social choices as private schooling, private security, and so on—the "revolt of the elites." He described this phenomenon as a kind of opting-out of the social system by those wealthy enough to be able to do so. "Have they canceled their allegiance to America?" Lasch asked in a cover essay in *Harper's*.[30]

The idea of a "revolt of the elites" has resonated. Despite fuzziness as to what exactly defines the elite (Wealth? Status measured some other way? Particular professions?), the notion of a resurgent elite further strengthening its hold on government is very much alive. In 2008, days after the massive US bank bailout was announced and a few short weeks after the collapse of Lehman Brothers and the rescue of the insurance giant American International Group (AIG), the critic Naomi Klein described the era as "a revolt of the elites . . . and an incredibly successful one." She argued that both the long neglect of financial regulation and the sudden bailout reflected elite control over policy. And she suggested that a common trend in the concentration of power linked together major countries with seemingly opposed political and economic systems. "I see a drift toward authoritarian capitalism that is shared in [the United States], Russia and China," Klein told an audience in New York. "Not to say that we're all at the same stage—but I see a trend toward a very disturbing mix of big corporate power and big state power cooperating in the interests of the elites."[31] A concomitant belief is that globalization has merely increased the concentration of power in individual industries and economic sectors, with market leaders cementing their hold on the top spots.

Events of recent years have revived the concern that power in many or most countries is ultimately held by an oligarchy—a small number of top players that enjoy disproportionate control over wealth and resources and whose interests are intimately woven, whether in blunt or subtle ways, into government policy. Simon Johnson, an MIT professor and former chief economist of the International Monetary Fund, drew on his experience to argue that everywhere the fund was called on to intervene, it found oligarchies seeking to shelter themselves and off-load the burdens of reform onto other constituencies (or foreign lenders). Oligarchies are a standard feature in emerging markets, Johnson asserted in a 2009 article in *The Atlantic*, but not just there. In fact, he argued, the United States set the lead here, too: "Just as we have the world's most advanced economy, military, and technology, we also have its most advanced oligarchy." He pointed to lobbying, financial deregulation, and the revolving door between Wall Street and Washington and argued in favor of a "breaking of the old elite."[32]

Such analyses inform a more general belief that is so pervasive as to have become almost a collective instinct: "Power and wealth tend to concentrate. The rich will become richer and the poor will stay poor." This rendering of the idea is something of a caricature, yet it is the default assumption underpinning conversations in parliaments, at millions of household dinner tables, in university halls and at after-work gatherings of friends, in erudite books, and in popular TV series. Even among free-market devotees, it is common to find echoes of the Marxist idea that power and wealth tend to concentrate. In the last decade or two, media coverage of the extravagant wealth of Russian oligarchs, oil sheiks, Chinese billionaires, and American hedge-fund managers and Internet entrepreneurs has been enthusiastically provided and consumed. And whenever these tycoons intervene in politics—as with Silvio Berlusconi in Italy, Thaksin Shinawatra in Thailand, or Rupert Murdoch and George Soros globally—or Bill Gates and others try to shape public policies in the United States and around the world, the public is again reminded that money and power reinforce each other, creating an almost impenetrable barrier for rivals.

The received wisdom that economic inequality is fated to endure and even get worse makes all of us, in a little way, Marxists. But what if the model of organization that Weber and his inheritors in economics and sociology found to be the most adapted to competition and management in modern life has become obsolete? What if power is dispersing, coming to dwell in new forms and through new mechanisms in a host of small and previously marginal players, while the power advantage of the big, established, and more bureaucratic incumbents decays? The rise of micropowers throws open such questions, for the first time. It holds out the prospect that power may have become remarkably unmoored from size and scale.

CHAPTER FOUR

HOW POWER LOST ITS EDGE

The More, Mobility, *and* Mentality *Revolutions*

JAVIER SOLANA, THE SPANISH FOREIGN MINISTER WHO IN THE MID-1990s became secretary-general of NATO and then the European Union's foreign policy chief, told me: "Over the last quarter-century—a period that included the Balkans and Iraq and negotiations with Iran, the Israeli-Palestinian issues and numerous other crises—I saw how multiple new forces and factors constrained even the richest and most technologically advanced powers. They—and by that I mean we—could rarely do any longer what we wanted."[1]

Solana is correct. Insurgents, fringe political parties, innovative start-ups, hackers, loosely organized activists, upstart citizen media, leaderless young people in city squares, and charismatic individuals who seem to have "come from nowhere" are shaking up the old order. Not all are savory; but each is contributing to the decay of power of the navies and police forces, television networks, traditional political parties, and large banks.

These are the *micropowers:* small, unknown, or once-negligible actors that have found ways to undermine, fence in, or thwart the megaplayers, the large bureaucratic organizations that previously controlled their fields. Going by past principles, micropowers should be aberrations. Because they lack scale, coordination, resources, or a preexisting reputation, they should not even be making it into the game—or at least, not making it for long before being squashed or absorbed by a dominant rival. But the reverse is true. Indeed, micropowers are denying established players many options that they used to take for granted. In some cases, the micropowers are even winning the contests against the megaplayers.

Do the newly arrived micropowers achieve this by overrunning the competition and driving the big incumbents out of business? Rarely. They are not equipped for vast takeovers. Their advantage is precisely that they are not burdened by the size, scale, asset and resource portfolio, centralization, and hierarchy that the megaplayers have deployed and spent so much time and effort nurturing and managing. The more the micropowers take on these traits, the more they turn into the type of organization that other new micropowers will attack with just as much effectiveness. Instead, successful micropowers capitalize on a new set of advantages and techniques. They wear down, impede, undermine, sabotage, and outflank the megaplayers in ways that the latter, for all their vast resources, find themselves ill-equipped and ill-prepared to resist. And the effectiveness of these techniques to destabilize and displace entrenched behemoths means that power is becoming easier to disrupt and harder to consolidate. The implications are breathtaking. They signal the exhaustion of the Weberian bureaucracy, the system of organization that delivered the benefits and also the tragedies of the twentieth century. *The decoupling of power from size, and thus the decoupling of the capacity to use power effectively from the control of a large Weberian bureaucracy, is changing the world.* And this decoupling invites a disquieting thought: if the future of power lies in disruption and interference, not management and consolidation, can we expect ever to know stability again?

So What Has Changed?

