Influence attempts in policy-making groups: a case study of the Federal Open Market Committee

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INFLUENCE ATTEMPTS IN POLICY-MAKING GROUPS.
A CASE STUDY OF THE FEDERAL OPEN MARKET COMMITTEE

by

Julia Monakova

A Dissertation
Submitted to the University at Albany, State University of New York
in Partial Fulfillment of
the Requirements for the Degree of
Doctor of Philosophy

Nelson A. Rockefeller College of Public Affairs and Policy
Department Of Public Administration and Policy
2011
The main objective of the dissertation was to understand how members of elite ongoing policy-making groups in organizations influence each other in the process of making policy. The research was conducted using the Federal Open Market Committee (FOMC) of the US Federal Reserve System as the case study; the verbatim transcripts of FOMC meetings as the data; and the open coding as the method.

The outcome of the study is a micro-situational model of influence tactics founded in symbolic interactionism and strategic interaction literatures. The model combines the concepts of a ‘move’ as a building block of influence behaviors in interaction, ‘micro situation’ as a contextual background guiding interpretation of influence moves’ meaning in the collective sense-making process, and an ‘awareness context’ as embodiment of macro-situational factors.

The model portrays policy discussions as micro-situational chains characterized by constant shifts of group’s attention from one conceptual issue to another. Based on their assessment of the immediate situation, policy makers ascribe meaning to verbal and non-verbal cues, aided in this process by the characteristics of the interactional moments and the group’s shared understanding about the broader features of the discussion. Each speaker takes advantage of opportunities embedded in the specific micro-situation to advance his/her interests through small incremental steps, or influence moves. While contributing to the interpretation of the conceptual issue, these moves incorporate the speakers’ interests in the way that is natural for the specific situation. In doing so, the speaker refocuses the group’s attention to the next conceptual issue and incrementally
changes the situation, opening new opportunities for influence for other members of the
group to interpret the new situation from the perspective of their respective interests and
based on micro-situational nuances.

By focusing on the social and constantly changing nature of the influence
behaviors in response to the immediate situation; by emphasizing the significance of the
language and sense-making as a crucial part of influence process; and by centering on a
group setting, the micro-situational model represents a significant departure from the
traditional view of influence tactics developed in the social psychological and
management literatures.
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INTRODUCTION

People influence each other all the time and everywhere: in families and at work, in retail stores and in the political arena, sometimes consciously, other times by their mere presence, prompted by our desire to get what we want. Due to their ubiquitous and complex nature, influence behaviors can hardly be explained by one single theory, no matter how good this theory is. What can be a good theoretical portrayal of influence behaviors in one setting may not be satisfactory in another. For example, a model explaining how a mother makes the child finally “eat that soup” is unlikely to be helpful in our understanding of the tactics used by Charles-Perigor Talleyrand, the skillful minister of foreign affairs under Napoleon, who managed to occupy high level positions first under the Bourbons, then under the Directory, and finally under Napoleon, all regimes hostile to each other.

This study attempts to advance our understanding of influence behaviors by examining them in a specific situation, namely, group policy making. As it will be shown shortly, a vast literature exists on influence tactics, justifying the importance of the issue and offering useful classifications and models. However, the different setting assumed by the present social psychological theory of influence behaviors makes it difficult to strictly apply them for a policy-making situation. The central question posed in this paper is how members of elite ongoing policy-making groups in organizations influence each other in the process of making policy. Elite ongoing policy-making groups represent groups of experts, who develop a local culture and set of relationships over the history of interactions, and work in a very complex and uncertain environment affecting and, in turn, being affected by their actions. Examples of such groups are presidential
commissions, boards of directors, and international decision-making groups convened on a regular basis. This study examines the Federal Open Market Committee (FOMC) as an example of such group. The FOMC is a part of the Federal Reserve System most responsible for setting the monetary policy in this country.

The objective of this study is important from both theoretical and practical standpoints. From the theoretical angle, by pursuing this research question I hope to enhance our understanding of influence behaviors for at least three reasons. First, I look at an elite policy-making setting, so far overlooked by the literature on influence tactics. Second, I examine how social actors try to influence each other in a group, as opposed to a dyadic, setting. Finally, I stress the role of language as an important factor in influence behaviors.

Although the existing models of influence tactics were developed for and tested in the organizational context, their focus has been on middle-level managers. The elite policy-making setting, however, represents a different type of environment. While a detailed explanation of the differences will be offered later, a very brief introduction into this issue may be helpful at this stage. Some tactics derived in managerial settings included punching, threatening with legal actions, cursing, or crying. It is unlikely that high-level policy makers would use such behaviors. The problem could be partially solved by simply eliminating these tactics and using only those that seem appropriate. Such a solution, however, would not be completely satisfactory because of the possible existence of tactics used by elite policy makers but not by middle-level managers.

To illustrate the importance of the setting even further, consider Tarle’s (1962) description of influence tactics used by Talleyrand. According to this historian,
Napoleon’s foreign minister extensively used bribes and the connections of his mistresses to achieve his goals. Such means of influence were acceptable in the France of the end of the 17th and the beginning of the 18th century, but have never been found by the researchers studying influence tactics in the business America at the beginning of the 21st century.

In addition, the laboratory conditions of the previous research, which were appropriate for studying managers, make it difficult to apply the methods and instruments developed so far to the study of real policy makers. The dominant ways of inquiry were either to survey managers in organizations or to survey students who had experience working in organizations. It is hardly possible to survey top-level government officials or to study them in experimental settings. Instead, researchers interested in such individuals usually have documentary data, such as transcripts, reports, memoranda, and the like.

The second theoretical dimension distinguishing the present study is its focus on a group. Previous research centered on dyads. Influence processes in groups, however, can differ from dyadic settings because of the complexity of a group composition compared to a dyad. First, individuals in groups may not behave in the same way as they do in a tete-a-tete situation. They may choose to use different tactics or different modes of communication simply because they are being watched. Secondly, there may be other influence processes in groups which are not encountered in dyads but can be mistakenly attributed to tactics. For example, one such process is the tendency of group members to conform to the majority. This phenomenon was at the core of Janis’ (1972) idea of groupthink. The danger of discounting of conformity in groups by researchers studying influence tactics can lead to the following misattribution. Suppose at the center of a study
is a group of experts discussing two major policy alternatives, A and B. Suppose further that their major tactic, using the terminology of the literature on influence tactics, is rational persuasion. When alternative A is finally chosen, it could be said that its proponents persuaded the others by their use of rational arguments when, in fact, advocates of B may have simply voted for A because of the tendency to conform to the overwhelming majority. A study of influence in dyads is immune from this kind of dynamic, while researchers looking at groups should be alert to it. In sum, there are differences between dyads and larger groups that have implications for the study of influence behaviors.

Finally, a central place in this study of influence tactics is the use of language by social actors. The rationale behind the emphasis on the language use is as follows. Policy making is carried out through language: policy makers arrive at decisions by constructing interpretations of their environment, and they do so through communication. Similarly, they influence each other and do so through communication. The previous research on influence tactics omitted verbal communication from consideration. It is quite understandable, given the fact that this research originated from French and Raven’s (1959) study of power bases, where the emphasis was on power as a resource. Since then, the major way of thinking about influence tactics has been in terms of differential resources possessed by social actors: an actor A can influence another actor B because of B’s perception that A has resources valuable to B (expertise, ability to reward and punish, and the like). The question “How A communicates what he/she wants?” becomes subsidiary. Indeed, when a manager threatens a subordinate by cutting his/her pay, what matters to the latter is not so much the manner or exact wording of the threat,
but the recognition that the manager possesses the necessary (legitimate) power resource to do so. In contrast, the policy-making process is very complex and language-dependent, as will be shown shortly. Therefore, the role of language cannot be underestimated.

An interesting and important point to be made here is that, while the explanation of influence tactics from the viewpoint of power resources is very elucidating, it is by no means the only way to think of influence tactics. For instance, in contrast to a social psychological perspective, some historians studying diplomacy – which is truly a battle-field of influence behaviors – focussed their attention not so much on power resources but on the ability of an individual to assess the situation and use it to his/her advantage. Such was Tarle’s (1962) account of the diplomatic successes of Talleyrand. More specifically, according to Tarle, Talleyrand’s mastery was in his talent to foresee the winners in each “battle” of France’s turbulent development of that time and find the right people to influence. This is not to deny Talleyrand’s possession of “expert power,” speaking in French and Raven’s terms. The diplomatic skills of the Count were unquestionable. In fact, the ability to assess the situation can be regarded as a part of professional (i.e., diplomatic) expertise. The point here is not that one explanation is right or wrong but rather to illustrate how different points of departure – various power resources versus the ability to assess the situation – may lead to different and complementary interpretations of reality.

This study tries to incorporate both aforementioned factors and adds yet another important issue – language. In other words, it aims to understand how policy makers attempt to influence each other by means of language and interaction; it does so by taking
as a starting point the perspective of symbolic interactionism (Cooley, 1902; Mead, 1934; Blumer, 1969; Goffman, 1969). This approach, as will be shown later, changes the meaning of the concept of influence as it was understood in the experimental social psychological perspective.

From a practical standpoint, the value of this research question comes from the significance of elite policy-making groups themselves, as well as the fact that there are few scientific attempts to understand the decision-making process of those groups in their natural setting. Although decision making of top officials has been examined in the political science literature, influence strategies have not captured scholars’ attention so far. For instance, Janis’ (1972) goal was to explain causes and consequences of major decision-making fiascoes (such as the Cuban Missiles Crisis, Pearl Harbor, and the Korean War) resulting from certain characteristics of policy groups. Axelrod’s (1976) goal was to examine how individual policy maker’s beliefs and values affect his/her understanding of policy issues. Allison and Zelikow and Zelikow (1999) demonstrated how the same phenomenon of policy making can be explained in different ways, depending on researchers’ level of analysis. Though useful for understanding policy making, the models developed by these authors did not center on influence tactics.

As follows from these opening pages, the development of theory has gone a long way in each of the following directions: influence tactics, influence processes in groups, and policy making. And yet, it does not offer a theory combining all these dimensions. This is the gap in theory that this study attempts to start filling. There is no doubt that the present body of research has much to offer as a ground for building such a theory. The literature streams reviewed in this paper will be evaluated as to their contributions to the
topic of interest. Since this study has a theory-building orientation, however, it would be useful to first understand what constitutes a good theory of policy making, which is achieved here by setting some standards for a good theory. Three standards are suggested here. First, like any a good theory (Berger, Cohen & Zelditch, 1972), a theory on policy-making groups should provide the basis for extending and refining our knowledge of policy making. This means that a theory should be generalizable and testable. That is, it should allow generalizations across different policy-making groups, and it should be testable given the data and methods available to researchers studying these groups.

Secondly, a good theory of policy-making groups should be descriptively accurate: it should adequately portray the conditions of policy making, as perceived by policy makers themselves, and, at the same time, it should reflect the complexity of the situation and personalities of policy makers. In other words, parsimony should not be achieved at the cost of ignoring the complexity of the real world of policy making. Only in this way (when this second standard is satisfied) can a good theory satisfy the third criterion, namely, being useful in its ability to improve the real world of policy making and improve our understanding of the behavior of individuals in it.

The paper is organized as follows. In the first chapter, the concept of an elite ongoing policy-making group is presented. This is important to understand because descriptive accuracy is one of the main dimensions of evaluation of a good theory, as well as because of the necessity to know as much as possible about the setting. The second chapter reviews literatures from experimental and quasi-experimental social psychology, sociology, political science, and conversation analysis with regard to
influence tactics and other influence processes in groups, as well as the process of policy making. The goal here is to find useful elements of theories that would explain influence tactics used by members of policy-making groups. This is accomplished by evaluating the existing theories according to the set of standards given above. The literature review concludes by identifying the gaps existing in the literature and suggests a direction for the future development of a theory. In the third (Method) chapter, I describe the transcripts, justify the sampling procedure for the study, and explain in detail the method used to identify influence tactics from the conversational data and pursue my research questions. The next three chapters outline the findings of the study, followed by a discussion of its contribution to the study of influence tactics.

The specific research questions addressed in this research are as follows. My first goal was to derive the tactics as they are communicated by group members through language. Based on the literature in social psychology, I hypothesized that tactics can be of different types. I defined a list of influence attempts that fit the data. A mere identification of tactics represents only half of the story about influence behaviors; a full story requires understanding of responses, as well. Based on the existing literature (Yukl, Kim, and Falbe, 1996; Yukl and Tracey, 1992), the responses were assumed to be either acceptance of or resistance to the tactics. In addition, one can easily recall situations – even from everyday life – when an attempt to influence is ignored. For example, not all requests of supervisors in organizations are followed; some are simply forgotten until one is reminded of them. Similarly, in a family setting, children often discard parents’ requests with no resistance or crying. Therefore, I hypothesized that there will be different types of responses to influence attempts.
The second major direction of my study was to identify how tactics and responses to them could be incorporated into a descriptively accurate model which could then be applied to studying influence behaviors in other groups in their natural settings. Such a model would need to include both a mechanism explaining how it works, and offer some individual and/or situational characteristics shaping influence attempts, that were found to fit the data best.

For example, the social psychological research offers many models of influence tactics, based on the specific sets of factors considered in a given study. The list of such factors includes direction of influence attempt (Yukl and Falbe, 1990; Yukl and Tracey, 1992); cross-cultural differences (Fu and Yukl, 2000; Yukl, Fu, & McDonald, 2003; Terpstra-Tong and Ralston, 2002; Leong, Bond and Fu, 2007); personality characteristics of influencing agents (Grams and Rogers, 1990); Farmer et al 1997; Falbo, 1977); gender (O’Neil, 2004); types of jobs and role identities (Aguinis, Nesler, Hosoda, and Tedeschi, 2001); self-esteem (Raven, 1992; Schwarzwald and Koslowsky, 1999); status (Stahelski and Paynton, 1995); goals of an influence attempt (Yukl, Guinan, and Sottolano, 1995; Aguisnis, Nesler, Hosoda, and Tedeschi, 2001); amount of resistance or success anticipated (Steensma, 2007); agents’ evaluation of the relative power distribution (Somech and Drach-Zahavy, 2002); organizational culture, including leadership style, consistency with prevailing norms and role expectations for the use of certain tactics (Steensma, Jansen, and Vonk, 2003; Yukl, Fu, and McDonald, 2003, Deluga and Souza, 1991); nature of broader relationships between leaders and subordinates (Sparrowe, Soetjipto, and Kraimer, 2006); expectation of future interaction (Van Knippenberg and Steensma, 2003); and work motivation (Barbuto, Fritz, and Marx, 2002).
Despite this broad range of situational and individual factors, their application to the current data was not deemed possible, as many of them could not be measured based on archival data, or not applicable to the current setting. For instance, little or nothing can be inferred from the transcripts with respect to personality characteristics of influencing agents, amount of anticipated resistance, their evaluation of the relative power distribution, or the nature of broader relationships among the group members. Additionally, such factors as expectation of future interaction, cross-cultural differences, and work motivation are hardly applicable for this policy-making group, as it is ongoing (there is always expectation of future interaction), represents a single group (i.e., no basis for cross-cultural difference), and, given its level and role, its members can be expected to be motivated to do their job.

On the other hand, leadership style could be approximated or substituted by examining if there are differences in influence attempts and responses to them in the FOMC under the chairmanships of Paul Volcker and Alan Greenspan. In addition, other factors that may not have been pertinent in the settings considered by the social psychological literature could be relevant for the FOMC. For instance, in his study of FOMC policy making, Abolafia (2005) identified stages of the meetings, that is, there is a pattern to how policy makers at the FOMC approach discussion of policy issues and determination of their final policy. Similarly, one of the main features of the FOMC discussions is the voting procedure in the end of a meeting with respect to the policy direction. As I examined the results of the voting outcomes across meetings during the years of 1982 – 1995 (approximately 150 voting procedures), I found that some group members dissent more often than others. For instance, a few policy makers never
dissented at all, a number of group members dissented only several times, while some dissented most of the time they were voting. Hence, I wanted to find out if these (leadership, meeting stages, members’ propensity to dissent) or any other factors, inductively derived in the course of this study, would be associated with a pattern of influence behaviors.