It's hard to identify the moment when the dispersal and decay of power, and the decline of the Weberian bureaucratic ideal, began—much less to do so in the precise way with which, say, the poet Philip Larkin pinpointed the advent of the sexual revolution: "Between the end of the *Chatterley* ban" and the Beatles' first album.[2]

Still, November 9, 1989—the date the Berlin Wall fell—is not a bad place to start. Loosening half a continent from tyranny's grip, unlocking borders, and opening new markets, the end of the Cold War and its animating ideological and existential struggle undermined the rationale for a vast national security state and the commitment of economic, political, and cultural resources that supported it. Whole populations forced to march more or less in lockstep were freed to find their own drummers, an

upending of the existing order that found visceral expression in events such as the Christmas 1989 execution of the Ceausescus in Romania and the January 1990 storming of East Germany's Stasi headquarters—the secret-service organization that represented one of the darker pinnacles of postwar bureaucratic achievement. Economies trapped in a mostly closed system were opened to foreign investment and trade championed by a burgeoning herd of multinational corporations. As General William Odom, Ronald Reagan's National Security Agency director, observed: "By creating a security umbrella over Europe and Asia, Americans lowered the business transaction costs in all these regions: North America, Western Europe and Northeast Asia all got richer as a result."[3] Now those lower transaction costs could be extended, and with them also the promise of greater economic freedom.

Slightly more than a year after thousands of Germans took sledgehammers to the Berlin Wall, in December 1990, Tim Berners-Lee, a British computer scientist at the European Organization for Nuclear Research on the Franco-Swiss border, sent the first successful communication between a Hypertext Transfer Protocol and a server via the Internet, thereby creating the World Wide Web. That invention, in turn, sparked a global communications revolution that has left no part of our lives untouched.

The end of the Cold War and the birth of the Internet were certainly factors enabling the rise of today's micropowers, but they were by no means the only important ones. We often find it hard to resist the urge to attribute a period of great flux to a single cause. Take, for instance, the role of text messaging and social media such as Facebook and Twitter in upheavals around the world. A fierce but ultimately sterile debate has occurred between those who argue that social media have sparked new political movements and those who argue that their effect has been overstated. As elements in the struggle for power, social media have helped coordinate demonstrations and inform the outside world about human rights abuses. But savvy repressive regimes like those of Iran and China have also used these tools for surveillance and repression. And when in doubt, a government can simply turn off national Internet access (at least in large measure, as Egypt and Syria did when their dictators were challenged) or establish an elaborate system of filters and controls that reduces the flow of nonapproved online communication (as China has done with its "Great Firewall"). There are plenty of cases and counter-cases that illustrate the arguments of Internet optimists and techno-futurists like Clay Shirky as well as the counter-arguments of skeptics like Evgeny Morozov and Malcolm Gladwell. Thus, to understand why the barriers to power have become porous, we need to look at deeper transformations—to changes that began accumulating and accelerating even before the end of the Cold War or the spinning of the Web. The biggest challenges to power in our time have come from changes in the basics of life—in how we live, where we live, for how long and how well. What has changed is the landscape in which power operates.

This is the terrain of demographics, standards of living, levels of health and education, patterns of migration, families, communities, and, ultimately, our attitudes: the reference points for our aspirations, beliefs, desires, and, indeed, the ways in which we think about ourselves and others. To describe such changes at this deep level and to understand what they are doing to power, we need to break them down into three categories: the *More* revolution, the *Mobility* revolution, and the *Mentality* revolution. The first is swamping the barriers to power; the second is circumventing them; the third is undercutting them.

The *More* Revolution: Overwhelming the Means of Control

Ours is an age of profusion. There is simply more of everything now. There are more people, countries, cities, political parties, armies; more goods and services, and more companies selling them; more weapons and more medicines; more students and more computers; more preachers and more criminals. The world's economic output has increased fivefold since 1950. Income per capita is three and a half times greater than it was then. Most importantly, there are more people—2 billion more than there were just two decades ago. By 2050, the world's population will be four times larger than it was in 1950. Comprehending the size of this population as well as its age structure, geographical distribution, longevity, health, and aspirations is critical for understanding what has happened to power.

The More revolution is not limited to one quadrant of the globe or to one segment of humanity. It has progressed in the face of all the negative events that make the headlines each day: economic recession, terrorism, earthquakes, repression, civil wars, natural disasters, environmental threats. Without diminishing the urgency and human and planetary toll of these crises, we can assert that the first decade of the twenty-first century was arguably humanity's most successful: as the analyst Charles Kenny put it, our "Best. Decade. Ever."[4] The data back up this claim. According to the World Bank, between 2005 and 2008, from sub-Saharan Africa to Latin America and from Asia to Eastern Europe, the proportion of people living in extreme poverty (those with incomes under $1.25 day) plunged—the first time that has happened since statistics on global poverty became available. Given that the decade was marked by the onset of the deepest economic crisis since the Great Depression of 1929, this progress is even more surprising. Indeed, in the midst of the crisis, Robert Zoellick, the then-president of the World Bank, expressed serious concern about the financial crash's impact on poverty: the experts, he said, had told him that the number of poor would increase substantially. Fortunately, they were wrong. In fact, the world is expected to reach the Millennium Development Goals on poverty set in 2000 by the United Nations much earlier than expected; one was to cut the world's extreme poverty in half by 2015, a goal met five years earlier.

The explanation is that despite the crisis, the economies of poorer countries continued to expand and create jobs. And it's a trend that began three decades ago: 660 million Chinese have escaped poverty since 1981, for example. In Asia, the percentage of those living in extreme poverty dropped from 77 percent of the population in the 1980s to 14 percent in 1998. This is happening not only in China, India, Brazil, and other successful emerging markets but also in the poorest countries in Africa. The economists Maxim Pinkovskiy and Xavier Sala-i-Martin have shown that between 1970 and 2006, poverty in Africa declined much faster than generally recognized. Their conclusion, based on a rigorous statistical analysis, is that in Africa "poverty reduction is remarkably general: it cannot be explained by a large country, or even by a single set of countries possessing some beneficial geographical or historical characteristic. All classes of countries, including those with disadvantageous geography and history, experienced reductions in poverty. In particular, poverty fell for both landlocked as well as coastal countries; for mineral-rich as well as mineral-poor countries; for countries with favorable or with unfavorable agriculture; for countries regardless of colonial origin; and for countries with below- or above-median slave exports per capita during the African slave trade. In 1998, for the first time since data is available, there are more Africans living above the poverty line than below."[5]

Of course, billions of people still live in unspeakable conditions. And having an income of three or five dollars a day instead of the $1.25 that the World Bank cites as the extreme poverty line still means a life of struggle and deprivation. But it is also a fact that quality of life has increased even for the world's poorest and most vulnerable "bottom billion." Since 2000 child mortality has decreased by more than 17 percent, and child deaths from measles dropped by 60 percent between 1999 and 2005. In developing countries, the number of people in the "undernourished" category decreased from 34 percent in 1970 to 17 percent in 2008.

The rapid economic growth of many poor countries and the consequent decline in poverty have also fueled the growth of a "global middle class." The World Bank reckons that since 2006, twenty-eight formerly "low-income countries" have joined the ranks of what it calls "middle-income" ones. These new middle classes may not be as prosperous as their counterparts in developed countries, but their members now enjoy an unprecedented standard of living. And this is the world's fastest-growing demographic category. As the Brookings Institution's Homi Kharas, one of the most respected researchers on the new global middle class, told me: "The size of the global middle class has doubled from about 1 billion in 1980 to 2 billion in 2012. This segment of society is still growing very fast and could reach 3 billion by 2020. I estimate that by 2017 Asia's middle class will be more numerous than that of North America and Europe combined. By 2021, on present trends, there could be more than 2 billion Asians in middle-class households. In China alone, there could be over 670 million middle-class consumers."[6]

And Kharas is quick to point out that this is happening not just in Asia: "Around the world, fast-growing, poor nations have been constantly adding numbers to their middle classes. I see nothing that indicates that this will not continue in the years ahead despite the occasional bump on the road that may slow down the growth of the middle class in some countries for a while. But globally, the trend is clear."

The world's socioeconomic landscape has been drastically altered in the last three decades. The list of changes—indeed, of achievements—is as long as it is surprising: 84 percent of the world's population is now literate, compared to 75 percent in 1990. University education is up, and even average scores on intelligence tests all over the world are now higher. Meanwhile, combat deaths are down—by more than 40 percent since 2000. Life expectancy in countries most hard-hit by the HIV/AIDS pandemic is starting to rise again. And we are providing for our agricultural needs better than ever: since 2000, cereal production in the developing world has increased twice as fast as population. Even "rare earths"—the seventeen scarce elements used in the manufacture of cellphones and in fuel refining—are not so rare

anymore, as new sources and producers enter the market. Perhaps one reason for all this progress is the rapid expansion of the professional community of scientists: in the countries covered by an Organisation for Economic Co-operation and Development (OECD) survey, the number of working scientists grew from 4.3 million in 1999 to 6.3 million in 2009.[7] And that tally does not include several countries with large and growing science communities, most notably India.

Human beings are indeed enjoying longer and healthier lives. According to the United Nations Human Development Index, which combines health, education, and income indicators to give a global measure of well-being, standards of living have risen everywhere in the world since 1970. In fact, you can count on one hand the countries in which it was lower in 2010 than in 1970. And between 2000 and 2010 only *one* country in the world—Zimbabwe—saw its human development index go down. From poverty and child mortality to educational attainment and caloric intake, the key numbers at the end of 2012 were better than they were in 2000. Simply put, billions of people who until recently lived with almost nothing now have more food, more opportunities, and longer lives than ever before.

My aim here is not to sound like Voltaire's Dr. Pangloss, who proclaimed that "all is for the best in the best of all possible worlds." Indeed, every one of the aforementioned advances points to glaring challenges and exceptions that often turn tragic. The progress of the poor countries stands in clear contrast to the recent situation in Europe and the United States, where a middle class that enjoyed decades of growth and prosperity has been losing economic ground and shrinking as a result of the financial crash. Nevertheless, the overall picture of humanity living longer and healthier lives, with basic needs far better addressed than ever, is crucial to understanding today's shifts and redistributions of power—and to putting into perspective more fashionable explanations of current events. Yes, the Arab Spring and other recent social movements have made often spectacular use of modern technologies. But they owe even more to the rapid rise in life expectancy in the Middle East and North Africa since 1980; to the "youth bulge" made up of millions of people under thirty who are educated and healthy, with a long life span ahead of them, yet have no jobs or good prospects; and, of course, to the rise of a politically active middle class. It's no coincidence that the Arab Spring started in Tunisia, the North African country with the best economic performance and the most success in lifting its poor into the middle class. Indeed, an impatient, better-informed middle class that wants progress faster than the government can deliver, and whose intolerance for corruption has transformed it into a potent opposition, is the engine driving many of this decade's political changes. By itself, the growth of population and incomes is not sufficient to transform the exercise of power: power may still concentrate in few hands. But the More revolution is not just about quantity; it is also about qualitative improvements in people's lives. When people are better nourished, healthier, more educated, better informed, and more connected with others, many of the factors that locked power in place are no longer quite so effective.

The key is this: *When people are more numerous and living fuller lives, they become more difficult to regiment and control.*

The exercise of power in any realm involves, fundamentally, the ability to impose and retain control over a country, a marketplace, a constituency, a population of adherents, a network of trade routes, and so on. When the people in that territory—whether potential soldiers, voters, customers, workers, competitors, or believers—are more numerous and in fuller possession of their means and functioning at ever-greater levels of ability, they become more difficult to coordinate and control. The former US national security adviser Zbigniew Brzezinski, reflecting on the drastic changes in the world order since he entered public life, put it bluntly: "It is infinitely easier today to kill a million people than to control them."[8]

For those in power, the More revolution produces thorny dilemmas: How to coerce effectively when the use of force gets more costly and risky? How to assert authority when people's lives are fuller and they feel less dependent and vulnerable? How to influence people and reward them for their loyalty in a universe where they have more choices? The task of governing, organizing, mobilizing, influencing, persuading, disciplining, or repressing a large number of people with generally good standards of living requires different methods than those that worked for a smaller and less developed community.

The *Mobility* Revolution: The End of Captive Audiences

Not only are there more people today, more of whom live fuller and healthier lives: they also move around a lot more. That makes them harder to control. It also changes the distribution of power within and among populations, whether through the rise of ethnic, religious, and professional diasporas or as individual vectors of ideas, capital, and faiths that can be either destabilizing or empowering. The United Nations estimates that there are 214 million migrants across the globe, an increase of 37 percent in the last two decades. In that same period, the number of migrants grew by 41 percent in Europe and by 80 percent in North America. We are experiencing a Mobility revolution, in which more people are moving than at any other time in world history.