Finally, I wanted to identify the mechanism that would help to explain how the model works. Any factors shaping the patterns of influence behaviors need to be integrated into a meaningful model in some way through some mechanism. Since we cannot measure changes in attitudes and beliefs from the transcripts nor can we always know the speaker’s interest behind a specific statement, we therefore cannot describe the mechanism of this model through conventional measures of correlations and regression coefficients among the model’s variables; an alternative mechanism had to be found. In sum, my goal, upon identifying the influence attempts themselves, was to find a way to incorporate them into a descriptively accurate model, which could be useful for studying influence behaviors, along with factors shaping those behaviors, based on archival data and in a natural group setting.
CHAPTER 1. WHAT IS AN ELITE ONGOING POLICY-MAKING GROUP?

An elite ongoing policy-making group can be defined as a group of high-level decision makers, meeting over some extended period of time to set policies that will affect a substantial number of people. As follows from even this simple definition, not many groups fall under this category. Qualifying restrictions come from several directions: nature of the task, features of the environment, time frame, and characteristics of the individuals comprising such groups. However, all these restrictions are crucial because they define the group setting and have important implications for research. In addition, as it has been noted in the literature on small groups, there is an agreement among researchers that group processes greatly depend on each of these dimensions (Levine and Moreland, 1997; Barge and Keyton, 1994). Therefore, it is necessary to understand what is meant by “an elite ongoing policy-making group” according to these defining dimensions.

Nature of the task

In the process of reaching a collective decision, a group may engage in various actions including generating ideas, forming judgments, and making choices. Policy making is one of the multiple types of decision making such as problem diagnosis, strategic planning, or operations management. Undoubtedly, policy making involves generating ideas, forming judgments, and making choices. There are, however, substantial differences between policy making and other types of decision making, based on the understanding of these concepts in the relevant literatures (Levine and Moreland, 1997; Parks and Sanna, 1999; Hammond, 1996). For example, many types of decisions
do not have wide-reaching effects on the social, political or economic environment. In
the literature on small groups, the concept of decision making includes a variety of
personal judgments and choices that bear little resemblance to policy making as to their
complexity and connection to the environment. Examples of such tasks are prisoner
dilemmas, making judgments about some objects’ attributes, solving simple problems
with and without correct answers (Ridgeway and Walker, 1999; Levine and Moreland,
1997).

Policy-making problems are quite intricate and always embedded in a complex
environment. It is not only that policy making affects the environment, but the
environment also directly affects internal processes in policy-making groups (e.g., the
level of stress, the issues discussed, redistribution of power, and the like). Moreover,
policy making is also a political art because policies are always made in a political
environment; policy making requires balancing among different political actors and
interests. The final important characteristic of the task of policy making is a permanently
high level of stress. Some studies have shown that most forms of decision making can
be affected by the emergence of stress (Holsti, 1971; Janis, 1972; Driskell and Salas,
1991), but stress in policy making may be more severe because of multiple (often
conflicting) goals, large populations affected by actions of policy makers, and high levels
of uncertainty.

Features of the environment

The environment is not “given” to group members in the form of “objective”
indicators or experimental scenarios. Certainly, policy makers use data to assess the
situation. Yet, statistical numbers, political events, behavior of actors external to the group – all these issues must be interpreted *in the context of the present situation* in order to acquire meaning. In addition, the environment is complex; it has multiple interwoven levels (for instance, national, international, political, economic) and each level may be given different meanings and interpretations. What issues are to be discussed and in what sequence, however, depends on the group to a great extent. Finally, the environment is constantly changing, and group members must set policies in the atmosphere of high uncertainty.

**Time frame**

Because the group members meet with each other for an extended period of time, they can be expected to be very familiar with each other, know each other’s general preferences and have certain expectations for each other’s behavior. In addition, over time, group members are likely to develop a relatively stable structure of relationships both formal and informal, which is enacted during each meeting. An ongoing policy-making group can also be expected to have their own set of norms and culture which are taken-for-granted by them and are important for understanding the group’s processes.

Finally, the continuous nature of policy making introduces another important feature of an ongoing policy-making group: its performance over time. Past performance can affect groups’ internal processes and structure. For instance, the existing structure can be challenged if a number of serious mistakes were made in the past.
Characteristics of the individuals and the group culture

Members comprising elite policy-making groups are highly educated, with technical expertise in different areas. In a word, they are specialists. The group culture is tactful and respectful in verbal communication. Moreover, they are diplomatic. This means that they negotiate strategically by taking positions, debating nuance, and reserving opinions. Hence, in order to understand their behavior, it is important to understand the meaning of words and actions and not to take everything at its face value. Finally, they are aware of the power of their decisions to affect the environment. They do not merely respond to the environment but knowingly and actively shape it. Their power and its consequence always are a constant influence on the group.
CHAPTER 2. LITERATURE ON INFLUENCE STRATEGIES AND OTHER INFLUENCE PROCESSES IN SMALL GROUPS

Three themes within the social psychological literature on small groups are particularly useful for the research question. First is the literature identifying different influence tactics that social actors use in attempts to achieve their goals (Kipnis, Scmidt and Wilkinson, 1980; Yukl and Tracey, 1992; Raven, 1992; Gold and Raven, 1992; Farmer, Maslyn, Fedor, and Goodman, 1997; Falbo, 1977). Second is the literature on status structures developed and sustained by members of small groups in the process of continuous interaction (Torrance, 1954; Ridgeway and Walker, 1999; Bales and Cohen, 1979; Stiles, Waszak, and Barton, 1979). The third theme is influence processes (other than strategies used by members) in experimental decision-making groups (Myers, 1982; Burnstein, 1982; Parks and Sanna, 1999).

Literature on influence tactics

There exist a vast number of studies on interpersonal power and influence tactics in small groups. Initially, researchers’ interest was focused on the phenomenon of power which was defined as a potential for influence (French, 1956; French and Raven, 1959; Raven, 1992). Social influence was, in turn, defined as “a change in the belief, attitude or behavior of a person – the target of influence, which results from the action, or presence, of another person or group of persons – the influencing agent” (Raven, 1992: 218). French and Raven’s theory of social power (French and Raven, 1959) became the most important benchmark determining the direction of further research on power and later on, on influence tactics (Forsyth, 1990; Levine and Moreland, 1997). French and Raven
identified six sources of power that individuals use to change the beliefs, attitudes, or behaviors of others: coercion, reward, legitimacy, expertise, reference and information (Raven, 1992). iii Below are the definitions of the power bases:

- **Coercive power** – power “based on P’s [target’s] perception that O [agent] has the ability to mediate punishments for him”;
- **Reward power** – power “based on P’s perception that O has the ability to mediate rewards for him”;
- **Legitimate power** – power “based on the perception by P that O has a legitimate right to prescribe behavior for him”;
- **Referent power** – power “based on P’s identification with O”;
- **Expert power** – power “based on the perception that O has some special knowledge or expertness” (French and Raven, 1959: 155-56);
- **Informational power (or, persuasion)** – power “based on the information, or logical argument, that the influencing agent can present to the target in order to implement change” (Raven, 1992: 221).

As researchers (Falbo, 1977; Kipnis, Schmidt, and Wilkinson, 1980; Goodchilds, Quadrado, and Raven, cited in Falbo, 1977 and Kipnis, et al., 1980) recognized that the range of tactics used by individuals to influence each other in actual settings was broader than considered by deductively derived typologies of power, the focus of empirical studies shifted from power bases as resources for influence to the variety of actual behaviors used by individuals. Different typologies of influence tactics were developed, where influence was understood within the framework identified by French and Raven (e.g., definitions of influence in studies of Yukl and his colleagues; Yukl, 1998). For instance, based on subjects’ self-reports, Falbo (1977) obtained 16 power strategies (e.g., assertion, bargaining, compromise, deceit, threat, hinting, persistence, and others). Kipnis et al. (1980), also using self-reports, found eight major influence tactics (assertiveness, ingratiating, rationality, sanctions, exchange, upward appeal, blocking, and coalitions).
This grouping scheme was further developed, modified and applied in different settings by Yukl and his colleagues (Yukl, Kim, and Falbe, 1996; Yukl and Tracey, 1992; Yukl, Fu, and McDonald, 2003; Fu and Yukl, 2000), and other researchers (McFarland, Ryan, and Kriska, 2002; Barbuto, Fritz, and Marx, 2002; Van Knippenberg and Steensma, 2003; Melton, 2006; Chakrabarty, Brown, and Widing, 2010; Steensma, 2007; Dulebohn, Murray, & Ferris, 2004; Dulebohn, Shore, Kunze, and Dookeran, 2005; Jensen, 2007; Enns and McFarlin, 2003 and 2005; Aguinis, Nesler, Hosoda, and Tedeschi, 2001; Sparrowe, Soetjipto, and Kraimer, 2006; Clarke and Ward, 2006; O’Neil, 2004; Guerin, 1995; Terpstra-Tong and Ralston, 2002; Douglas and Gardner, 2004; Standifird, Pons, and Moshavi, 2008; Leong, Bond and Fu, 2007; Joshi, 2010).

While the aforementioned classifications seem to be the most influential, other typologies were offered, as well (e.g., Farmer, Maslyn, Fedor, and Goodman, 1997). Sometimes, French and Raven’s power bases were presented as influence tactics (Gold and Raven, 1992; Podsakoff and Schriesheim, 1985; Raven, 1992; Shapira, 2009), or some of the aforementioned typologies were re-categorized into broader classes, such as closed versus open and formal versus informal influence tactics (Spiro and Perreault, 1979), or hard versus soft (Lamude, 1994; McFarland, Ryan, and Kriska, 2002; Venkatesh, Kohli, and Zaltman, 1995; Standifird, Pons, and Moshavi, 2008).

Forsyth (1990) summarized the previous studies on influence tactics and presented a list of 20 tactics, which are shown in Table 1.

Table 1. Twenty Power Tactics (Forsyth, 1990: 187-8)

<table>
<thead>
<tr>
<th>Tactic</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promise</td>
<td>Pledging to do or give something in the future</td>
<td>• I promise her a pay increase</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• I offer him a bonus</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• We tell them sales will increase</td>
</tr>
<tr>
<td>Reward</td>
<td>Providing valued reinforcers</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td>Threat</td>
<td>Warning of negative consequences in the future</td>
<td></td>
</tr>
<tr>
<td>Punishment</td>
<td>Imposing negative consequences</td>
<td></td>
</tr>
<tr>
<td>Bullying</td>
<td>Using strong threats, insults, or violence</td>
<td></td>
</tr>
<tr>
<td>Discussion</td>
<td>Using rational argument or explanation</td>
<td></td>
</tr>
<tr>
<td>Request</td>
<td>Stating what should be done or asking for compliance</td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>Forcefully asserting oneself; insisting on compliance</td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>Teaching; demonstrating by example</td>
<td></td>
</tr>
<tr>
<td>Persuasion</td>
<td>Using coaxing, convincing arguments</td>
<td></td>
</tr>
<tr>
<td>Negotiation</td>
<td>Bargaining; making compromises; trading favors</td>
<td></td>
</tr>
<tr>
<td>Pressure</td>
<td>Using group influence</td>
<td></td>
</tr>
<tr>
<td>Claiming expertise</td>
<td>Demonstrating or claiming superior knowledge or skill</td>
<td></td>
</tr>
<tr>
<td>Persistence</td>
<td>Continuing in one’s influence attempts or repeating a point</td>
<td></td>
</tr>
<tr>
<td>Fait accompli</td>
<td>Doing what one wants without gaining approval</td>
<td></td>
</tr>
<tr>
<td>Manipulation</td>
<td>Lying; hinting; deceiving</td>
<td></td>
</tr>
<tr>
<td>Supplication</td>
<td>Entreating; asking humbly or earnestly</td>
<td></td>
</tr>
</tbody>
</table>

- I increase his pay
- I give her the day off
- I shower him with praise
- I threaten to cut her pay
- I tell him he might be fired
- I threaten legal action
- I cut her pay
- I reprimand her
- I punch him
- I yell at her
- I criticize his work
- I curse until she does it
- I give her supporting reasons
- I explain why I favor the plan
- We talk it over
- I say what I want
- I tell her what I expect
- I ask her to do it
- I demand that she do it
- I insist that he stop
- I give the order
- I explain how to do it
- I set an example
- I talk him out of it
- I persuade her to do it
- I develop a strong presentation
- I work out a deal
- We compromise
- I drop a demand if she does
- I appeal to the boss
- I turn the group against her
- I get others to take my side
- I rely on my experience
- I let them know I’m an expert
- I bury them in technical details
- I reiterate my point
- I don’t give up
- I don’t take no for an answer
- I do it anyway
- I take whatever action I want
- I send it on without approval
- I lie about it
- I get her to think it’s her idea
- I drop a hint
- I plead
- I cry
<table>
<thead>
<tr>
<th>Ingratiation</th>
<th>Deliberately increasing one’s attractiveness</th>
<th>I act helpless</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evasion</td>
<td>Avoiding the issue or the person who would disapprove</td>
<td>I keep it from him</td>
</tr>
<tr>
<td>Disengagement</td>
<td>Withdrawing from the setting; breaking off the interaction</td>
<td>I go on strike</td>
</tr>
</tbody>
</table>

Subsequent research on influence tactics was aimed at identifying conditions affecting the choice of tactics, consequences of their use and their applications to various settings (Yukl and Tracey, 1992; Falbe and Yukl, 1992; Yukl, Falbe, and Youn, 1993; Yukl, Kim, and Falbe, 1996; Yukl, Fu, and McDonald, 2003; Grams and Rogers, 1990; Farmer et al 1997; Schwarzwald and Koslowsky, 1999; H. Steensma, 2007; Somech and Drach-Zahavy, 2002; Steensma, Jansen, and Vonk, 2003; McFarland, Ryan, and Kriska, 2002; Barbuto, Fritz, and Marx, 2002; Van Knippenberg and Steensma, 2003; Melton, 2006; Chakrabarty, Brown, and Widing, 2010; Barry and Fulmer, 2004; Enns and McFarlin, 2005; Aguinis, Nesler, Hosoda, and Tedeschi, 2001). For review of the empirical studies on the existing models of influence tactics, including determinants of choice, success, consequences, see Van Knippenberg and Van Knippenberg (2003), Schriesheim and Neider (2006); and Barbuto and Moss (2006).

The findings of the previous studies expand our knowledge on power and influence by offering an extensive set of tactics that might be used for the study of policy-making groups. For example, such tactics as “discussion,” “request,” “persuasion,” “negotiation,” “persistence,” and the like, are likely to be used by policy makers in a similar way as indicated in these studies. At the same time, the actual expression and/or...
meaning of other tactics listed in Table (1) may be different in elite policy-making 
groups. For instance, “threat” might be used, though in policy meetings, it may take 
forms different than “I threaten to cut her pay,” “I tell him he might be fired,” or “I 
threaten legal action.” Instead, members of policy-making groups can be threatened by 
effects of their decisions for a larger population or an organization. In the well-
documented example of the Cuban missile crisis (e.g., Janis, 1972; Allison and Zelikow, 
1999), the decision-making group was operating under the mutually shared threat of the 
devastating consequences of a wrong decision. In sum, by identifying a general set of 
tactics used by individuals, research on influence tactics has provided a basis for 
generalizing to the study of strategies used in the policy-making groups.

In addition, social psychological research is useful for our understanding of social 
phenomena of power: it enhances our understanding of general mechanisms of operation 
of power and influence among social actors, which is necessary for a study of policy-
making groups. Several propositions made in this literature are particularly useful. First 
is the notion that, in order to influence, an individual must possess resources valuable to 
the target (French and Raven, 1959). Second, it is not the actual possession of the 
resources that makes a difference for the success of an influence attempt but the target’s 
belief that the influencing agent has them. Similarly, some resources may be valuable for 
some individuals but not others. Therefore, influence attempts may be successful when 
exerted on some individuals but not others.

Third, as the empirical research on influence tactics demonstrated, more powerful 
individuals can be influenced by less powerful: bosses can be influenced by their 
subordinates (Kipnis et al., 1980; Yukl, Falbe and Youn, 1993). In other words, power
has a circumstantial character: powerful people are not powerful across all situations and over the same people. Moreover, the choice of influence tactics may depend on power resources available to the influencing agent. According to the studies, subordinates can influence their managers, but there are differences in the choice of tactics depending on the direction of influence attempt (“upward” versus “downward”) (Yukl and Tracey, 1992; Yukl, Falbe, and Youn, 1993; Kipnis, Schmidt, and Wilkinson, 1980).