Consider, for example, the effect that accelerated global mobility has had on the US labor movement. In 2005, a half-dozen unions defected from the AFL-CIO to form a competitor federation called Change to Win. The breakaway unions included the Service Employees International Union (SEIU) and the garment industry union UniteHere; both count among their ranks a higher proportion of low-wage immigrant workers, whose interests and priorities are different from those in the old-line manufacturing and industrial unions like the Teamsters. The impact of the split spilled over into national politics. As Jason DeParle, a reporter at the *New York Times*, put it: "Change to Win unions played an important (some have argued decisive) role in the early stages of Mr. Obama's first presidential campaign."[9] And in his bid for reelection in 2012, Hispanic voters proved determinant. In this unexpected way, international mobility helped to shape political outcomes in the United States—as it is doing everywhere.

Under the terms of the 2009 Sudanese Referendum Act passed by Sudan's legislature, voters from the Sudanese diaspora, including the 150,000 or so in the United States, were empowered to vote in the 2011 referendum concerning South Sudan's decision to become an independent nation. Some members of Colombia's senate are elected by Colombians living abroad. Political candidates for state governor or president from countries with large emigrant populations—for example, for state governorships in Mexico or for president of Senegal—often travel to Chicago or New York or London, or wherever their compatriots have put down roots, to raise votes and money.

By the same token, immigrants are changing the businesses, religions, and cultures of the countries they settle in. In the United States, the Hispanic population grew from 22 million in 1990 to 51 million in 2011, such that now one of every six Americans is Hispanic; they accounted for more than half of the growth in US population in the past decade. And in Dearborn, Michigan, the world headquarters for the Ford Motor Company, 40 percent of the population is Arab-American; its Muslim members have built the largest mosque in North America. Such enclaves are bound to transform coalitions and voting patterns as well as business strategies and even the competition for members of churches. Political parties, politicians, businesses, and other institutions increasingly face competitors that have deeper roots and a better understanding of this new population. The same is happening in Europe, as governments have proven unable to stem the tide of immigrants from Africa, Asia, and indeed other, less wealthy European countries. An interesting case in point: in 2007, a Nigerian-born man was elected in Portlaoise, Ireland, a commuter town west of Dublin, as that country's first black mayor.

Even efforts to *restrict* this new mobility can have powerful unexpected consequences. Jorge G. Castañeda, a former Mexican secretary of foreign affairs, and Douglas S. Massey, a Princeton sociologist, explain that in response to the harsher treatment and unwelcoming environment for immigrants in some American states, "many Mexican permanent residents made an unexpected choice: Rather than leave the United States because they felt unwelcome, they became citizens—a practice known as 'defensive naturalization.' In the decade before 1996, an average of 29,000 Mexicans were naturalized each year; since 1996, the average has been 125,000 per year, yielding two million new citizens who could then bring in close relatives. At present, nearly two-thirds of legal permanent residents from Mexico enter as relatives of U.S. citizens."[10] These new citizens are, of course, also voters—a fact that is reshaping the election landscape.

Immigrants also send billions of dollars in remittances to their home countries, promoting economic growth and development. Worldwide, they wired, mailed, or carried home $449 billion in 2010. (In 1980 remittances totaled just 37 billion.)[11] Nowadays, remittances are more than five times larger than the world's total foreign aid and larger than the annual total flow of foreign investment to poor countries. In short, workers who live outside their home country—and who are often very poor themselves—send more money to their country than foreign investors, and more than rich countries send as financial aid.[12] Indeed, for many countries, remittances have become the biggest source of hard currency and, in effect, the largest sector of the economy, thereby transforming traditional economic and social structures as well as the business landscape.

PERHAPS THE MOST AGGRESSIVELY POWER-TRANSFORMING ASPECT OF the Mobility revolution is urbanization. What was already the fastest process of urbanization in history is accelerating, especially in Asia. More people have moved, and continue to move, from farms to cities than ever before. In 2007, for the first time in history, more people lived in cities than in rural areas. Richard Dobbs describes the immense scale of this transformation as follows: "The megacity will be home to China's and India's growing middle classes—creating consumer markets larger than today's Japan and Spain, respectively."[13] The US National Intelligence Council reckons that "every year 65 million people are added to the world's urban population, equivalent to adding seven cities the size of Chicago or five the size of London annually."[14] The consequences of this revolution for the distribution of power are just as intense internally; indeed, an increasing number of people are spending and investing in two (or more) countries at the same time. Internal migration—especially population shifts from farms to cities—can be as disruptive to power as is international migration.

Though less broad-based than urbanization, a newer form of mobility is also reshaping the landscape of power: brain circulation. Poor nations tend to lose many of their skilled and better-educated citizens to richer countries, which attract them with the expectation of a better life. This well-known "brain drain" deprives nations of nurses, engineers, scientists, entrepreneurs, and other professionals who have been expensive to train—departures that obviously lessen the countries' endowment of human capital. In recent years, however, increasingly more of these professionals have been returning to their countries of origin and upending business as usual in industries, universities, the media, and politics. AnnaLee Saxenian, the dean of the School of Information at the University of California, Berkeley, has found that Taiwanese, Indian, Israeli, and Chinese immigrants who worked in California's Silicon Valley often became "angel investors" and "venture capitalists" in their old countries, starting up companies and eventually either moving back or traveling often between their old and new countries (that is why Saxenian calls it *brain circulation*). In so doing, they transfer the culture, approaches, and techniques they learned in the United States. Inevitably, in the case of the entrepreneurs, the dynamic, competitive, and disruptive business culture common in entrepreneurial hubs clashes with the monopolistic and traditional ways of doing business often found in developing countries with dominant, family-controlled business conglomerates. This is another example of the surprising ways in which the Mobility revolution is altering the acquisition and exertion of power in traditional but fast-changing societies.[15]

This movement of temporary and permanent migrants is occurring in the context of a vast increase in the movement of goods, services, money, information, and ideas. Short-term travel has quadrupled: in 1980, the number of international tourist arrivals accounted for just 3.5 percent of the world's population, compared to almost 14 percent in 2010.[16] Every year, an estimated 320 million people fly to attend professional meetings, conventions, and international gatherings—and their numbers are steadily growing.[17]

The trade in goods was barely slowed by the recession that started in 2008. In 1990, the world's total exports and imports amounted to 39 percent of the global economy; by 2010, they had risen to 56 percent. And between 2000 and 2009, the total value of merchandise traded across borders nearly doubled, from $6.5 trillion to $12.5 trillion (in current dollars), according to the United Nations; total exports of goods and services in that period jumped from $7.9 trillion to $18.7 trillion, according to the IMF.