The aforementioned statements can be helpful for understanding influence processes in policy-making groups. While the actual operation of these principles in the context of policy-making groups remains an empirical question, a simple example of their possible application can be presented here. One of the valuable resources in a policy-making setting is expertise. Group members differ in their expert power, and they may not value each other’s expertise to the same degree. Consequently, some members may be swayed by rational arguments of a certain group member, while others may not, depending on the value that they attribute to this member’s expertise.

Finally, research on influence tactics contributes to the study of policy-making groups by offering a set of contingency (moderating) variables that affect the choice and effectiveness of influence tactics. For instance, it was found that the choice of tactics depends on personality characteristics of influencing agents (Falbo, 1977; Goodstadt and Kipnis, 1974), as well as situational variables, such as power bases of the influencing agent, the goal of an influence attempt, and amount of resistance anticipated from the target (Yukl and Tracey, 1992; Kipnis, Shmidt, and Wilkinson, 1980), consistency with prevailing norms and role expectations for the use of certain tactics (Yukl and Tracey, 1992).
At the same time, the theories on power (that include both the typologies of tactics and models evolved from these typologies) developed in the social psychological literature have a number of limitations for the study of policy-making groups. First, the existing models were developed for and tested in experimental or quasi-experimental conditions, and can hardly be tested on policy-making groups in their natural setting. The data available to a researcher studying natural (especially elite) policy-making groups are usually archival. This fact has three consequences. First, archival data do not provide information on all variables included in the models. For instance, members’ initial positions (and final positions, unless it is a voting-type meeting) and, consequently, changes in beliefs and attitudes cannot be measured. Members of policy-making groups do not necessarily voice changes in their opinions, perceptions and their causes. Consequently, it may not be even possible to determine whether an influence act has, in fact, occurred, since there are no data on the change in individual’s attitude, behavior, or values. The same situation arises with regard to contingency variables, identified in the existing models of influence tactics, such as personality characteristics of influencing agents, amount of resistance anticipated from the target, and the like. Researchers studying top-level policy makers do not usually have such data. Finally, in the experimental and survey-type design of research, environmental conditions and other variables outside of the model scope are controlled. In the natural setting of policy-making groups, in contrast, they cannot be controlled.

In addition, measures of all variables must be derived inductively from the available data, since no deductively obtained scale can be adequately mapped onto texts of transcripts, memos, letters, and the like. As was mentioned before, the exact forms of
tactics may be different from the ones used in previous studies, due to the characteristics of elite policy-making groups, as well as the data available to researchers. The existing scales of influence tactics (e.g., studies by Yukl and his colleagues, also Schriesheim and Hinkin, 1990) were developed in and applied for managerial settings, and some measures may not be appropriate for elite policy makers (e.g., yelling, cursing, punching). Elite policy makers are tactful and respectful; they are likely to avoid using strong language and actions. Moreover, policy makers may not have appropriate power bases for the use of certain tactics that managers have over their subordinates (e.g., threat of cutting pay). All these issues seriously question the testability of the theories and models of influence tactics on policy-making groups.

Another substantial weakness of these models for their application to policy-making groups is their lack of descriptive accuracy. Being experiment-oriented, the models usually consist of a few variables, with the “everything else-being-equal” assumption. The actual world of policy making is far more complex: policy makers’ personalities, their environment, their past successes and failures, - all these factors come into play simultaneously, affecting the decision-making process. Furthermore, the research on influence tactics stemmed from a classification that was originally developed in a dyadic setting. With few exceptions (see Jensen, 2007), it was also subsequently applied to dyads, such as agent-target scenario. Yet, there are reasons to believe that influence processes, including the choice of tactics by individuals in larger groups may be different than in dyads. There are other processes existing in groups but not in dyads that can affect the nature of influence processes in groups, as well as the choice of influence tactics. For example, French (1956) extended the theory of social power to group
situations which, in addition to power bases, included the effects of communication patterns, effects of patterns of opinions among group members, and leadership on influence processes within groups. The literature on influence processes in decision-making groups (discussed below) focused on these issues in more detail.

In sum, with respect to our dimensions set for a good theory of policy-making groups, the theories on power and influence tactics are useful in two ways. First, they offer a large number of tactics used by social actors. Second, social psychological research enhances our understanding of the mechanisms of power and influence. At the same time, these models have two limitations for their application to policy-making groups. First, because of their experiment-oriented approach, models and research instruments developed so far cannot be applied to policy-making groups in natural settings. Secondly, these models are not descriptively accurate: they cannot incorporate the complexity of the actual policy-making process.

In fact, several researchers alluded to the problem of application of deductively derived classifications of influence tactics to situations in natural settings. In the few studies that used open-ended procedures to develop sets of tactics (Falbo, 1977; Kipnis, Schmidt, and Wilkinson, 1980), researchers reported the following finding:

[T]he problem with existing classifications of power tactics is that when influence acts are actually studied, it is found that people do not exercise influence in ways predicted by rational classification schemes. This point was first explicitly made in a study by Goodchild, Quadrado, and Raven [unpublished conference paper] in which college students wrote brief essays on the topic ‘How I got my way.’ It was found that many of the influence tactics described by these students could not be classified into preexisting categories. Several tactics thought to be basic when classifying influence, such as the use of expert power, were not even mentioned by the students. (Kipnis, Schmidt, and Wilkinson, 1980: 440-441)

According to Falbo (1977), one of the reasons why sets of tactics differed depending on whether they were derived inductively or deductively, was the tendency of
deductive approaches to focus on only a few types of social power. Open-ended procedures, in contrast, lead to the diversity of responses and to “low frequencies of occurrence for some power strategy categories.” The usual way of dealing with this problem was either to discard low-frequency categories and analyze only high-frequency ones, or to group strategies “on an a priori basis” (Falbo, 1977: 537-538). Consequently, if the existing classifications of tactics were developed in managerial settings, some tactics that might better describe “coercive” and “reward” power might be over-emphasized while others (e.g., referring to “expert,” or “informational” power) might be under-counted.

According to Kipnis et al. (1980), the solution to this problem was as follows: “It is clear that the many influence tactics described here do not fit easily into any single classification scheme currently found in the literature on power usage. Based on these findings, we believe that new ways of classifying such tactics are needed that use the actual influence behaviors of organizational members as the starting point” (Kipnis, Schmidt, and Wilkinson, 1980: 443; italics added).

**Literature on status structures and interaction**

Since influence processes in a group are embedded in its status structure, and because status plays an important role in the choice of influence tactics (Kipnis, Schmidt, and Wilkinson, 1980; Yukl, Falbe, and Youn, 1993), the work on group status structures constitutes another stream of literature useful for the study.

According to Ridgeway and Walker (1999: 282), status structures represent “patterned inequalities of respect, deference, and influence” among group members and
appear to be “the central means by which groups of interactants organize their behavior and make collective decisions.” Status is more than a resource (e.g., “legitimate” power base) empowering one individual over others; instead, status structure appears as a set of roles and expectations around which members organize their behavior in a group: “[S]tatus differences establish a foundation for the emergence of patterns of dominance and influence. Persons with high status generally exert more influence than persons of lower status, are more likely to dominate low-status persons, and are more likely to exact deference from persons of lower status” (Ridgeway and Walker, 1999: 301; also see Berger, Cohen, and Zelditch, 1972). The implication of this argument is that, sometimes, no explicit influence tactic is necessary for a lower-status individual to change attitude and to take the position of those above him/her in the group status hierarchy.

Status differences are created by group members in the process of continuous interaction. According to the expectation status theory, which aims to explain the origin of status structure and its manifestation in interaction, the dynamics of power and prestige order “arise out of group members’ expectations about the value of their own and others’ contributions to group activities” (Ridgeway and Walker, 1999: 288; Berger, Cohen, and Zelditch, 1972; Berger and Fisek, 1970).

To decide how to act, whether to speak up, who to listen to, and who to agree with when conflicts develop, actors look for a way to anticipate the likely usefulness of their own and each other’s suggestions. In doing so, they form performance expectations for themselves compared to each other actor in the setting. Performance expectations are generally not conscious judgments, but rather implicit, unaware hunches about whose suggestions are more likely to be better…As long as interactants have roughly similar cultural beliefs and information about one another, the expectations they develop are shared, creating a roughly consensual order of performance expectations in the encounter… (Ridgeway and Walker, 1999).

Group members reflect status inequalities in interaction. The theoretical explanation for this argument is given by expectation states theory (Ridgeway and Walker, 1999; Berger, Cohen, and Zelditch, 1972; Berger and Fisek, 1970), and is also
implicit in a system for studying groups called SYMLOG (Systematic Multiple Level Observation of Groups) (Bales and Cohen, 1979), and supported by a number of empirical studies (Stiles, Waszak, and Barton, 1979; Torrance, 1954; Berger, Cohen, and Zelditch, 1972; Berger and Fisek, 1970).

Developed on the basis of previous research, expectation states theory states that, compared to lower-status group members, higher-status interactants will have higher rates of participation in a group discussion, offer more suggestions, and will be received more positively by the group:

If an actor has a higher expectation for him/herself than for another, the actor is more likely to speak up, offer opinions, and stick to them if challenged. If the same actor has lower expectations for him/herself than for the other, the actor is more likely to hesitate in making suggestions, to ask for and respond positively to the other’s opinion and to assume that he/she is wrong when another disagrees… The higher the expectations held for one actor compared to another: (1) the more opportunities the other will give the actor to participate; (2) the more task suggestions the actor will offer; (3) the more likely these suggestions are to be positively evaluated by the others; and (4) the more influential the actor will be over the others” (Ridgeway and Walker, 1999: 288).

A similar argument about the relationship of members’ positions in the group structure and their interaction patterns is made in SYMLOG. The idea behind SYMLOG is to construct a spatial three-dimensional representation of a group structure based on group members’ perceptions of each other or researchers’ inferences about patterns of members’ behaviors toward each other. The three dimensions considered by SYMLOG are as follows: (1) Dominant vs. Submissive, (2) Friendly vs. Unfriendly, and (3) Instrumentally Controlled vs. Emotionally Expressive. Once such a spatial diagram of the group is obtained, one can examine differences and similarities in the ways members interact with each other depending on their place in the diagram.

The literature on status structure is useful for studying policy groups in several ways. First, it further deepens our knowledge about power and influence processes in
groups by emphasizing the importance of studying influence strategies within groups’ status structures. Since the research on influence tactics studied dyads, status was considered as a power base (or, resource) - the relative difference in official positions between the agent and target of influence attempts, such as “boss,” “subordinate,” or “co-worker” (Schriesheim and Hinkin, 1990; Kipnis, Schmidt and Wilkinson, 1980; Yukl, Falbe, and Youn, 1993). The implication of the research on group status structure, in contrast, is that, in order to understand influence behaviors of individuals in groups, one must examine: (1) the informal status structure of the group (i.e., not specified by the organizational chart, but developed in the process of interaction); (2) at what level of the group structure this particular influence act occurs, and (3) the positions of all members of the group on a given issue.

Another contribution that this stream of literature brings for the study of the research question is the evidence of the relationship between status structures (as power hierarchies) and patterns of interaction. More specifically, the type and amount of participation in a group discussion are related to members’ status positions (e.g., Berger, Cohen, and Zelditch, 1972; Berger and Fisek, 1970; Bales and Cohen, 1979; Torrance, 1954; and studies by Berger, Conner, and Fisek, and Bales, cited in Ridgeway and Walker, 1999).

Importantly, these studies draw attention to the importance of the mode of verbal behavior for the study of influence processes, as opposed to the mere contents. The researchers studying influence tactics distinguished different types based on the contents of the tactics, (e.g., reward, threat, bullying, ingratiation, and the like). Yet, according to the expectation theory and SYMLOG, the manner in which verbal behavior is expressed
is equally important. For example, threat can be expressed in the form of giving a personal opinion or expression of one’s feeling (e.g., “I am concerned that if we act this way, the following is likely to happen”). However, it can also be expressed in an asserting manner (e.g., “This action will lead to severe problems”). The effect of the tactic may depend on the mode of utterance. Although the mode of verbal behavior can be correlated with the contents, due to their relationship to the status and/or power bases of the influencing agent, they still are different attributes of influence tactics. Similarly, the mere choice of tactic may reflect the person’s position in the group’s status structure.

Finally, studies of status structures offer a number of “micro”-moderating variables, affecting the effectiveness of influence attempts. Ridgeway and Walker (1999) reviewed a set of such variables based on the previous research and concluded: “[W]hether an actor’s task suggestions are accepted by others is also affected by nonverbal demeanor during interaction. Taking a seat at the head of the table, having an upright, relaxed posture, speaking up without hesitation in a firm, confident tone, and maintaining direct eye contact all make a group member’s suggestions ‘sound better’ and increase the likelihood that he/she will be influential” (p.291). These findings indicate that, in addition to the goal of influence attempt, power bases and other conditions indicated by the literature on influence tactics, there are also a number of “micro”-moderating variables that must be taken into account in the study of influence tactics.

In sum, the literature on status structure has much to offer to researchers trying to understand influence in natural policy-making groups. However, it does not offer a theory of influence tactics: the focus of this stream of research is on status structures, not on influence strategies.
Literature on influence processes in experimental decision-making groups

The final helpful topic in the literature on small groups comes from experimental research on group decision-making. Many mid-range theories and mathematical models of group influence have been developed and tested in experimental conditions. Examples of such models are social impact theory, self-attention theory, social physics model, and social influence models (Parks and Sanna, 1999). One of the central themes in this literature is that influence of a group on an individual is something distinct from the influence of one individual over another. It is true that, in the process of discussion, individuals do try to change each other’s opinions, behavior, and the like. However, this literature demonstrates that a group member can also change his/her opinion because of the realization that his/her opposition will not change the final decision or because of informational or normative influence, or other group processes.

Informational influence is a change in member’s attitude due to some new information or idea(s) which he/she did not think of (or did not know) before the group discussion (Myers, 1982). Normative influence occurs when a group member knowing the divergence of his/her position from that of the rest of the group but unwilling to cause their unfavorable reactions (or perceptions), changes his/her position toward the consensus (Burnstein, 1982). In both cases, despite the absence of any actively exerted influence tactic by any single individual, influence (a change in member’s opinion or behavior) takes place.

The research on group influence also draws attention to influence processes occurring at the stage of attitude formation rather than attitude change (Parks and Sanna, 1999). The important issue highlighted by this theme is that group influence occurs not
only in the process of change of an already formed opinion but also at the stage of its formation. In this case, informational influence becomes crucial since the initial information is the starting point for opinion formation (Parks and Sanna, 1999).

Theories of group influence offered a number of variables predicting the magnitude of social influence on a group member: the number and importance of people in the group, the ratio of self-containing subgroup (supporting a member’s viewpoint) to the total number of individuals in the group; the number of people trying to exert influence (sources) relative to the number of influence targets (Parks and Sanna, 1999).

For instance, according to social impact theory, the potential magnitude of influence that a group can have on a member’s attitude increases with the size of the group, the status and power of people in the group, and physical closeness of group members. Self-attention theory predicts the increased social influence of groups on their members by the ratio of the subgroup supporting a given individual’s general position (e.g., the same party affiliation) to the total number of people in the group.

The usefulness of this stream of research for understanding influence tactics in policy-making groups lies in the illustration of the fact that, in consensus-seeking groups, influence of a group on an individual may take place without an influence tactic being exerted with the goal to change the person’s opinion or behavior. In this respect, the concepts of “informational” and “normative” influence are very important. These processes take place in policy-making situations. When a group of experts meet to discuss current conditions and to reach a consensus on a policy course, no one possesses the full range of information about all aspects of the environment. Instead, policy makers share information with each other, sometimes with no intention of influence but rather
with the goal of reaching an understanding on what the situation is. In this process of information sharing, some members may change (or form) their opinions because of finding some new facts or being exposed to new interpretations.

Despite their useful insights, however, models of influence processes in groups, like theories on status structures, did not consider influence strategies. Before we turn to the discussion of the next stream of literature, one point stressed by the literature on group influence deserves attention, namely, the importance of verbal communication in decision-making groups. Since communication constitutes the major mode of behavior in decision-making groups, as well as one of the major data sources (e.g., transcripts, memos, and the like), it is important to know how it is treated by the existing theories. Within the literature on decision-making, scholars’ attention to communication is fairly new, and communication is treated more as a separate variable (e.g., “communication,” “decision-making,” “influence”) rather than as a possible source of data. Seibold, Meyers and Sunwolf (1994) reviewed the existing literature on communication and influence in decision-making groups. Their main conclusion was that very few studies on influence and communication “actually study members’ communication,” and whenever interaction or verbal communication is referred to, it is thought of as exchange of information. As a result, these models cannot offer any way of how to study influence processes with data containing verbal interaction. So, it would be fair to say that researchers raised but still have not solved the problem of taking communication as an important component of decision making and influence.
Literature on power and policy-making in political science

To understand policy groups we must, of course, examine the policy-making literature in political science. This literature is useful for its ability to show the complexity of real policy-making processes and to incorporate it into models. Unlike research on influence tactics and mathematical models of influence processes in decision-making groups, studies conducted in political science examine policy makers in natural settings. The most useful research for the present question are groupthink (Janis, 1972), three models of policy making reviewed by Allison and Zelikow (1999), and cognitive mapping approach (Axelrod, 1976; Holsti, 1976).iv

In attempts to explain policy fiascoes resulting from group decision-making of top political figures, Janis developed a theory of “groupthink.” The term “groupthink” refers to a faulty group decision-making process, which results from certain characteristics of a group and its environment. In Janis’s terms, groupthink is “a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members’ strivings for unanimity override their motivation to realistically appraise alternative courses of action… Groupthink refers to a deterioration of mental efficiency, reality testing, and moral judgment that results from in-group pressures” (Janis, 1972: 9). According to the author, several major political decision failures (e.g., the Bay of Pigs, the Korean War, Pearl Harbor, and Vietnam War) can be explained by this phenomenon.

Janis thoroughly examined possible causes of these “catastrophes” and concluded that, in all cases, policy-making groups had several common features: homogeneity of members’ backgrounds, high level of cohesion in the group, insulation of the group from the environment, absence of tradition of impartial leadership, as well as norms requiring
methodological procedures and high level of stress. These conditions led members of policy-making groups towards unanimity and conformity, failures to voice their doubts and concerns, discounting important pieces of information, which in turn resulted in wrong decisions. According to Janis, if at least some of the conditions of “groupthink” are avoided (e.g., by encouraging participation and new ideas, engaging more outside help, and the like), fiascoes may be prevented.

Janis’ research has a number of useful elements pertinent to the present study. First, Janis managed to illustrate that in the study of actual policy-making, understanding of an outcome requires a deep examination of the process. The process of policy-making was examined for how it actually evolved day by day, and, in this way, the author was able to interpret the final outcomes.

In experimental research, input variables (e.g., the contents of the scenario or the description of a problem to be discussed) determine the alternatives and, consequently, outcomes to a large extent. While the process of decision making is important, it is usually described statically with a set of attributes such as type of communication, type of leadership in a group, group status structure, types of relationships among group members (e.g., adjective ratings used by SYMLOG to describe group processes). The incremental nature of real policy making, however, requires a thorough investigation of the dynamics of the process. According to the picture presented by Janis, incrementalism appears as one of the crucial features of actual policy making: new issues arise as old ones are still being resolved, changing the situation in which policy makers must operate. For instance, in the Cuban missile crisis, Kennedy and his executive team were constantly looking for new signals and waiting for responses from the Russians. Every
step of policy making was a mix of enacting and responding to a new situation. It would be unlikely to understand how the crisis was actually resolved if researchers focused only on information about the input events (what happened on the first day of crisis) and output (the final decisions of the American and Russian governments). Consequently, even though it may be crystallized (static) in its final form, a good model of policy making must be developed on the basis of the thorough examination of the process.

Another insight brought by Janis’ case studies is the illustration of how strong the tendency to unanimity and conformity may be in natural policy-making groups. In all cases characterized by the “groupthink” phenomenon, the central influence process was not an individual-to-individual influence tactic but the centrifugal force of concurrence seeking. The tendency to conformity may, in fact, be very strong in ongoing policy groups which are characterized by consensus-seeking, a long history of interaction, and a developed set of norms and culture.

While Janis’ research is helpful for understanding the process of policy making, the “groupthink” model itself was not developed for studying influence strategies used by policy makers. Janis’ goal was to explain why, despite the high level of expertise and devotion, groups of elite policy makers made wrong decisions and to find out ways of preventing such fiascoes by altering characteristics of decision-making groups away from “groupthink.” Other than a tendency to conformity, influence processes within groups were not the center of the author’s attention. In addition, Janis’ model is restricted to groups operating in predominantly crisis situations. That is, Janis studied the phenomenon of “groupthink” rather than any policy-making group. Setting policy on a daily (weekly or monthly) basis does not have the emergency and life-threatening
characteristics of a crisis which dissolves the individual interests of group members in their struggle for survival. According to Janis’ description, policy makers facing the danger of the situations had one common interest of preventing a catastrophe prevailing over their private interests (e.g., interests of their organizations). In routine policy making, this may not always be the case when representatives of different organizations come together to decide on the course of a policy (Reich, 1998).

Most of these limitations were avoided in Allison and Zelikow ’s explanation of policy-making processes (Allison and Zelikow, 1999). Although Allison and Zelikow examined only one political event – the Cuban missile crisis – their models were aimed to understand policy making in non-crisis situations, as well. The three theoretical frameworks of policy making developed by Allison and Zelikow are rational actor, organizational process, and governmental politics.

Allison and Zelikow ’s goal was to demonstrate how the same event can be explained in different ways, depending on a researcher’s conceptual framework. For instance, if explained from the position of the rational actor paradigm, the actions of the American and Russian governments (placement of missiles in Cuba by the USSR; US response with a blockade, and USSR’s withdrawal of the missiles) are outcomes of rational processes of decision making made by individuals in pursuit of certain objectives. Each country’s government has its own goal and chooses a course of action among different alternatives in such a way that it achieves the goal at a minimum cost.

The organizational actor model, in contrast, views the same governments’ actions as products of organizational processes: each government includes a constellation of organizations. The behavior of individuals in organizations is constrained by
organizational routines, rules, and procedures. Therefore, decisions should be examined in the way they are achieved, that is, in the context of activities of multiple organizations. The final model explains Cuban missile crisis in terms of bargaining games, which result from a struggle among different groups and individuals possessing unequal degrees of power (defined as “effective influence on outcomes,“ p.148) in a governmental hierarchy. Unlike the rational actor model, government here is not a unitary actor but a number of players with different interests and agendas. Each player pursues his/her own agendas and notions of what constitutes the best action in a given situation. Policy actions here are viewed as a result of “compromise, conflict, and confusion of officials with diverse interests and unequal influence“ (Allison, 1972: 162).

The most important conclusion from Allison and Zelikow ‘s work for the study of any actual policy makers is their demonstration of how the researcher’s choice of a conceptual framework affects understanding and explanation of a social phenomenon. In an attempt to offer a theory explaining real policy making based on observation of real processes, a researcher is responsible for the decision of what is relevant and important in the model. Therefore, his/her assumptions and pre-conceptions about the world can greatly influence the explanation.

Another useful lesson following from Allison and Zelikow ’s study is the necessity of examination of organizations (routines, standard operating procedures, and culture) while studying policy. In fact, some influence strategies in ongoing policy-making groups overtime may develop into routines that are even harder to resist than if they were simply a single individual-to-individual act. For instance, agenda setting
during a meeting is an organizational routine, but it is also a powerful influence tool, defining issues to be discussed and to be omitted.

At the same time, Allison and Zelikow’s case study does not represent theory building; the author’s goal was not to offer a new theory or to modify an old one. Instead, his major pursuit was to show how existing theories can offer different explanations of the same event. Moreover, none of the three models reviewed in this research directly addressed either influence strategies or group decision making. While Allison and Zelikow recognized the importance of influence processes (e.g., in the organizational politics model), he, like Janis, did not study influence strategies.

A third valuable approach for studying policy making offered by political scientists is cognitive mapping (Axelrod, 1976). Cognitive mapping refers to a graphical representation of a decision maker’s set of beliefs about policy variables and relationships among them, guiding his/her process of thinking about policies and making decisions. Based on either documentary material or questionnaires and interviews, researchers identify policy variables (goals, alternatives, specific actions, and values) and their causal relationships, as perceived by a policy maker, and construct a map of his/her way of thinking about a policy domain.

For instance, a cognitive map of an actual policy maker regarding British foreign policy towards Persia (Axelrod, 1976: 61) consists of his perception of how two major policy alternatives (continued intervention of Britain into Persia versus withdrawal) would affect British interests. This map represents a two-path diagram where the two policy options are indirectly connected to the final outcome, that is, British interests, through their relationships to other concepts. More specifically, as perceived by this
particular individual, “policy of withdrawal” means an increased insecurity in Persia, which in turn, negatively affects the ability of Persian government to maintain order in Persia, undermining the interests of the British. Alternatively, the policy of further intervention in Persia means that Britain will be able to put pressure on Persia and influence the selection of government members which, in turn, will increase the strength of Persian government and, consequently, support British interests.

Cognitive maps represent a powerful tool aiming to explain why individual decision makers favor some policies over others and/or arrive at particular decisions. A difference in individuals’ cognitive schemas, whether resulting from a difference in “intermediary” concepts comprising the map (in the aforementioned example, such concepts as “strength of Persian government” or “security in Persia”) or relationships among them, may explain disagreements among policy makers over the course of action. If, for instance, another policy maker had the same cognitive map except that he/she did not believe that the British present policy of intervention could influence the selection of Persian government, then even this minor discrepancy in the cognitive maps of the two individuals could be the cause of their disagreement over policy alternatives.

The most important strength of the cognitive mapping approach for studying elite policy makers lies in the illumination of the statement that “the decision maker’s orientation to and interpretation of the political environment is mediated by his beliefs about social life” (Holsti, 1976: 19). Therefore, in order to understand how a certain policy decision was made, researchers must investigate it from the policy makers’ point of view: any model of actual policy-making must incorporate the interpretation of the reality by policy makers themselves, rather than by researchers studying the process and
outcomes. In experimental studies, researchers to some extent “define” the reality for the participants (in a scenario, with instructions, by asking certain questions and omitting others, and the like). In the natural setting of policy making, the reality is interpreted by policy makers on the basis of their knowledge, experiences, beliefs and information: they decide what issues are more important, how the current situation appears, and what consequences they should anticipate from different actions. As a result, knowing the policy makers’ perceptions and beliefs is key to understanding the process and the outcome of their decision making.

Another important argument made by advocates of cognitive mapping is the heterogeneity of beliefs among policy makers (Holsti, 1976). Each decision maker is assumed to have a unique cognitive map because each individual has a different combination of beliefs and perceptions. While some beliefs and perceptions of members of ongoing policy groups can be similar due to the continuous interaction and/or common backgrounds, assuming the divergence of cognitive maps is very reasonable and useful. Similar to individuals’ interests, divergence of beliefs and perceptions can be a source of group disagreements.

In fact, the cognitive mapping approach introduces a number of interesting and important questions into a study of influence tactics. One such question is how the choice of an influence tactic depends on whether the influencing agent tries to change a target’s belief, perception, or behavior guided by target’s particular interest. For example, belief or perception may be altered by persuasion or additional information. While in the latter case, given a certain interest of the target, some form of manipulation may be undertaken. Another interesting question is whether the choice of an influence
tactic depends on where on the cognitive map influence occurs. Does a policy maker try
to influence his/her colleague by introducing another important concept into the map of
the target or by trying to change the target’s perception about the causal relationship
among the concepts already existing in the map? These specific questions introduced by
this approach, however, may be of less importance than the main idea brought forward by
cognitive maps, namely, that policy makers have different sets of beliefs and perceptions
that guide their behavior, alongside these individuals’ interests.

The next important contribution that cognitive mapping approach brings to the
study of policy-making groups is the notion of conflicting values. Every cognitive map
involves different goals representing various values, and balancing them is often difficult.
Yet, without an understanding of the individual’s hierarchy of values, interpretation of
influence processes may be misleading. If, for instance, a group member’s initial
(“before-the-discussion”) cognitive map involves two conflicting goals, and he/she is
equally predisposed for either of the two but realizes their values, as well as advantages
and disadvantages of all options associated with them, no influence might be needed on
the part of other group members. In other words, his/her opinion does not need to be
changed, because of the initial predisposition. So, investigation of a person’s cognitive
map seems to be a partial solution to the problem posed by the nature of archival data.
The inability to measure a change in a policy maker’s attitude, belief, or behavior (which
constitutes a part of the definition of influence in psychological literature and can be
directly measured in experimental settings) can to some extent be substituted by
examining his/her cognitive map.
Despite these insights, cognitive mapping does not represent a theory, but rather a method for studying policy making. In addition, this method is designed to study individual’s cognitive decision making, not issues of power and influence in groups. Similarly, being individual- (rather than group-) oriented, cognitive mapping does not take into account interaction among policy makers. Decision making is assumed to be carried out at the cognitive level – it is a product of an individual’s set of beliefs and perceptions. In policy-making discussions, decision making is no longer a product of a cognition of one person but, rather, a product of interaction of a number of individuals, each trying to influence the other’s cognitive maps. As a result, no single group member’s cognitive map can fully explain a decision made by a group.

Apart from the reviewed work, the political science literature makes yet another insight helpful for the study of influence tactics in policy groups: it suggests a different approach to the concepts of power and influence. Power in this literature stream is defined in terms of participation in the process of decision making (Allison and Zelikow, 1999; Bachrach and Baratz, 1962). In social psychological research on influence tactics, the target of influence is always an individual. The studies in political science show that influence attempts can be aimed at a decision-making process, that is, not at a person but at a situation. In addition, power can be reflected in the capacity to set agendas and limits of what is to be discussed at meetings. Bachrach and Baratz (1962) call it the second face of power, with the first being defined as an ability to influence decision making on openly discussed issues. This second face of power can, in fact, be crucial in natural policy groups; some individuals can be powerful not because of their effect on discussed issues but because of their ability to manipulate agendas of meetings. Therefore, by
putting power and influence processes in organizational context, the studies in political science expand our knowledge about these phenomena even more.

In sum, of all the literatures reviewed so far, research in political science has the highest score on a descriptive accuracy standard, which is achieved by the illustration of the complexity of real policy making. Despite its vital contribution to understanding a policy-making process and possible ways of studying it, however, the political science literature has never directly addressed the issue of influence strategies.

Literature in Conversation Analysis

Given the importance of verbal interaction in policy-making groups, it is necessary to examine the work done by conversation and discourse analysts. It should be pointed out here, however, that these disciplines do not provide actual theories on power and influence. Both conversation and discourse analyses focus on language and its use by social actors, rather than on social actors themselves. Yet, as shown next, the literature on the use of language can provide very useful insights for the study of organizations and such phenomena as power and influence.

Two themes within the domains of these disciplines are relevant for the issue under consideration. One is the topic of how organizations are socially constructed and can be studied through talk, brought about by scholars examining organizations. The second theme is how the concept of power is approached in research in conversation and discourse analyses. Both themes are relatively new (each became the focus of interest mainly within the last decade) and have not been extensively explored.
During the last decades, scholars recognized the advantages of bringing the study of language into research on organizations, and the main focus of such research became how organizations are socially constructed through talk (Drew and Heritage, 1992; Boden, 1994; Taylor and Lerner, 1996; Boyd, 1998; Clayman and Reisner, 1998). By saying that organizations are constructed through talk, they mean that “everyday talk is the primary medium through which human beings make sense of their world. That sense-making is rooted in language, and the meanings produced matter a great deal…” (Boden, 1994: 4). In contrast to the positivist way of thinking, these scholars advocate an interpretive view of organizations. Reality here is not “objective;” instead, it is enacted by individuals, not solely by their actions in physically modifying environment but by interpretation. This interpretation, in turn, is carried out through language. The range of settings, as well as characteristics of organizations studied by scholars of conversation analysis, is broad. It includes medical peer reviews (Boyd, 1998); senior public administrators’ talk (Taylor and Lerner, 1996), and editorial policy-making conferences (Clayman and Reisner, 1998).

A recent attempt to draw a link between conversation analysis, decision making in organization, and influence tactics was made by Clifton (2009). Clifton argued that the traditional social psychological models of influence tactics “glosses over the complex process of the negotiation of discursive rights by which influence is achieved” and lacks “an in situ description of the deployment of such tactics in action,” thus de-contextualizing them. Furthermore, he sees influence processes in decision making not as “a question of acting rationally in a cognitive sense,” but “rather one of effectively using
discourse resources at one’s disposal to do influence and gain commitment to a course of future action” (Clifton, 2009: 61).