Money has also become unprecedentedly mobile. The stock of foreign direct investment measured as a percentage of the world's economy jumped from 6.5 percent in 1980 to a whopping 30 percent in 2010, while the volume of currency that moved internationally *every day* grew sevenfold between 1995 and 2010. In the latter year, more than $4 *trillion* changed hands across international borders daily.[18]

The ability to move information around has vastly expanded as well. How many people do you know who don't own a cellphone? Very few. This answer holds true even in the poorest and most dysfunctional nations. "Somali Mobile Phone Firms Thrive Despite Chaos" was the headline of a 2009 Reuters dispatch from that ravaged country.[19] Somalia epitomizes the concept of "failed states," societies in which citizens lack access to basic services that most of us take for granted. Yet, even there, twenty-first-century mobile telephony is widely available. The expansion of mobile telephony is as surprising for its speed as for its novelty. In 1990, the number of mobile cellular subscriptions per 100 people worldwide was 0.2. By 2010 it had exploded to more than 78 subscribers for every 100 persons.[20] The International Telecommunications Union reports that in 2012 subscriptions to mobile telephony exceeded the 6 billion mark—equivalent to an astonishing 87 percent of the world's population.[21]

And then, of course, there is the Internet. Its expansion and the surprising new ways in which it is used (and abused) don't need much elaboration. In 1990, the number of Internet users was insignificant—a mere 0.1 percent of the worlds' population. That number rose to 30 percent of the population worldwide in 2010 (and to more than 73 percent in developed countries).[22] By 2012, eight-year-old Facebook was on its way to having more than 1 billion users (with more than half of them accessing it via their mobile phones and tablets), Twitter (launched in 2006) had 140

million active users, and Skype—the voice-over-Internet service created in 2003—boasted almost 700 million regular users.[23]

The Twitter and Facebook revolutions in the Middle East and the impact of social media on politics are much discussed, and we examine their role in the decay of power. But in terms of this initial discussion of the Mobility revolution, we should also consider the impact of another tool that does not get the credit it deserves for changing the world: the prepaid phone card. Web users need electricity, a computer, and an Internet service provider, things that most of us take for granted but that are too expensive for most of the world's population. Calling-card users need only a few cents and a pay phone to connect with the rest of the world regardless of how isolated or remote their own location. The growth of calling-card usage and global reach leaves the Internet's growth in the dust. Prepaid phone cards were invented in Italy in 1976 as a response to the shortage of metal coins and to curb pay phone theft and vandalism. The new product took off and in 1977 was also launched in Austria, France, Sweden, and the United Kingdom and, five years later, in Japan (also prompted by a coin shortage). But truly explosive growth took place once prepaid calling cards became popular among the poor of the world. Driven by gains in the poorer countries, industry revenues skyrocketed from $25 million in 1993 to more than $3 billion in 2000.[24] Now prepaid calling cards are giving way to prepaid mobile phones. In fact, prepaid cellphones have displaced those that require a long-term subscription and bound the user to a service provider through an elaborate contract.[25] The less-well-off who choose to leave home for better, or merely some, work far away no longer face as stark a choice between staying close to their families and communities and improving their fortunes.

Two characteristics shared by all of these mobility-enhancing technologies are the speed and extent of the drop in costs of moving goods, money, people, and information. Airline tickets that used to cost thousands of dollars can now be had at a fraction of their prices twenty or thirty years ago, and the cost per mile of transporting a ton of cargo today is ten times lower than in the 1950s. Wiring money from California to Mexico in the late 1990s cost about 15 percent of the sum being transferred; today it is less than 6 percent. Mobile-phone platforms through which money can be transferred from one cellphone to another will make remittances almost cost-free.

And what exactly do all these revolutionary changes in mobility and communication mean for power? The Mobility revolution has a profound effect that can be just as intuitively grasped as that of the More revolution. Exercising power means not only maintaining control and coordination over a real or figurative territory but also policing its borders. That is true for a nation-state, but also for a corporation that dominates a given market, a political party that depends on a geographically bound constituency, or a father who wants to keep his children within reach. Power needs a captive audience. In situations where citizens, voters, investors, workers, parishioners, or customers have few or no alternative outlets, they have little choice but to consent to the terms of the institutions they face. But when borders become porous and the governed—or controlled—population more mobile, entrenched organizations have a harder time retaining their dominance. The most radical example is migration, whereby people simply remove themselves from one distribution of power to another, thus putting themselves in a position they believe will give them better options.

Inevitably, the ease of travel and transportation and the faster, less costly ways of moving information, money, or values make life easier for challengers and harder for incumbents.

The *Mentality* Revolution: Taking Nothing for Granted Anymore

In the late 1960s, the Harvard political scientist Samuel Huntington famously argued that a fundamental cause of social and political instability in developing countries—which he preferred to call "rapidly changing societies"—was that people's expectations expanded much faster than the capacity of any government to satisfy them.[26] The More and Mobility revolutions have created a new, vast, and fast-growing middle class whose members are well aware that others have even more prosperity, freedom, or personal fulfillment than they do—and who hope and expect to catch up. This "expectations revolution" and the disconnect it breeds are now global. They affect both rich and poor countries alike; indeed, the overwhelming majority of the world's population lives in what could now be called "rapidly changing societies." The difference, of course, is that whereas in developing countries the middles class is expanding, in most wealthy countries it is shrinking. And both growing and shrinking middle classes fuel political turmoil. The embattled middle classes take to the streets and fight to protect their living standards while the expanding middle classes protest to get more and better goods and services. In Chile, for example, students have been rioting almost routinely since 2009, demanding cheaper and

better university education. It doesn't matter that a few decades ago access to higher education was a privilege reserved for a tiny elite and that universities are now flooded with the sons and daughters of the new middle class. For the students and their parents, access to higher education is no longer enough. They want better and cheaper education. And they want it now. The same is happening in China, where protests over the poor quality of new apartment buildings, hospitals, and schools are now common. Here, too, the argument that a few years ago those apartments, hospitals, and schools didn't even exist does not placate the ire of those who want improvements in the quality of the medical and educational services being offered. This is a new mindset—a change in mentality—that has profound consequences for power.

A profound change in expectations and standards has come about, and not just in liberal societies but even in the most hidebound ones. Most people look at the world, their neighbors, employers, clergy, politicians and governments with different eyes than their parents did. To some degree, that has always been the case. But the effect of the More and Mobility revolutions has been to vastly broaden the cognitive, even emotional impact of more access to resources and the ability to move, learn, connect, and communicate more broadly and inexpensively than ever before. Inevitably, this sharpens the intergenerational gaps in mentality—and in worldview.

How Does It Work?