Applying the methods of conversation analysis to the language-school management team setting, Clifton found three discursive resources available to participants of interaction to influence each other. First is the way of formulations, which can generically be defined as re-interpreting the previous utterance or utterances in the way that the current speaker understands it/them, which leads to transforming the previous utterance(s), including deletion, substitution, addition and word transformation (for an in-depth review of various definitions of this discursive device (see Antaki, 2008: 30-34). The second linguistic way for a subordinate to influence their superior is by “allowing the chair to take ownership of decision-making talk.” The final interactional device available for participants in a decision-making process or, more specifically, to the chair/manager, is to be able to “[close] an episode of talk and retrospectively [orient] to it as a decision.”

This research in conversation and discourse analysis is very useful for several reasons. First, by treating “talk” as a “research phenomenon in its own right” (Boden, 1994: 9), it demonstrates how organizations can be studied through talk. Communication is examined as a mode of meaning creation and, consequently, is treated as a method for studying an organization, as opposed to being conceived of as channel for information transmission and treated as a variable in a model. Similar to political scientists following policy-making process as it evolves (Janis, 1972), conversation analysts advocate the approach of studying organizations “as they happen,” and study details of “mundane,
ordinary and local activities of talking-to-each-other organizational members in concrete conditions of social action” (Boden, 1994).

Secondly, conversation and discourse analyses introduce an important claim about the relationship between the organization of talk (or the structure of conversation) and social structure (Boden, 1994). More specifically, as Mumby and Stohl (1991: 329) argue, there is a “connection between discursive practices and the system of power relations that structure organizational behavior.” The use of language is not random but patterned according to types of social relationships. If so, then by finding these patterns in language, inferences can be made about social processes and structures. In other words, this literature expands our knowledge about the use of language by individuals, and how social processes can be studied through language.

Moreover, this literature offers reasons for the development of an “interactive model” of decision making. According to Boden, the decision-making process in organizations is incremental and interactional. That is, people “drift” towards decisions “checking local trends and moods” in the process of their “thinking out loud” together (Boden, 1994: 85). It is this “togetherness” in thinking that has not yet been captured by previous models of decision making and, consequently, is left for exploration by an interactional model.

Finally, conversational analysts bring into research the idea of “local” rationality. In contrast to the concepts of rationality and bounded rationality assumed by economics and organizational science, conversational scholars argue that individuals in interactions are guided by “a local logic that is simultaneously responsive to the moment and inclusive of the collectivity” (Boden, 1994: 22). In other words, members of policy-
making groups are not only boundedly rational in trying to choose the optimal solution to a problem or only rational in trying to choose the best alternative among available. In addition to such long-term dimensions of rationality, they are also locally rational – trying to react to a given situation in such a way that best corresponds to their interests.

For the purpose of this review, conversation analysis raises the question, “Can the concepts of power and influence be studied through verbal interaction?” To an extent, the positive answer to this question can be inferred from the past research to connect the two domains (Clifton, 2009). Conversation analysis offers two main ways of studying power. First, it studies asymmetries in conversation, and, second, it takes a certain linguistic device as an indicator of power.

The first view starts from a central assumption of conversation analysis, that speakers have equal rights of participation in ordinary conversations. This symmetry of participation, however, can be broken by either status roles (Drew and Heritage, 1992), institutional roles (Molotch and Boden, 1985), or other forms of power relations not “dictated” by formal structures (Hutchby, 1996). Power was defined as an asymmetry of conversational resources (Molotch and Boden, 1985; Hutchby, 1996). Following the same tradition and capitalizing on the past research, Clifton (2009) uses a metaphor of influence as game to describe the conversation analysis approach to power and influence:

Influence operates as moves in a game “in which the unskilled player is always hemmed in and left without a move by the expert” (attributed to Plato, quoted in Billig, 1987: 10)...the pieces on the board may have different moves available to them, but skill is required to take advantage of the available moves so that participants can maneuver themselves into a winning position... influence can be more easily conceived of as a set of potentials, which, while always present, can be variably negotiated by participants in the meeting and which require skill to be exploited to the full. Such skill is not regarded as a matter of cognitive processing and mentalist intentions: The doing of influence, as a discursive act in talk-in-interaction, is a spontaneous skill analogous to sports, which require instinctive and rapid actions in response to the other’s game (Heritage, 1990-1991: 327, quoted from Clifton, 2009: 64).
But equating power with asymmetry of participation rights may not be useful in the context of structured formal meetings (such as policy-making settings), where participation rights are *a priori* not equally distributed (Drew and Heritage, 1992). To some extent, however, this view of power is useful for policy-making settings: agenda setting introduces an asymmetry in discussion, and it does affect the flow of discussion. Thus, agenda setting may be potentially used as a way to influence policy-making process, but it is hardly the only influence tactic available to policy makers. Thus, this approach to power must be complemented by other means of influence.

The second way to study power suggested by conversation analysis is to take some linguistic device (e.g., jokes or interruptions) and convert it into the context of power. An interesting example of such conversion was offered by Morand (1996), who applied Brown and Levinson’s theory of politeness (Brown and Levinson, 1978) to study dominance, deference, and egalitarianism in organizational interaction. Brown and Levinson’s original idea was to find out how different people (across different cultures) use various linguistic forms of politeness in making requests and responding to them. Hence, the focus was not on power, but politeness. Power, however, was considered by the model; it was treated as an important contextual variable that affected the choice of a linguistic form. Thus, Brown and Levinson also recognized that power relationships are connected to the choice of language and are reflected in the language. Morand (1996) applied this idea to directly study the relationship between power and use of forms of politeness by speakers. Following the tradition of the psychological research, however, Morand used a survey setting with college students and managed to transform communication into a variable, by asking students to choose among different linguistic
forms. Thus, his study ceased to be a study of power as reflected through communication but rather a study of a link between two variables, power and communication.

One difficulty of making inferences from conversation analysis should be noted here. The main assumptions of conversation and discourse analyses are that language always occurs in a context and is context sensitive (e.g., see Shegloff in Drew and Heritage, 1992; Morand 1996, Clifton 2009). This means that the way language is used and how it is structured depends on the context: characteristics of individuals, their general styles of speaking, and the situation. For instance, we can expect a conflict to occur in any group, but verbally it will be expressed differently in a group of highly educated and tactful people (using a technical language) as opposed to, perhaps, group of schoolmates. Therefore, if the concept of power is reflected in only a single indicator based on a group of schoolmates, this same indicator may not be appropriate for top level officials.

Moreover, as was mentioned in the characteristics of policy-making groups, one might expect them to be very subtle and diplomatic. This means that sometimes they might express their thoughts and positions indirectly. Therefore, meaning must be inferred, not from separate words or word combinations, but from the comprehensive assessment of the context in which these words are used.

Research on power in conversation and discourse analyses is very useful for the current study in the sense that it provides a new, quite provocative way of looking at power. Specifically, instead of focusing on power of one individual over other(s), it looks at a dominance (of one or more individuals) over the situation, presenting influence as a game “analogous to sports” where different “pieces on the board” have “different moves
available to them,” and the participants “can maneuver themselves into a winning position” which require skills and “instinctive and rapid actions in response to the other’s game” (Clifton, 2009: 64; Heritage, 1990-1992, Heritage, 1990-1991: 327, quoted from Clifton: 64). Moreover, conversation analysts look at power relations as enacted by individuals in micro encounters rather than imposed by external bodies. As Hutchby (1996: 484) argued, conversation analysts are “not in favor of the view that power relations somehow pre-exist and determine the course of actual concrete encounters.”

Secondly, conversation analysis provides an insight into a rather unexplored way of studying power, namely, through language. Yet, as researchers in social psychology showed, power and influence tactics are not the same concepts. Specifically, power refers to potential for influence (French and Raven, 1959), that is, to the ability for influence stemming from some structural or personality characteristics, such as possession of certain resources or one’s position in a social/group structure. In contrast, influence tactics refer to actual behaviors which social actors use to produce changes in others’ beliefs, behaviors, and the like. As a result, the question of how influence tactics are reflected through language remains open.

It certainly is possible that the concepts of power and influence are used interchangeably in conversation analysis, which only points to the fact that phenomena of power and influence have only started to draw attention of the scholars in this field. Likely for this same reason, researchers in conversation analysis have not yet opted to develop a comprehensive set of linguistic referents that can be attributed to power. In other words, they did not offer any systematic way to study power linguistically. For instance, power was used as a variable in an equation (see e.g., Brown and Levinson,
rather than a “phenomenon in its own right.” Or, one single indicator (e.g., politeness in Brown and Levinson’s research) was chosen and presented as related to power. The closest this stream of research came to a systematic review of power was in Clifton’s study of a school management team meetings (Clifton, 2009), where three discursive devices were found to be used by participants of interaction for influence. Clifton’s primary goal, however, was to demonstrate the possibility and a way of connecting three domains (i.e. influence, decision-making, and conversation analysis), rather than to develop an extensive classification of influence tactics through interaction. In sum, studies in conversation and discourse analysis open a new way of looking at both the process of group decision making and the concept of power, namely, as differential availability to and/or ability to use conversational resources to take advantage of the situation. In addition, they justify the possibility of studying organizations by means of studying language. However, despite the initial attempt to show the connection between power and language (Clifton, 2009), no systematic way has been offered for actually doing it as yet.

Summary of the Literature

In sum, the literatures reviewed reveal the following gap with regard to studying influence tactics in policy-making groups. Within the domain of social psychological research, there is recognition of the existence of a rich set of influence tactics used by social actors. Yet, this research does not offer a descriptively rich theory of influence tactics that could be tested in policy-making groups in their natural settings. Because of the lack of emphasis on the environment, focus on experimental settings, and the limits of a dyadic application, the existing models and typologies of tactics may not adequately
explain influence processes in natural policy-making groups. Other literatures from the domains of experimental psychology, political science, and conversation analysis make important contributions to our understanding of influence processes and their reflection in the language used by social actors, as well as policy-making groups. Nevertheless, with influence tactics not being the focus of research, these literatures do not offer a theory either. There remains a need to combine the issues of influence tactics, policy-making, and communication in one study. Moreover, a theoretical perspective should be suggested that could incorporate all these demands into a coherent and logical foundation. Such a perspective, it is argued here, comes from the domain of sociology. It includes three streams: a general perspective of symbolic interactionism (Mead, 1934; Blumer, 1969, for overview, see Maines, 1977), negotiated order theory (Fine, 1984), and strategic interaction theory (Goffman, 1969; Weinstein and Deutschberger, 1962).

**Further Development of Theory**

The central idea of symbolic interactionism is that people act on the basis of shared meanings; these meanings are created socially, in the process of interaction. Verbal communication is more than information transmission; it is a medium for the creation of shared meanings (Mead, 1934; Cooley, 1902; Blumer, 1969). These meanings, in turn, shape behavior. People interpret verbal and non-verbal cues coming from others, ascribe meanings to such cues, and act accordingly. When members of a group interact with each other for an extended period of time, they develop sets of agreements about their behavior and about ways to interpret environments. In Smircich and Morgan’s terms (1982: 258), groups evolve “common modes of interpretation and
shared understandings of experience that allow them to develop into a social organization.” These agreements are taken-for-granted by the group members and are reflected in their language.

In contrast to the social psychology and political science literatures which emphasize the importance of individuals’ attitudes and interests, symbolic interactionists underscore the importance of the situation which individuals simultaneously enact and react to: “To understand what a man does we must have some appreciation of his definition of the situation, and this requires knowing something of what he takes for granted” (Shibutani, quoted in Maines, 1977: 239).

An important concept brought foreground by symbolic interactionists is “shared meaning.” Understanding the meaning of the situation involves interpretation of the group environment, its atmosphere at a given moment, as well as group member’s interests and personal characteristics. In other words, all these factors are taken into account simultaneously, as they occur in real settings (e.g., a natural policy-making group), and they are joined together by group members into a meaningful interpretation guiding the behavior of individuals.

Another crucial contribution of this school to the present research is its emphasis on language. Symbolic interactionists view language as the mode through which shared meanings are created, sustained, and changed. People reflect their individual understandings of a given situation, as well as their demands (thus creating a new situation) through language. Over time, groups develop a meaningful language of their own which is spoken only by group members. As a result, newcomers to a group may not always understand what is actually occurring until they learn this language. The
implication of this idea is that in order to understand group processes, one must understand the social meaning of the group language.

Symbolic interactionism was further developed in two perspectives: negotiated order (Strauss, 1978; Fine, 1984, for overview see Day, 1977) and strategic interaction (Goffman, 1969; Weinstein and Deutschberger, 1962). The essence of the negotiated order theory is that social order is negotiated; people enact it through negotiation. In doing this, “individuals are conscious of their position and act so as to control others’ impressions of them and their group” (Fine, 1984: 243). Negotiations, therefore, are not random but reflect the structure of the organization. This structure is not just formal rules and policies, but it also includes “whatever agreements, understandings, pacts, contracts, and other working arrangements currently obtained” (Strauss, quoted in Fine, 1984: 241).

Unlike any other theories and approaches discussed so far, this perspective focuses on the concepts of persuasion and interpersonal negotiation, that are at the core of policy meetings. For this reason, it provides a useful insight into the concept of power, as it is reflected in the process of negotiation during meetings rather than single-issue encounters between an influencing agent and a target: “Society is interaction. Interaction involves sensitivity to others, but to some others more than other others” (Hughes, cited in Day, 1977: 127). Power is no longer understood as solely the ability to change individual’s attitudes and behavior; it now also includes the “ability of different participants to control the course of events” (Day, 1977: 131).

In the context of ongoing policy-making groups, these perspectives can be translated as follows. Policy making does not lie in formal charts and reports, but,
instead, it is carried out by actions of people, or by their interaction in the process of discussing policies. During group meetings, members create social order through negotiation; they make sense of complex reality, trying to reach some agreement about the nature of their environment.

In the process of making sense of their environment, policy makers are highly dependent on each other. Their behavior during meetings is not guided by individual motives alone. Rather, they are embedded in the web of interaction. What people actually say during the meetings depends on how they interpret the whole situation, most importantly, what others said before and are saying now. Thus, the process of decision making is not only cognitive, residing in the heads of isolated intellects. Instead, it becomes social, carried out by a web of interacting minds.

This idea of interactive nature of group decision-making was also expressed in Follett’s call to shift the focus of social psychology from individuals to relations among them:

The old psychology was based on the isolated individuals as a unit, on the assumption that a man thinks, feels, and judges independently… The goal of new psychology should be study of “interrelating” of individuals… the study of how men behave together… Interaction of minds should be the focus of social psychology…The business world is never again to be directed by individual intelligences, but by intelligences interacting and ceaselessly influencing one another (Follett, 1996: 229-233).

During meetings, group members act depending on their definition of the situation. Because of interdependence of individuals in the group, however, assessment of the situation takes the form of shared meanings. That is, interacting individuals do not assess the situation in a purely cognitive manner as they do when they are alone. Instead, through interaction, they constantly produce and reproduce meanings: “Meanings, most importantly, do not occur as isolated cognitive phenomena in the heads of atomized
individuals; they are constructed interactively and under quite pressing conditions of time and space” (Boden, 1994: 18).

At meetings, group members interpret verbal and non-verbal queues as they are embedded in the long existing power structure of the group and act according to the situation.

Each member of the group has his/her unique stakes and interests which he/she will try to promote. In addition, there may be disagreements on interpretation of environment and other issues, not necessarily connected to interests. Because of the presence of individual interests, group members will try to influence the process of policy making by making interaction strategic. That is, group members adjust their behavior strategically in such a way as, first, to protect (if not promote) their interests and, second, to remain within taken-for-granted norms and expectations about behavior of members in the group. Consequently, members do not simply follow norms of the group but enact them in every micro-encounter.

With this introduction and following the tradition of Goffman’s theory of strategic interaction (1969), a policy meeting can be presented as a flow of passes or moves. As in chess play, every time a person speaks he/she makes a pass by sending a message. Other group members interpret those messages and assess the situation based on their knowledge of people in the group, their understanding of that particular situation, and their individual past experiences. Then they incorporate their interests into the actual behavior by making subsequent passes in accordance with the newly created situation. This way, each group member attempts to make the situation play into his/her hands. As
a result, the flow of the discussion becomes like a string of kaleidoscope snapshots/situations.

Consequently, attempts of group members to influence each other in conversation can be represented as moves. Just as in chess play, when a player makes a move to ultimately achieve his/her goal (win the game), individuals try to pursue their interest in conversations incrementally by making sometimes very direct or other times very subtle moves. Again, as in a game, we can assign certain probabilities to who is likely to win based on the players’ experience and skills. However, we can only understand the outcome of the game by watching how it develops, step by step: experienced players may make mistakes and lose. Similarly, in conversational games of influence, higher status members may not achieve their goals because the flow of conversation may take unpredictable directions.

**Defining “Influence Moves”**

From the interactional view, an influence move can be defined as an attempt to make a point which directly or indirectly reveals the speaker’s position on a given issue, an attempt made in such a way that, taken alone (apart from the surrounding utterances), it still makes sense given that the participants of interaction are aware of the topic being discussed. In other words, it can stand on its own. For instance, by bringing a new issue into a policy discussion, a speaker tries to draw group members’ attention to it; so he/she makes an influence move. In Janis’ (1972) description of policy discussions in crises situations, members of policy making groups brainstormed the situations by identifying various topics and issues.
As can be seen from this definition, the interactional perspective views the concept of influence differently from traditional social psychology. These differences between the two approaches are outlined below.

**Emphasis on interpersonal processes**

The stream of research on influence tactics takes its roots in French and Raven’s theory of power bases (French and Raven, 1959) and as such, follows the theory’s assumption with respect to the cognitive side of influence. That is, the main emphasis here was on individual’s goals and interests and their role in his/her calculation of which tactic to choose. Although in the past several decades, the researchers studying influence tactics started recognizing the role of communication in this domain (for review, see Bruce and Fulmer, 2004), their attention has been more on communication media rather than interaction, leaving the core assumption of the tactics’ choice as a cognitive phenomenon built in their approach.

In contrast, the interactional perspective assumes that individuals’ goals and interests, unless explicitly revealed, remain in the dark, not only to the researchers but to their conversational opponents as well. As a result, group members have to satisfy themselves only with what they hear, make sense of it and pursue their own interests, revealing, in turn, as much as they want the other to know. Conversational partners, not knowing what each other’s true interests are have to make a choice on the basis of what they just heard. And so the conversation goes on: we guess, interpret, and make moves, which are interpreted and answered or ignored, and so on. In sum, the interactional
perspective completely transfers the concept of influence from the sphere internal to one individual to the domain of the interactional.

**Multi-directional nature of influence**

Another important feature of the interactional perspective on influence is its multi-directional nature. The original classifications of influence tactics were developed in a dyadic setting (French and Raven, 1959; Kipnis, Schmidt, & Wilkinson, 1980), and therefore, represented scenarios where influence occurs only in one direction at a time, that is, directed at a target of the influence attempt. Although in the later decades, the researchers on influence tactics did apply the earlier developed classifications to group settings (Jensen, 2007; Guerin 1995), the main assumption about tactics as aimed at a single target, remained intact. Specifically, the group setting represented a contextual background, against which the influence attempt was still aimed at a single target, be it one individual or a group as a whole.

The interactional view emphasizes that apart from people, we also influence situations. According to this approach, while we are trying to influence, we are being influenced at the same moment, like in Mary Parker Follett’s (1996) description of the evolving situation. The simplest example is questions and answers. We bring up an issue for a discussion by asking a question and making clear that this is an important issue. The person giving an answer gives us his/her interpretation of reality, or frame of reference and influences our thinking. Whether it is a child asking questions of parents, or a student asking questions of professors, - influence goes in both directions. It is especially true of those Socratic questions that make us think of issues in different ways: a person posing a question is actually asking for a frame of reference which he/she
ultimately receives, leaving us nonetheless greatly affected by the exposure to a new way of thinking.

*Incrementalism and flexibility*

The interactional perspective captures the incremental nature of influence. Policy makers do not go into a conversation like in a war, to win at any cost. Instead, they are flexible and diplomatic. They have multiple goals, values, and interests: to get something done, to preserve their social position in a group, to maintain the reputation of the group as a whole, or to protect interests of other organizations to which they simultaneously belong. They may not be conscious of some of those goals and interests (e.g., preservation of social position, avoidance of being hurt), but it does not mean that they do not have them. Sometimes, for instance, we react quickly to a sarcastic joke by a retort or a warning to the offender. Even though from the diplomatic angle it is unreasonable, since it may be detrimental to our rational goal, we still do it because our feelings were hurt. So, our interest of preserving face – of which we did not even think when we entered the conversation – came from the background and undermined achieving strategic goals. The same applies to policy makers. In policy discussions, multiple interests are pursued simultaneously. As a result, influence becomes incremental. Moves depend not only on intentions and goals currently pursued but also on previous moves, as well as on the moves of conversational partners and the course of the conversation.

*Local rationality*

As follows from the discussion above, the interactional view takes into account local rationality of individuals, namely, their ability to assess the situation as it occurs and their sensitivity to that situation (Boden, 1996). This position does not contradict but
rather compliments social psychological tradition that regards people as rational or boundedly rational. Moreover, the focus on the immediate situation and local rationality makes it possible to study the role of both reason and emotion, the spontaneity of the moment – in the game of conversational moves.

Consensus-building nature of conversation

The existing literature on influence tactics examines predominantly managerial settings of a principal-agent type, where both an influencing agent and a target have individual interests they are trying to pursue. In policy-making discussions, policy makers try to reach consensus on both the interpretation of the environment and the course of actions. This means that decision makers must reconcile their individual interests in the iterative process of policy deliberations. The consensus-building environment imposes certain restrictions on speakers. They cannot promote their individual interests at any cost because each policy-maker is also a part of the group, and the product of their job will be one for the whole group.

For the study of influence strategies in policy-making settings, this means that achieving agreement on the issues to the fullest extent possible is among the highest priorities of each group member and may sometimes result in the suppression of the individual interests. In the case of the FOMC, they have the constraint of time and the norm of a fairly high degree of consensus. In fact, achieving consensus is vitally important in this group, and there are different reasons for this. First, given the FOMC’s salience and its effect on the environment, the higher the agreement of the group members over the course of action, the better the group appears in the eyes of the world. The minutes with FOMC votes are available shortly after the meetings, and a unanimous
vote would give more reassurance to financial markets, as well as to political and business circles. Secondly, given the complexity of their task and uncertainty of the environment, a high level of agreement adds to the group members’ confidence. Finally, the fact that the group must meet on a regular basis is also likely to become a factor in members’ preference for consensus. It would be very difficult for any policy group to function continuously if at each meeting, its members tried to pursue their individual interests at any cost.
CHAPTER 3. METHOD

The data for this study come from the verbatim transcripts of FOMC meetings. During meetings, the members follow a standardized procedure for policy making. First, staff economists present their reports, and members ask questions. Then, each member gives his/her own assessment of the economic situation in their region. Next, policy alternatives are discussed, as well as the actual wording of the FOMC’s presentation of the policy to the external world. Finally, a vote is taken. Yet, this sequence represents only a very general outline of meetings. Their substantive nature is building agreement on what they perceive the present economic situation to be, based on assembling information piece by piece, including interpretation of the data in the presented reports, feedback on performance of regional economies, which, in turn, frequently relies on anecdotal information that the committee members heard from bankers, consumers, and others, in their respective regions.

At the time of the beginning of this study, there were about 120 transcripts of FOMC meetings accessible to public, starting from 1982 until 1996, so the main sample is drawn from these years. The length of the transcripts varies from about forty-five to over a hundred pages. Due to the scope and the richness of the data, I decided to take a core sample of transcripts and supplement them on as needed basis, if useful information would be available outside of the core transcript. Given my research questions, the sample had to include meetings under chairmanships of both Alan Greenspan and Paul Volcker, and it also had to include meetings with dissenting votes. In order to better understand the general picture of vote distribution during these fifteen years and select a more representative sample, I recorded the outcome of each meeting, noting the names of
the dissenters. The total number of votes taken was 148 (the voting information was missing for two transcripts in 1988 meetings; often, FOMC voted more than once during a meeting). That included 63 unanimous, four highly divided votes (with four or five dissenters), 37 with two or three dissenters, and the rest (44) were outcomes with one dissenting vote.

As was indicated before, I noticed that some group members tended to dissent more often than others. I divided all dissenters into three types: “perpetual” (dissenting almost half of the time they were voting but far more than the others), frequent or course-dependent (voting “in waives”: dissenting or going with the majority several times in a row), and sporadic (dissenting very infrequently). Examples of such types would be Governor Seger (“perpetual”), Presidents Black, Ford, and Governors Laware and Angell) (course-dependent), and President Guffey (sporadic). I tried to select a sample in such a way that it would include dissenters of different types.

Taking into account all aforementioned factors, the final sample consisted of the following ten transcripts (altogether 640 pages):

**Under the Chairmanship of Paul Volcker**

<table>
<thead>
<tr>
<th>DATE</th>
<th>OUTCOME</th>
<th>DISSENTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. February 12 1985</td>
<td>Two votes, split (8:3) and unanimous</td>
<td>Boehne, Martin, Wallich</td>
</tr>
<tr>
<td>4. July 8-9 1986</td>
<td>Three votes, split (10:1), split (10:1) and unanimous</td>
<td>Melzer, Seger</td>
</tr>
<tr>
<td>5. September 23 1986</td>
<td>Split (11:1)</td>
<td>Wallich</td>
</tr>
</tbody>
</table>
Under the Chairmanship of Alan Greenspan

<table>
<thead>
<tr>
<th>DATE</th>
<th>OUTCOME</th>
<th>DISSENTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1987</td>
<td>Two votes, split (9:2), split (7:3)</td>
<td>(1) Johnson, Seger, (2) Corrigan, Kehn, Angell</td>
</tr>
<tr>
<td>May 1989</td>
<td>Split (11:1)</td>
<td>Melzer</td>
</tr>
<tr>
<td>October 2 1990</td>
<td>Split (7:4)</td>
<td>Angell, Seger, Boykin, Hoskins</td>
</tr>
<tr>
<td>December 18 1990</td>
<td>Unanimous</td>
<td></td>
</tr>
<tr>
<td>October 6 1992</td>
<td>Split (8:4)</td>
<td>Jordan, Laware, Lindsey, Melzer</td>
</tr>
</tbody>
</table>

The method for analyzing the data was open coding (Strauss and Corbin, 1990).

“Coding represents the operations by which data are broken down, conceptualized, and put back together in new ways” (Strauss and Corbin, 1990: 57). This is an iterative process where the data are broken down, examined, compared, re-coded until such labels are found that are descriptively accurate, accommodate the variance in the data, and shelter enough examples to ensure a pattern. Overall, I had three major iterations (stages) of coding.

I first broke down the data by each utterance. In this context, utterance is defined as the speech act demarcated by a single speaker (regardless of its length and meaning) in the process of turn taking during a conversation. My choice of utterance as the unit of analysis was due to two circumstances: first, this was the natural way (and the most obvious) that conversation data are created by speakers and consequently are presented on paper. Secondly, I was influenced by the approach taken by conversation analysis. The reason for my reliance on conversation analysis was that it is the only discipline that
examines conversation or talk as a social phenomenon in its own right; and therefore offers ways of studying conversation data.

My initial code book was in a spreadsheet form where each utterance (designated by the speaker’s name in each row) was coded along the following dimensions (the dimensions were the column headings):

1. **Address** (the manner of addressing each other in that particular utterance, i.e., by first name, first and last name, or by title, as well as the direction of address – horizontal or vertical);

2. **Referral** (the exact location of the cell [with the speaker’s name] to which the current utterance was referred to);

3. **Question** (coded the purpose of questions, such as repetition, asking for expert opinion, asking for explanation; also coded the manner in which the Chair invited others to ask questions as either open [welcoming discussion] or close [trying to avoid discussion]);

4. **Discussion flow** (whether the utterance was a statement [reports by staff economists], question, remark, monologue, comment, or vivid discussion);

5. **Aberration** (whether the utterance was accompanied by a shift of discussion resulting from administrative issues or changes in contents/topics);

6. **Joke** (when an utterance contained a joke which was given two values, “warm and nice” or “sarcastic”);

7. **Standing** (members’ expressing support or opposition of each other);

8. **Topic** (substantive issue being discussed, such as foreign currency operations, market psychology, probability of recession, and the like);
9. **Confidence** (extremely confident, confident, hard to say, retreating, extremely retreating);

10. **Orientation** ("in" – stresses the speaker’s gravitation towards the group; “out” – stresses the speaker’s separation from the group);

11. **Importance** (i.e., major policy shift, a detail of a large issue).

My main concern, however, was that this coding scheme was not quite adequate for understanding influence attempts. While many codes did reflect influence processes (except for the dimensions “topic” and “importance” which provided the context/background information), some of their values could be attributed to influence attempts, and others not. For instance, in the “discussion flow” section, economists’ reports were a meeting routine rather than an influence attempt; questions sometimes were obvious attempts, and other times were only requests to repeat something. Similarly, administrative aberration was not an influence attempt but rather facilitation of discussion or a meeting routine, and yet, sometimes the Chair clearly used administration of discussion as an attempt to re-direct discussion.

To address these problems, I re-examined and re-coded the transcript. In contrast to the previous stage of coding where my central question was: “How do utterances differ from each other?” my main focus in this round became: “How do these utterances differ with respect to influence attempts?” I was zooming in on influence and away from a turn-taking nature of conversation. As a result, I collapsed old categories, created new ones and eliminated others as I attempted to find codes for influence attempts that fit the data. I was still breaking down the data utterance by utterance, but changed the dimensions
characterizing them. The second version of my code book was also a spreadsheet with each row representing a single utterance and the following column headings:

1. Orchestrating
2. Suppression/Ignoring
3. Drawing attention
4. Re-iteration
5. Framing reality
6. Conclusion
7. Prediction
8. Warning
9. Proposing major policy change
10. Proposing a policy alternative within the existing policy paradigm
11. Critique
12. Agreeing/disagreeing
13. Piggy-backing

While these codes were more reflective of the concept “influence,” I again faced the same problem, namely, that some of the utterances did not actually resemble influence attempts even though they had “conclusion” or “prediction” cells marked. I kept examining and comparing utterances that I would regard as influence attempts versus those that I would discard until I finally realized that breaking the data utterance by utterance may not be a very useful approach to study influence tactics, even though it is useful for conversation analysts who examine turn-taking. Clearly, some utterances
could be associated with influence, while others – not. For example, a clarifying question, or a comment, or remarks opening and closing meetings – they were all utterances but not influence attempts. The attempt to distinguish influence utterances from non-influence utterances coupled with ideas taken from Goffman’s (1969) view of interaction as a sequence of passes, led to the conclusion that the “atom” of influence in conversation is not an “utterance” but an influence move. This shift from “utterance” to “move” allowed me to focus only on what appeared to be group members’ intentional attempts to alter the situation in any way.

After such an “atom” was identified, I started forming categories. In Strauss and Corbin’s terms: “A category is a classification of concepts. This classification is discovered when concepts are compared one against another and appear to pertain to a similar phenomenon. Thus the concepts are grouped together under a higher order, more abstract concept called a “category” (Strauss and Corbin, 1990: 61).

Many of the 14 tactics identified in the second version of the code book (i.e., “drawing attention,” “conclusion,” “prediction,” “warning”) were combined under the umbrella of “framing reality.” Following Abolafia (2004), the type of move where speakers try to define or interpret environment was labeled “framing.” Similarly, “piggy-backing,” “agreeing/disagreeing” became sub-categories of a “positioning” move. “Orchestrating” move stood by itself; it did not have subcategories within the existing code book. Finally, after comparison of the two versions of the code book with the data, I “retrieved” elements of the “status structuring” move (i.e., “referral,” “confidence,” “orientation,” “address”) from the first version of the code book. After identifying major categories, I again returned to the data trying to find sub-categories within the major
types. Repeatedly, I collapsed, retained and disposed of codes, guided by the question: “Would I be comfortable equalizing these particular moves by giving them the same label? If not, why?” The result of this iterative coding process, which is the list of moves of different types, is presented in the first chapter describing the findings of the study.

In the same manner, I approached the other research questions of the present study. Namely, once I was comfortable with the list and classification of the influence tactics, I tried to identify the patterns that would fit the data best. Thus, my first round was to look at the meeting stages.