Consider divorce, anathema in many traditional societies but today more common everywhere. A study conducted in 2010 found that divorce rates have risen even in the conservative Persian Gulf states, reaching 20 percent in Saudi Arabia, 26 percent in the United Arab Emirates, and 37 percent in Kuwait. In addition, these higher divorce rates were correlated to education. Specifically, the increased number of educated women was putting a strain on conservative marriages, leading to marital conflict and summary divorces pronounced by threatened husbands. In Kuwait, the rate of divorce soared to 47 percent among couples in which both spouses held a university degree. "Women used to accept social sacrifices," Saudi sociologist and report author Mona al-Munajjed said, comparing Gulf society thirty years ago and today. "Now they will not accept that anymore."[27]

The Muslim world is just one rich source of examples of how the Mentality revolution is transforming long-held traditions, from the rise of a fashion and glamour industry aimed at hijabi (veiled or covered) women to the spread of no-interest banking in Western countries where large Muslim immigrant communities have formed. Meanwhile in India, the transformation in attitudes is spreading back from the young generation to their elders: a country where divorce was once considered shameful—and women, in particular, were discouraged from remarrying—now has an increasingly robust matrimonial advertising industry devoted to listings by divorced senior citizens, some as old as their eighties or even nineties, seeking love late in life and without embarrassment. Mature adults are leaving the arranged marriages into which they were inducted when they were teens or young adults. Late in life, they are at last able to rebel against the encoded powers of family, community, society, and religion. They have changed their mentality.

Changes in mentality and attitudes toward power and authority are also taking place among youths—a segment of the population that is now more numerous than ever before. According to the US Intelligence Council, "Today, more than 80 states have populations with a median age of 25 years or less. As a group, these countries have an over-sized impact on world affairs—since the 1970s, roughly 80 percent of all armed civic and ethnic conflict . . . has originated in states with youthful populations. The 'demographic arc of instability' outlined by these youthful populations ranges from clusters in the mid-section of Central America and the Central Andes, covers all of sub-Saharan Africa and stretches across the Middle East into South and Central Asia."[28]

THE PROPENSITY OF THE YOUNG TO QUESTION AUTHORITY AND challenge power is now amplified by the More and Mobility revolutions. Not only are there more people than ever under thirty, but they *have* more—prepaid calling-cards, radios, TVs, cellphones, computers, and access to the Internet as well as to travel and communication possibilities with others like them at home and around the world. They are also more mobile than ever. Aging baby boomers may be a feature of several industrialized societies, but elsewhere it is the young—irreverent, change-seeking, challenging, better informed, mobile, and connected—who comprise the largest demographic group. And as we have seen in North Africa and the Middle East, they can have a powerful impact.

Complicating this picture in some advanced societies are cross-cutting demographic trends driven by immigration. The 2010 US Census revealed that the American population under eighteen would have undergone a decade-long decline had it not been for the inflow of millions of young

Hispanic and Asian immigrants. These young immigrants are an important factor behind an unprecedented transition: in 2012, white babies were a minority of all US births.[29] According to William Frey, a demographer at the Brookings Institution, inasmuch as the share of immigrants in the US population was at its lowest level in the twentieth century from 1946 to 1964,

> boomers had minimal involvement with people from other countries. Today, immigrants are 13 percent of the population, and they are far more diverse. That created an isolation that persists. Among Americans older than 50, 76 percent are white, and the black population, at 10 percent, is the largest minority. Among those younger than 30, 55 percent are whites. Hispanics, Asians and other nonblack minorities account for 31 percent of that age group. Younger people are much more likely to be first- and second-generation Americans of non-European ancestry and able to speak English and other languages.[30]

In short, old folks today not only just don't get it, they can't even speak it. But for those seeking to acquire, wield, or retain power in the United States and Europe, an understanding of the mindsets and expectations of these new constituencies will be essential.

A number of global public opinion surveys are providing a clearer picture of the extent and velocity of these attitudinal changes. Since 1990, the World Values Survey (WVS) has been tracking changes in people's attitudes in over eighty countries containing 85 percent of the world's population. In particular, Ronald Inglehart, the director of the WVS, and several of his co-authors, notably Pippa Norris and Christian Welzel, have documented profound changes in attitudes concerning gender differences, religion, government, and globalization. One of their conclusions about these changes in peoples' mentality is that there is a growing global consensus regarding the importance of individual autonomy and gender equality as well as a corresponding popular intolerance for authoritarianism.[31]

On the other hand, there is ample survey evidence pointing toward an equally profound but more worrisome attitudinal trend: in mature democracies (Europe, the United States, Japan), public confidence in leaders and institutions of democratic governance such as parliaments, political parties, and the judiciary not only is low but shows a secular decline.[32]

Reflecting on this trend, Jessica Mathews, the president of the Carnegie Endowment for International Peace, noted that

> [t]he American National Election Studies group has been asking Americans the same question roughly every two years since 1958: "Do you trust the government in Washington to do what is right, all or most of the time?" Until the mid-sixties, 75 percent of Americans answered yes. A slide then began and continued steeply downward for fifteen years, so that by 1980, only 25 percent said yes. In the interim, of course, were the Vietnam War, two assassinations, Watergate and the near-impeachment of the president and the Arab oil embargo. So there were plenty of reasons for people to feel estranged, even antagonistic. But what matters most is that the trust did not recover. For the last three decades, the approval level has bumped around in the region from 20 to 35 percent. The trust percentage fell below half in about 1972. This means that anyone under the age of forty has lived their entire life in a country the majority of whose citizens do not trust their own national government to do what they think is right. Through four long decades, none of the massive changes Americans have voted for in leadership and in ideology have changed that. Think what it means for the healthy functioning of a democracy that two-thirds to three-quarters of its people do not believe that their government does the right thing most of the time.[33]

This drastic shift in attitudes is corroborated by Gallup, which has been tracking public opinion since 1936. For example, it found that in the United States, public approval of labor unions and confidence in Congress, political parties, big business, banks, newspapers, television news, and many other fundamental institutions have been declining. (The military is one of the few institutions that retains the confidence and support of Americans.)[34] Even the US Supreme Court, an institution long held in high esteem by Americans, has suffered a sharp decline in public support—from almost 70 percent approval of those surveyed in 1986 to 40 percent approval in 2012.[35]

It should not be surprising that, as the survey data collected by the Pew Global Attitudes Project confirms, this decline in trust in government and other institutions is not a strictly American phenomenon.[36] In *Critical Citizens*, Harvard's Pippa Norris and an international network of experts concluded that dissatisfaction with the political system and the core institutions of government is a growing and global phenomenon.[37] The economic crisis that erupted in 2008 in the United States and then ravaged Europe has also fueled strong sentiments against the powerful actors that

the public blames for the crisis: the government, politicians, banks, and so on.[38]

None of these surveys is exhaustive, yet each shows at least a few of the ways in which attitudes and values are shifting in the wake of—and perhaps sometimes ahead of—political and material changes in people's lives.