In the discussions with Prof. Abolafia, we agreed that meetings had a clear pattern. I identified four stages: presentation and discussion of staff economists’ reports, roundtable discussion of local economies and of the national outlook, deliberation over policy options, and finally discussion of the exact wording (presentation of the policy to the world). Normally, these stages took place in the aforementioned order. So, I identified stages by listening to the group members: most often they themselves said when a relevant stage began: the Chair frequently announces the stages, such as the roundtable discussion, when the group members’ report the conditions in their districts and compare their own perception of the national outlook with what they had just heard from the staff economists. When there was no such a clear announcement, I was guided by other clues. For instance, the structure and the contents of the roundtable discussion are very specific. The Chair calls the FOMC member one by one, often by the formal title (e.g., “Governor,” or “President”), and the latter presents a report. By the same token, the discussion of policy alternatives is accompanied by an obvious topic shift away from descriptive issues and more towards prescriptive ones (Abolafia, 2004). The final shift,
from more general alternatives to the particular wording, is identified primarily through the contents. The group members explicitly discuss the exact wording of policy presentation.

Although I did succeed in finding some patterns of moves correlating with the meeting stage, the model still did not fit the data properly. First, I felt that the mechanism explaining how it works was still amiss, and second, the fit to the data was not present, despite the aforementioned relationship between influence moves and stages of the discussion. Likewise, I detected some patterns that were distinguishing meetings under Volcker and Greenspan’s leadership, and yet, I did not think that I had the actual model, explaining the influence moves in this natural policy making group.

Then, I forced myself to abstract from any previous hypothesized relationships, and drew a picture that, based on several years’ experience with the transcripts I had accumulated by then, portrayed the best fit into the data graphically. This is what the FOMC discussions looked like, and I could use this picture to describe virtually any meeting, and any part of it:

![Diagram of FOMC discussions]

While I had a useful starting point, I needed to back this picture up and explain it conceptually. I thought of the arrows as influence moves, but needed the useful concepts
to describe the circles. In parallel with this process, I continued looking for theoretical concepts that I could use for the model, similar to the way I applied Goffman’s notion of a move to describe an influence tactic. After several years’ of research, I came across two such concepts, namely, the concept of a “micro situation” and of “awareness contexts” introduced, respectively by Collins (1981; 2004) and Glazer and Strauss (1964).

Their role in the model of influence tactics in the natural elite policy-making groups is explained in two separate chapters that follow the classification of the influence moves.
CHAPTER 4. CONCEPTUALIZING TACTICS AS INFLUENCE MOVES

Up until now, our understanding of the phenomenon of influence (and subsequently, influence tactics) has been heavily influenced by the theory of power bases developed by French and Raven (1959). Following the classical tradition of social psychology of groups represented by Kurt Lewin, D. Cartwright, A. Zander, R. Lippit, R.K. White, and most prominently by Floyd Allport (1924) (for the history of small group research, see, for example, Hare, Paul, E. Borgatta, and R. Bales, 1955), this theory focused on individuals' perceptions and beliefs, rather than social interaction. By transferring the focus from individuals to interaction, the current study attempts to show that social influence is a broader phenomenon than assumed by French and Raven, and their successors. It is broader because in addition to the calculative and manipulative component which is captured by the concept of influence tactics, it includes an interactional component which can be captured by the concept of influence moves. This chapter examines influence moves as building blocks of social influence.

In order to understand influence behaviors, one must examine what opportunities individuals have for influence. For example, when Weber developed his classification of power, he outlined opportunities for influence: e.g., possession of charisma, or legitimate authority creates an opportunity for influence. Those opportunities were cognitive, in the sense that they were attributes of individuals. Similarly, French and Raven outlined cognitive opportunities: differential expert power, access to resources leading to reward and punishment power bases – these are attributes of individuals which constitute opportunities for influence. Power was defined as a potential for influence. Analogous to argument put forward by Clifton (2009), this chapter argues that there exists another
potential for influence, and it is interaction. In FOMC meetings, the mere nature of opportunities is different from individuals’ attributes, such as status, or expertise. Despite the existing status structure, all members have one vote. Notwithstanding differential expertise and information (especially about local economies) possessed by group members, they are all experts. So, the main opportunities for influence, and resulting influence tactics, must be searched elsewhere. I believe that there are opportunities embedded in the situation, and these are interactional opportunities. They do not replace cognitive opportunities (i.e., different status positions and expertise); rather, they simply co-exist.

How opportunities for influence are created/enacted/emerge from the process of interaction and are immediately used by social actors to incorporate their goals (pursue or defend them, depending on the situation) into the mutually created situation - this is the core of the theory of influence from the viewpoint of strategic interaction. Such an approach transfers the analytic emphasis from individuals to the situation, and more specifically, from independently thinking and acting individuals to the situation mutually created by interacting individuals.

As I said before, based on the present data, policy makers at the FOMC influence each other by making influence moves. Each move is interpreted by listeners as a combination of signals. The exact interpretation of signals is unknown to anyone but the interpreting individuals, yet, it can be inferred from their reactions to the initiating moves. An influence move can be defined as an attempt to make a point which directly or indirectly reveals the speaker’s position on a given issue. Furthermore, this attempt should be made in such a way that taken alone (apart from the surrounding utterances), it
still makes sense given the readers’ awareness of the topic being discussed. In other words, it can stand on its own. Unlike the idea of an influence tactic as assumed by the traditional approach in social psychology, moves are shaped by the situation rather than calculated in advance. The main assumption required by this approach in order to regard moves as influence behaviors is that a speaker is aware his/her move will be interpreted by the audience. *Given then the existence of interests that the speaker has (which is the classical assumption of economics and social psychology), all moves he/she makes in interacting with others, are attempts to influence if not individuals directly (e.g., by persuasion), then the situation, which will, in turn, shape the others response.* So, throughout this and the other chapters, I will emphasize the interpretation of the moves.

What is the main advantage of studying influence from the viewpoint of moves rather than tactics? I would suggest that the approach suggested in this study is more descriptively accurate of policy making groups than experiment-driven way of studying influence tactics suggested in the existing literature. I cannot think of a better illustration of the main difference in the two approaches than the following.

The data used in this study are the verbatim transcripts of meetings of a group of policy makers, and the essence of these meetings is interaction. That is, members communicate with each other, constantly interrupting, complementing each other’s thoughts, re-phrasing each other’s suggestions, thus making the process of communication incremental. Using the framework suggested by French and Raven we would understand influence tactics by simply extracting what the same group member has said throughout the whole meeting, combining all his/her utterances, and then comparing the speeches made by different group members. Then, for example, multiple
mentioning of the same policy preference by the same individual would be regarded as persistence, the whole “speech list” made by a staff economist can be safely attributed to the tactic of claiming expertise, and almost all the list of any speaker would qualify as rational persuasion. In addition, following French and Raven’s approach, we might assume that each individual has a set of tactics pertinent to him or her, which is constant throughout the meeting. This assumption follows from thinking about influence tactics (and power bases) solely as attributes of individuals, rather than situation.

That would be the individual-based approach assumed by French and Raven, but it has little resemblance to what happens at the meetings. The main problem with this would be that different parts of the individuals’ “speech lists” would refer to different situations (i.e., different issues of discussion and different distribution of coalitions, different speakers involved, possibly different group climate). This means that even though made by the same speaker, these parts cannot be regarded as components of some continuous influence tactic(s). Thinking about influence behaviors in terms of influence moves, in contrast, assumes that at any given point in time, an individual has a whole range of options for influence, and this range changes constantly as the situation changes.

Moreover, the approach advocated in this study implies that the range of behavioral types (or actions) that can be regarded as influence behaviors is far wider than suggested by any classification of influence tactics found in the literature. French and Raven’s successors thought of an influence tactic as the result of a rational calculation, made before the action itself. It was purposive, where the purpose was the goal of an influence attempt, which was fairly clearly defined. The current approach implies that influence behaviors result from the existence of general interests and preferences, rather
than specific goals. As long as a social actor’s behavior is based on his/her assessment of a situation, it may be regarded as an influence behavior, because the mere assessment is done by a person with general interests and preferences.

In this chapter, I will first present four major types of influence moves and their subtypes (which are summarized in Table 2), next, I will examine the difference between initiating and responding moves, and conclude by illustrating how the findings presented in this chapter undermine certain assumptions of French and Raven’s theory of power bases (French and Raven, 1959).

**Types of moves**

Influence moves can be of different types. Four types of moves were found in the data: framing, orchestrating, positioning, and status structuring. Each type is, in turn, an umbrella for a number of sub-types. In addition to the type, moves can differ by the degree of their simplicity, explicitness, and by their target.

**Table 2. Types and Subtypes of Influence Moves.**

<table>
<thead>
<tr>
<th>Framing</th>
<th>Highlighting</th>
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<tbody>
<tr>
<td></td>
<td>Conversion</td>
</tr>
<tr>
<td></td>
<td>Descriptive Framing</td>
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<tr>
<td></td>
<td>Prescriptive Framing</td>
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<td>Black-and-white Conversion</td>
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<td>Splintering</td>
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<td>Orchestrating</td>
<td>Agenda-Setting</td>
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<td>Discussion Shifting</td>
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<td></td>
<td>Situation Manipulators</td>
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<tr>
<td>Positioning</td>
<td>Positioning with framing</td>
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<tr>
<td></td>
<td>Declaring Limits of Tolerance</td>
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<tr>
<td></td>
<td>Piggy-Backing</td>
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<tr>
<td></td>
<td>Discounts</td>
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<tr>
<td>Status Structuring</td>
<td>Status Reminder</td>
</tr>
<tr>
<td></td>
<td>Adjusting Final Consensus</td>
</tr>
<tr>
<td></td>
<td>Opening Floor for Vote-Casting</td>
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</tbody>
</table>
Arguably, the easiest introduction to the complex notion of framing comes from an episode from the movie “Lion in the Winter.” During one of their famous verbal fencing tournaments, King Henry II cast by Peter O’Toole pleads to his wife in attempt to win an argument “Good God, woman, face the facts!”; to which Eleanor (Katherine Hepburn) laconically retorts “Which ones? We have so many of them.”

At the core of policy-making lies the process of framing, or sensemaking (Abolafia, 2004). Framing is a process of continuous interpretation of reality, or a “continuous inductive exploration” (Abolafia, 2004: 6). It is “about placing diverse bits of often ambiguous information into frameworks. These frameworks are filters that allow actors to organize and interpret this information as cues or guides to action” (Ibid: 4).

Introduced by Goffman (1974), frame analysis was used to examine “the organization of experience,” to stress the prevalence of the subjective in the ostensibly objective world. According to Goffman, frameworks are schemata of interpretation used by social actors to “locate, perceive, identify, and label a seemingly infinite number of concrete occurrences.” Goffman brought to the forefront of social science the phenomenological notion that our experience of events is channeled through a prism of frames; that the objective world is in fact penetrated by the subjective. He demonstrated that everything that we perceive to be true is in fact our interpretation of a raw batch of occurrences to which we render meaning through the filters we acquire throughout our lifetime, by virtue of belonging to a specific family, schooling, culture, economic system, etc.
The application of Goffman’s frame analysis to the policy arena was pursued by Rein and Schon (1996). Rein and Shon expanded the concept of framing to include four ideas, namely, frame as “an underlying structure which is sufficiently strong and stable to support an edifice,” as a “boundary within which one is allowed to focus on what is inside as distinct from what is outside” (Goffman’s approach, according to Rein and Shon), frame as “a schemata of interpretation,” or a system of lenses through which one perceives and looks at the world, and frame as “generic narratives that guide both analysis and action in practical solutions.” Irrespective of the specific idea, they argued, “they all rest on a common insight: there is a less visible foundation – an “assumptional basis” – that lies beneath the more visible surface of language or behavior, determining its boundaries and giving it coherence.”

In attempt to address issues of “multiplism in the policy realm,” which arises when “several equally plausible solutions are possible and there is no theory to guide in selecting one rather than another,” Rein and Shon examined how frame-critical policy analysis and frame-reflective policy practice could be used to “reveal the taken-for-granted assumptions in a policy discourse” and “help [policy practitioners] unblock policy inquiry” (Rein and Shon, 1996). Frame-critical policy analysis is introduced as a way, or mode, of exploration which sought uncover what is taken for granted by existing policies by “[naming] the issue terrain, [identifying] the competing frames at work in a policy discourse, and [by specifying] the forums in which the discourse occurs.” This mode, the authors argued, represents a distinct and a useful way to look at policies, in addition to economic-rational actor mode seeking to identify issues of policy choice as an outcome of a rational choice among options, and to political mode seeking to identify and
analyze the political game of interests and powers at stake at any given policy issue.

Frame-reflective policy practice is understood as “a form of design inquiry” which sought to identify action frames, or “the assumptional and value structures that underlie the… activities of the practitioners and account for their patterns of more or less coherent form” (Rein and Shon, 1996: 94).

In this context framing suggests that in policy making there is no objective truth; instead, facts and events are interpreted by people who offer their own frames. Frames are “narrative abstractions used to structure ambiguous reality. A frame, then is a narrative or prescriptive story line that guides both analysis and action.” (Abolafia, 2004: 7). Framing moves are contributions policy makers make to the common interpretation of reality, such as offering their interpretations of events and statistical indicators, of observations of local economic conditions, of conversations with informants, and of media products. Drawing attention to a problem or issue, presenting new information or re-interpreting old, making warnings, predictions, conclusions about economic or political environment are all examples of framing moves. These moves are made with intent to contribute to the common interpretation of reality. According to Abolafia (2004), policy framing involves three processes: grounding “analysis and action in the retrospective statistics and other indicators drawn from the immediate past,” negotiation “to build a consensus for the continuing reproduction and application of the frame,” and “crafting signals,” or “constructing plausible accounts of their [policy makers’] action for public consumption.”

A legitimate question can be posed here, namely, What a framing process must do with influence? In other words, why should we consider framing moves as influence
moves? One way to understand the connection between the framing and influence processes would be to evoke the original, Goffman’s, view of frames as filters we use to render meaning to “raw batches of occurrences.” If we perceive the world through such filters indeed, then imagine the influence of those who contributed to the creation of those filters; and these contributions have been made through an evolution, rather than revolution, that is, via a cumulative and incremental process consisting of an infinite number of small steps, or moves. By the consequences that the filters have on our lives, these moves which helped to create them, are inevitably influence moves.

Another way to explain the importance of framing moves for the study of influence tactics is in terms of the negotiated order theory (Fine, 1984). According to the theory, social order is negotiated; people enact it through negotiation. In the process of negotiating, “individuals are conscious of their positions and act so as to control others’ impressions of them and their group” (Fine, 1984: 243). It is here, in the phenomenon of framing, that the difference in the concepts of power and influence between traditional social psychology and the interactional perspective is most evident. Power is no longer understood as solely the ability to change individuals’ attitudes and behavior; it now also includes the “ability of different participants to control the course of events” (Day, 1977: 131). That is, policy makers make framing moves strategically, with intent to influence, knowing that their framing moves will be interpreted by others differently, depending on characteristics of the speakers.

Consider an example of a framing move. The following framing move was made by one of the Bank Presidents (Mr. Syron). After the presentation of the staff economists’ reports, all FOMC members are invited to ask questions. Both questions and answers are
elements of the framing process, since they add to the group’s interpretation of the environment. Here is an example of what those discussions look like:

MR. SYRON. You noted what the situation was and the range of expectations developing in the market. To what extent is that difference due to this year-end situation? In other words, people are saying that it may be a while before something happens; how much are they influenced by the year-end situation? Is it markedly different than if we were at the same place in the cycle – if it’s possible to determine that – and this were July rather than December?

MR. STERNLIGHT. I think the reserve requirement move was seen as being helpful in [terms of] the year-end situation. With respect to a further easing of reserve pressures or a reduction in the funds rate, I think some have felt that the steps taken recently helped in reducing some of those year-end pressures. But to say that that is a factor may just be imparting my own speculation about what their thinking process might be; maybe they’re looking forward to another move near term. As I say, there was a high expectation, particularly after the last employment report, that there would be another easing by year-end; but it tended to get set back a little by the producer price report last Friday. (December 18, 1990: 4).