The Mentality revolution encompasses profound changes in values, standards, and norms. It reflects the growing importance attributed to transparency and property rights, and to fairness, whether in the treatment of women in society, of ethnic and other minorities, and even of minority shareholders in corporations. Many of these standards and norms have deep philosophical roots. But their spread and prevalence today—though still highly uneven and imperfect—is spectacular. These changes in mentality have been driven by demographic changes and political reforms, by the expansion of democracy and prosperity, by dramatic increases in literacy and access to education—and by the explosion in communications and media.

Globalization, urbanization, changes in family structure, the rise of new industries and opportunities, the spread of English as a global lingua franca—these have had consequences in every sphere, but their effect has been most fundamental at the level of attitudes. Indeed, the signal effect of these changes is the ever-increasing salience of *aspiration* as a motivator of our actions and behaviors. Desiring a better life is a normal human trait, but aspiration toward specific examples and narratives of how life could be better, not some abstract notion of improvement, is what drives people to take action. Economists have shown this to be the case in emigration, for instance: People emigrate not because of absolute deprivation but because of relative deprivation; not because they are poor, but because they are aware that they could be doing better. The more contact we have with one another, the greater the extent to which contact breeds aspiration.

The effects of the Mentality revolution on power have been manifold and complex. The combination of emerging global values and the increase in aspirational behavior poses the strongest challenge of all to the moral basis of power. It helps spread the idea that things do not need to be as they have always been—that there is always, somewhere and somehow, a better way. It breeds skepticism and mistrust of any authority, and an unwillingness to take any distribution of power for granted.

One of the best examples of all three revolutions simultaneously at work is the Indian outsourcing industry. Young, educated Indians who belong to the country's burgeoning middle class have flocked to work at urban call centers and other business process outsourcing (BPO) companies, which in 2011 generated $59 billion in revenue and directly and indirectly employed almost 10 million Indians.[39] As Shehzad Nadeem observed in *Dead Ringers*, his study of the impact of Indian call centers on their workers, "The identities and aspirations of the ICT [information and communications technology] workforce are defined increasingly with reference to the West. . . . Radical in their rejection of old values, conspicuous in their consumption, workers construct an image of the West that is used to benchmark India's progress toward modernity."[40] Although the jobs pay relatively well, they plunge young Indians into a welter of contradictions and competing aspirations—that is, aspirations to succeed in an Indian social and economic context while sublimating their cultural identities with fake accents and names and dealing with abuse and exploitation at the hands of affluent customers in a different continent.

For young urban Indian women in particular, the jobs have provided opportunities and economic benefits that they might otherwise not have had, leading to lasting changes in behavior that are upending cultural norms. Never mind the lurid newspaper article that talked about call centers as "a part of India where freedom knows no bounds, love is a favourite pastime, and sex is recreation." Closer to the mark would be a recent survey by India's Associated Chambers of Commerce that young working married women in Indian cities are increasingly choosing to put off having children in favor of developing their careers.[41]

Revolutionary Consequences: Undermining the Barriers to Power

Plenty of events would seem to suggest that things have not changed all that much, that micropowers are an anomaly, and, ultimately, that big power can and will continue to call the shots. Individual tyrants may be gone in places like Egypt and Tunisia, but the power establishment behind them still wields clout. After all, don't the repressive ripostes of the Chinese, Iranian, or Russian governments, the consolidation of big banks, and the pattern of government expansion, bailouts, and even nationalization of major companies in many rich and developing nations show that in the end power still follows the same old rules? Goldman Sachs, the US military, the Chinese Communist Party, and the Catholic Church have not gone away. They still impose their will in myriad ways.

And while some giants have fallen, those that have risen in their place seem to follow the same principles of organization and display the same urge to expand and consolidate. Does it matter that the world's largest steel company is no longer U.S. Steel or one of the European giants but the outgrowth of a once-marginal Indian player, if it has acquired many of the assets, personnel, and customers of some of these old rivals? Is it fair to argue that the emergence of new giants that are operationally similar to the old ones, especially in business, is simply part of the regular working of capitalism?

The answer to both questions is yes and no. The trends we are currently observing can be interpreted—or simply dismissed—as the manifestation of what economist Joseph Schumpeter (and before him Karl Marx) dubbed "creative destruction." In Schumpeter's words: "The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation . . . that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in."[42]

The shifts in power that we see all around us—which include and transcend the ascent and demise of business enterprises—are certainly consistent with Schumpeter's expectations. They are also in line with the insights of Clayton Christensen, a Harvard Business School professor who coined the term *disruptive innovation*, meaning a change—in technology, service, or product—that creates a new market by relying on a completely new approach. The effects of a disruptive innovation eventually spill over to other related or similar markets and undermine them. The iPad is a good example. Using your cellphone to pay for groceries or to send money to your daughter in another continent are two other good examples.

Yet, whereas Schumpeter focused on the forces of change within the capitalist system in general and Christensen dissected specific markets more narrowly, the argument here is that similar forces are at work in a much broader set of human endeavors. As this chapter tries to make clear, the More, Mobility, and Mentality revolutions represent change of a much greater magnitude and scale.

Each of these revolutions presents a specific challenge to the traditional model of power. In that model, large, centralized, coordinated modern organizations that deployed overwhelming resources, special assets, or crushing force offered the clearest path to getting and keeping power. For centuries, that model proved to be the best-adapted one not just for coercing people but also for exercising power in its subtler dimensions.

As we saw in Chapter 2, power operates through four distinct channels: *muscle*, or blunt coercion, which forces people to do things they would not otherwise choose to do; *code*, the power of moral obligation; *pitch*, the power of persuasion; and *reward*, the power of inducement. Two of these—muscle and reward—alter the incentives and reshape a situation to move people to act in a certain way, while the other two—pitch and code—shift people's assessment of a situation without changing the incentives. Barriers to power must be in place if muscle, code, pitch, and reward are to be effective. And the effect of the More, Mobility, and Mentality revolutions is precisely to reduce these barriers. The chart in Figure 4.1 offers a summary.

FIGURE 4.1. POWER AND THE THREE REVOLUTIONS

	MORE REVOLUTION *Overwhelms the barriers: "Harder to control and coordinate"*	**MOBILITY REVOLUTION** *Circumvents the barriers: "No more captive audience"*	**MENTALITY REVOLUTION** *Undermines the barriers: "Take nothing for granted"*
Muscle (actual or potential use of coercion)	Can laws or armies "keep the lid on" when people are more numerous, healthier, and more informed?	Jurisdictions and market boundaries are porous and slippery; frontiers are harder to police.	Automatic deference to authority is no longer the case.
Code (moral and traditional obligation)	Can moral claims keep up with changing material realities and more information?	Aspiration attacks all certainties.	Universal values take precedence over dogma.
Pitch (persuasion, appeal to preferences)	Is a big market an advantage when there are so many promising niches?	There's an awareness of almost infinite alternatives—and a growing ability to get them.	Skepticism and mindsets are more open to change, and there's an increased propensity to switch preferences.
Reward (inducement in exchange for compliance)	How to tailor incentives in a world of so much choice?	How to tailor incentives when people, money, and ideas are on the move?	The cost of loyalty is ever increasing, and there are weaker incentives to accept status quo.

As this chart makes clear, the three revolutions pose challenges to power in all four of its channels—muscle, code, pitch, and reward. Coercion, of course, is the bluntest exercise of power—whether exercised through laws, armies, governments, or monopolies. But as the three revolutions progress, organizations that rely on coercion face ever-increasing costs simply to maintain control over their domains and patrol their boundaries.

The inability of the United States or the European Union to curb illegal immigration or illicit trade is a good example. Walls, fences, border controls, biometric identification documents, detention centers, police raids, asylum hearings, deportations—these are just part of an apparatus of prevention and repression that has thus far proven to be extremely expensive, if not futile. Witness the failure of the United States to curb the inflow of drugs from Latin America despite its long-standing and enormously expensive "War on Drugs."

Moreover, the combination of greater well-being and spreading global values is giving people the space, the desire, and the tools to challenge coercive authorities. Civil liberties, human rights, and economic transparency are increasingly cherished values, and there are more and more advocates, experts, supporters, and platforms available to advance them. My point here is not that coercion is no longer possible but, rather, that it has become more costly and harder to sustain over time.

Power exercised through code, or moral obligation, also faces challenges as the three revolutions advance. Custom and religion have long been relied upon to provide moral order and explain the world. Indeed, for people who live short lives marked by disease and poverty, traditions embedded in families or tightly knit communities help them to cope, share support, and accept harsh realities. But as their material comforts increase and they gain access to more alternatives, they become less dependent on their inherited belief systems and more open to experimentation with new ones.

In times of intense material and behavioral change, appeals to custom or moral obligation are less likely to succeed unless they reflect changing conditions. As an example consider the crisis of the Catholic Church, whose growing inability to recruit priests who accept the vow of celibacy—or to compete with small evangelical churches that can tailor messages to the culture and the concrete needs of specific local communities—makes for a spectacular cautionary tale.

Power also operates through persuasion—for example, the pitch made by an advertising campaign or a real estate broker—and through inducement—by rewarding constituents, employees, or other subjects with packages of benefits that ensure their participation and consent. The three revolutions are changing the landscape for pitch and reward as well.

Imagine a political candidate or party trying to drum up votes for an upcoming election through a combination of messages, advertising, and promises of rewards in the form of constituent services and jobs. The More revolution is creating better-educated and better-informed pools of constituents who are less likely to passively accept government decisions, more prone to scrutinize authorities' behavior, and more active in seeking change and asserting their rights. The Mobility revolution is making the demographics of the constituency more diverse, fragmented, and volatile. In some cases it may even be creating interested players who are able to affect the debate and influence voters from faraway locations—indeed, from a different country. The Mentality revolution breeds increasing skepticism of the political system in general.

A similar dilemma affects employers, advertisers, and anyone else trying to attract support or sales in communities where interests and preferences are fragmenting and becoming more diverse. It may be easier to invent a package of benefits that does a good job of achieving the enthusiastic consent of a smaller group than one that does a mediocre job of attracting a larger population. The more the advantage of size and scale diminishes, the more niche marketing and single-issue politics, for example, stand to benefit. As a result, large corporations are increasingly being compelled by market forces and the actions of smaller rivals to behave as niche players—something that does not come naturally to organizations long accustomed to relying on the overwhelming power of their large scale.

Barriers Down: The Opportunity for Micropowers

In the pages ahead, we will take these concepts into the real world. One reason it can be difficult to talk about power except in the most general philosophic terms is that we are accustomed to think about the dynamics of power very differently depending on whether we focus on military conflict, business competition, international diplomacy, the relationship between husband and wife, father and son, or some other arena. Yet the changes highlighted by the three revolutions affect all of these fields and go beyond any one particular trend-of-the-moment. Indeed, they are more deeply woven into the patterns and expectations of human society today than they

were just a few years or decades ago, and they are challenging the conventional wisdom about what it takes to get, use, and keep power. The question of how that challenge is unfolding, and how the dominant players inherited from the twentieth century are responding to it, will occupy the rest of this book.

By no means is big power dead: the big, established players are fighting back, and in many cases they are still prevailing. Dictators, plutocrats, corporate behemoths, and the leaders of the great religions will continue to be an important feature of the global landscape and the defining factor in the lives of billions of people. But these megaplayers are more constrained in what they can do than they used to be in the past, and their hold on power is increasingly less secure. The chapters ahead will show how the micropowers are limiting the choices available to the megaplayers and how in some instances they are forcing them to retreat—or, as was the case during the Arab Spring, even to lose power altogether.

The More, Mobility, and Mentality revolutions are attacking the model of organization so persuasively advocated by Max Weber and his followers in sociology, economics, and other fields, and they are attacking it precisely at the points where it drew its strength. Large organizations were more efficient because they operated with lower costs, thanks to economies of scale; today, however, the costs of maintaining order and control are going up. Large organizations were more effective because they centralized and warehoused scarce resources; today, resources such as commodities, information, human talent, and customers are easier to source and serve, from distances near and far. Large organizations had a sheen of authority, modernity, and sophistication; today, headlines are being made by small newcomers that are challenging the big powers. And as the advantages of the large-scale, rational, coordinated, and centralized model of organization diminish, the opportunities increase for micropowers to make their mark using a different model for success.

But to what extent is power decaying? And with what consequences? In the rest of the book we turn to the specifics of how this process is playing out in domestic politics, war, geopolitics, business, and other fields. Exactly which barriers to power are coming down? What new players have emerged, and how have the powers-that-be fought back?

The reorganization of power, as the barriers have fallen, is far from complete but is already producing fundamental changes.