Viewed from the traditional social psychological perspective on influence, this question-answer exchange has little relevance to influence and power: there does not seem to be any struggle for dominance, or an attempt to persuade anyone. Moreover, Mr. Syron makes no direct connection of the issue he raises to any of the policy alternatives or interests. While it can be legitimately argued that the whole issue of the market’s interpretation of the Fed’s actions is vitally important (because it is very closely monitored by the FOMC at very meeting), there is still no direct reference to a preferred policy action in Mr. Syron’s move. The same applies to Mr. Sternlight, who, despite his reference to a particular policy action (that the market expects the Fed to ease in the near term), does not suggest any advice on a policy course. The economist gives his own speculation of the environment; he does not volunteer to offer his perception, rather, he only answers a question.

Viewed from the angle of moves, both the question and the answer are influence moves, because they are attempts to define the reality (or, environment), and the interpretation of this reality will guide the policy makers in their policy actions. If the
FOMC, for example, had an algorithm or a model prescribing one course of action in the event of an inflation rate exceeding 4% over the past month (or in this example, if the market expects this particular action from the Fed), another course of action under scenario B, and so forth, than this question-answer would not matter for policy choices. Then the whole idea of the meetings would lose its relevance since it is that algorithm, and not policy discussions, that determine the policy. Given that it is not the case, and that the policy makers are aware that any of their contributions to the discussion will make some difference, almost any attempt of a speaker to make such a contribution (I am excluding here comments facilitating meetings and questions to repeat something) can be thought of in terms of an influence attempt.

Mr. Syron brings up an issue (market expectations) which is very important to the FOMC, but he does not bring it up in its bare form (i.e., he does not say “Let us talk about market expectations”); rather, he uses a frame, a certain background, which filters some information in (a possibility of the relationship of the market expectations and cyclical trends) and some out. That is, he induces the audience to think about the market expectations in a certain light. As a result, he sends out an influence framing message. Moreover, he imposes a constraint on Mr. Sternlight who now must use this particular frame for his answer. The economist, on the other hand, uses the offered frame and converts it into his own, emphasizing that the market expects an easing move. That is, he does not answer simply “yes” or “no,” rather he re-frames the issue. Again, it should be underscored that Mr. Sternlight does not explicitly state what policy recommendation follows from this particular frame. It is his (consciously made) contribution to the common interpretation of the environment, made with the help of a specific frame, that
makes his action an influence move. He understands that every word he says will be interpreted by each listener and that the policy options will be discussed in the light of the information presented in this move, as well as his other moves.

During meetings, policy makers constantly bring up new (to that particular meeting) issues and interpret them in different ways. The framing process can be presented as consisting of two basic elements: highlights and conversion. *Highlighting* brings a new issue to everybody’s attention, as Mr. Syron did with market expectations. It could be done either in the form of a question or a comment; it can also be a part of a longer speech whenever the speaker focuses on a particular issue. *Conversion* is changing the context (background) of an issue that was brought up earlier. For example, after the first speaker brings up a new issue, other members may respond by bringing up new evidence that may change the perception of that issue, by agreeing or disagreeing with the offered frame, or by altering some of the information given by the first speaker which will allow the group to look at the situation from a different angle. Mr. Sternlight, for example, added to Mr. Syron’s issue such background information as the last reserve requirement move, the last employment report, as well as the additional emphasis that market does expect the Fed to ease at some point, sooner or later. The framing process becomes a chain of highlights and conversions, as in the example above.

In sum, the reason why highlights and conversions are influence attempts is because they influence the situation, as well as the resulting image of the specific aspect of the environment, by bringing the issues to the forefront of the group’s attention and by framing these issues in a certain way. Like any other framing move, the highlight has a framing filter, because a specific set of concepts in the move are linked together in a
particular way (e.g., market expectations and year-end trends). By mere imposition of
the filter, the speaker forces the audience to think about the issue in terms of this filter.
That is, any attempt to follow up on a highlight would be a reaction to the initial filter,
and the initiating speaker wants to hear that reaction, which means that he/she wants the
audience to think of the issue in that particular way, and not another.

Similarly, conversion is an influence attempt not because it is an attempt to
change anyone’s beliefs, or even a perception of the issue, but because it changes the
situation by changing the filter. By conversion, the speaker inevitably reveals his/her
frame and therefore, his/her view of the issue: Mr. Sternlight gave his speculation on the
extent of influence of market expectations by the year-end trend, but he also added some
other factors (namely, last reserve requirement move, how the expectations changed due
to the last employment and producer price reports). As non-voting members of the
FOMC, the staff economists exert influence by offering their own frames in their answers
to questions, thus making the FOMC think about issues using filters of their own.

The following example is another illustration of a framing process as a chain of
highlights and conversions. After the presentation of a staff economists’ report, President
Parry brings up a new issue to this meeting, namely passage of the budget. The
subsequent discussion between Mr. Parry and Mr. Sternlight develops around the FOMC
actions (easing move) in light of the budget issue.

MR. PARRY. I’d like to pursue a little more your views on the consequences of passage of the
budget compromise. If the compromise is passed and signed, you feel that that probably would
produce a rally in the long-term end of the market? Is that correct?
MR. STERNLIGHT. I think it would be a positive. I would not expect a big rally because there’s
still that concern about inflation.
MR. PARRY. That, and you said the consequence, if we then followed that with an easing move,
would be that long-term rates would probably [unintelligible] and not move up. Is that what you’re
thinking?
MR. STERNLIGHT. In that context I would not expect the long end to move up, right. (October 2,
1990:7).
In this instance, Mr. Parry’s first move is a highlight, while subsequent moves are conversions. More specifically, Mr. Parry influences the discussion by shifting the attention to the market reaction in the light of the passage of the budget. Just like Mr. Syron in the previous example, Mr. Parry is interested in the market expectations, but his filter is different: instead of the cyclical trends, it is budget. Mr. Sternlight is constrained by Mr. Parry’s filter, he cannot talk about market expectations in general. But the economist can suggest his own filters by converting the main concepts of the highlight into his own frame. Mr. Sternlight’s move is not just an expression of his position (which would be a “yes” or “no” answer). Instead, his frame includes inflation, altering the picture of the environment. Mr. Parry then continues with yet another conversion by bringing into the picture another variable, namely Fed’s easing policy. Now, Mr. Parry is somewhat constrained by the economist’s answer: he must consider the added information about inflation, and incorporate it into his new frame. Mr. Sternlight responds by a positioning move (the type of moves discussed next).

Conversions can also be of different kinds, such as economic, historical, or political. Group members frequently remind each other how similar issues have been dealt with in the past (historical conversion), what are the economic (i.e., market psychology – consumer attitudes, market reactions) and statistical backgrounds of the issue, or what are the political implications of the issue. There is no prominent pattern associating the types of conversions with either characteristics of particular speakers or the meeting stages. Most often, (and not surprisingly, given the nature of the policy and group), conversions are made within the economic domain, like in the example above.
So far, both abstracts offered above presented policy discussions of economic environment, rather than policy crafting. However, as I mentioned before, policy makers frame policy as well. Depending on the contents of the issue, - namely, discussion of the environment or policy actions, - framing moves can be divided into two types, descriptive and prescriptive. Descriptive framing moves are those where policy makers make sense of their environment - interpret statistical numbers in the reports, define which issues and filters are important in their assessment of economic and political situation, and share information about local economies in their districts. As follows from this definition, both Mr. Parry’s and Mr. Syron’s moves, as well as Mr. Sternlight’s responses, were descriptive, since they were aimed at understanding the environment.

Prescriptive framing moves are those where speakers shape policy actions. Just like with making sense of environment, which must be interpreted, policy options are not given to policy makers in a form of multiple choices. Even though they are given a general outline of available alternatives from the staff, the final policy is barely the result of simply following one of them. Instead, group members frame policy by introducing major changes or reviewing and modifying various alternatives of current policy frames, and carefully selecting the exact wording of how their policy should be announced to the world.

To the Fed watchers and the media, the policy options seem to be “to ease or not to ease,” but in reality, policy crafting is far more complex and includes a much wider range of opportunities. Whether to move or not is only one of the many questions policy makers must decide on. Other crucial issues that each group member has in mind are
what signals should be sent to the markets, as well as *when* to move and by *how much*, if at all. In fact, the questions of timing and extent of ease (or tightening) are at the center of debates as often as the question of whether the action should be taken. In October 1990, the FOMC’s dilemma was not whether to ease or not, because everybody agreed that the economy was slowing and the action should be taken. The question was when to ease and by how much. Sometimes, members also have non-routine policy issues, such as which policy tool to use (e.g., target interest rates or reserve borrowings), which policy indicators should be used as main policy guides (e.g., different definitions of money supply – M1, M2, M3), as was the case at the June-July, 1982 meeting.

Policy crafting during the meetings is carried out with prescribing framing moves, which are considered here as influence moves. In addition to the reasons explained above for why the framing moves are influence attempts, prescribing framing moves have an additional reason. No matter how important a concept described in a descriptive framing move is for the policy alternative, it has fewer implications for a specific action than a prescriptive move implies. For instance, the concepts of the current state of the economy, market psychology, probability of recession, etc. are vital for policy choices but they are not the policy choices themselves. Each member making a prescribing framing move knows that his/her position will be interpreted with regard to the final policy in a group where consensus over the final decision is an important consideration.

An example of policy discussion is presented below. During June 30th-July 1st 1982 meeting, one of Bank presidents (Frank Morris) suggested a radical change in monetary policy, namely, abandoning the indicator of money supply M1 as a base for
setting the targets (that same idea advocated by Volcker several months later, in October meeting). That meant abandoning monetarism – an approach used by the FOMC since 1979. Below is the full abstract referring to the episode:

CHAIRMAN VOLCKER. Mr. Morris.
MR. MORRIS. Well, Mr. Chairman, we’ve been describing the M1 box into which we have woven ourselves rather tightly here. I’ve heard a number of people say that they think our policy is too tight but we can’t do anything about it. And … it has cleared my mind considerably to have arrived at a conclusion that M1 is no longer a reliable guide to policy and I would recommend …that you at least contemplate it. It clears one’s mind on such issues as contemporaneous reserve requirements and many other things. If you look at the situation, last year M1 ran low relative to the other aggregates and low relative to expectations. We didn’t understand why it ran low last year. Although I don’t recall debating it very much, we didn't decide to rebase our M1 guidelines for 1982…
MR. PARTEE. But we did discuss it at length.
MR. MORRIS. We did? Well, we came up with the wrong conclusion, obviously.
VICE CHAIRMAN SOLOMON. You were so indifferent to M1, you didn’t care!
MR. MORRIS. Now M1 is running high relative to expectations and we don’t understand that either… (Discussion continues)... If we’re going to get out of the M1 box sometime--and I think ultimately we’re going to—why not now? So, I propose a range for this year of 8 to 11 percent in total liquid assets(June 30 – July 1, 1982: 15-16).

The framing essence of Mr. Morris’s prescriptive move is that he does not just say what policy he wants, but he must frame his preference in a certain way to justify it. His choice of the framing background (namely, “I’ve heard a number of people say that they think our policy is too tight but we can’t do anything about it”) is not accidental. First, he uses consensus as a jumpstart to explain the need for the change. After several interruptions by other members, he continues to emphasize the points on which an agreement among the group members has been reached: that M1 “is running high relative to expectations and we don’t understand that either.” Knowing the importance of consensus, group members often use opportunities to use it as a frame for their prescriptive moves. In addition to consensus, he uses other filters that he believes to be important in the group’s view, such as “contemporaneous reserve requirements,” “other aggregates” and “expectations” to frame to his perspective on policy action.
Morris understands that this alternative is not even included in the range of alternatives at that particular meeting. Yet, by the time of that meeting, all the members of the FOMC were aware that Volcker was impartial about this issue – the Chair would actually implement this policy at the October meeting, 1982 (Greider, 1987; Abolafia, 2004). Therefore, even though this policy option is unlikely to be the consensus policy of the meeting, Mr. Morris still attempts to influence the situation by announcing his preference if not for this meeting, then for the future.

The issue of any change in policy is never neutral. It is true that group members can disagree in their perceptions of economy, but they are very cautious and polite in expression of their disagreements. During the roundtable discussions of economic outlook, where such disagreements are revealed on a consistent basis, it has become a norm to start a disagreement with first emphasizing a point of consensus, something like “In general, our forecast is very similar to that of the staff economists’ with the exception of…”

Unlike disagreements on the descriptive arena, policy crafting discussions frequently reflect a conflict. In the December 1987 meeting, Greenspan called a similar in magnitude policy suggestion dropping a bombshell. Micro situations of conflict are characterized with a different type of conversion, *black-and-white conversion*. Black-and-white conversion occurs when re-framing is done in clear opposition to the position stated in the initiating move. As soon as a group member feels that his/her interests are being undermined, he/she will use black-and-white conversion in attempt to expose the interests of the group member who initiated the discussion.
The black-and-white conversion is one of the most widely used tactics during the Fed’s discussions of policy wording under Volcker’s Chairmanship. During this stage, however, group members extensively tried to “pull the curtain” by revealing the contesting interests in the choice of particular words that were meant to describe the policy to the world. For example, when a member would suspect that the exact policy wording (which is always vague and general) may transmit an undesirable (in his/her perception) signal, he/she may “convert” the wording by trying to find out how exactly the chosen wording relates to one or another policy, as in the example below. During the discussion of wording at the meeting that took place on the 24th of May, 1983, Vice Chairman Solomon disagreed with Chairman Volcker who just read out his version of wording to the group in the following manner:

VICE CHAIRMAN SOLOMON. I think there's a very serious problem with your formulation, Paul, which is not true of alternative II, which is this: In effect what you're saying in the first sentence of your formulation is that while M2 and M3 on the one hand are growing below the rates established, since transactions balances have been increasing substantially more rapidly than desirable we therefore are increasing slightly the degree of reserve restraint. In effect you are telling the market that M1 is now more important than M2 and M3. Do you really want to go that far?” (May 24, 1983: 48; italics added).

In this move, Mr. Solomon does not announce his opposition by simply stating that he is against Volcker’s suggested wording. Instead, the Vice Chair re-interprets Volcker’s frame by putting it in a different context which changes its original meaning (“In effect you are telling the market that M1 is now more important than M2 and M3”). In contrast to the earlier conversion move made by Mr. Sternlight, the conversion in Mr. Solomon’s move has a clear indication of the speaker’s interest, namely, that he does not want to emphasize to the market that M1 is a more important indicator of policy,
compared to others. This absence of neutrality in the conversion move makes it a black-and-white conversion.

Another strategic interactional device often used in conflicts by opponents – which is also another form of conversion - is splintering. Splintering is a very quick reaction to the previous move where the responding person takes a weak link in the initiating move and, using a different filter, turns it to his/her own advantage. It is done by an opponent who is alert and looking for cues and opportunities to expose limitations in the current speaker’s reasoning, and often has a sarcastic undertone.

As an example of splintering, consider the following reactions coming from Ms. Teeters, Mr. Volcker and Mr. Solomon to the suggestion made by Mr. Morris to abandon M1 as the primary policy indicator (example continued from p. 85). Specifically, Ms. Teeters, upon hearing that Mr. Morris is contemplating “total liquid assets” as an alternative to M1, brings up (in the form of a question) what she sees as a week link in Mr. Morris’s suggestion, namely, a difficulty of “constructing reserve paths” using “L.” At the same time, Mr. Volcker and Mr. Solomon use a different filter, namely, the lagged nature of this indicator (“we don’t know the figure for three months!”). All reactions are almost instantaneous, given the fast-paced nature of this discussion:

MR. MORRIS. Now M1 is running high relative to expectations and we don’t understand that either… (Discussion continues)... If we’re going to get out of the M1 box sometime--and I think ultimately we’re going to—why not now? So, I propose a range for this year of 8 to 11 percent in total liquid assets.
CHAIRMAN VOLCKER. You have the statistical data to back that up, so we can all look at it carefully?
MR. MORRIS. Yes.
MR. PARTEE. What is that? Is that L?
MR. MORRIS. Yes.
MS. TEETERS. And how are you going to construct reserve paths on that basis?
CHAIRMAN VOLCKER. It has the great advantage that we don’t know the figure for three months!
MR. MORRIS. Well, I think we could know the figure if we set out to get it. If we decided it was an
important number, we could get it fairly currently.
CHAIRMEN VOLCKER. How has L been doing?
VICE CHAIRMAN SOLOMON. That's a cheap advantage of it: That we don't know the figures.
CHAIRMAN VOLCKER. We'll ask you to do that research for tomorrow. (June 30 – July 1, 1982:
15-16).

Despite presentation of the archetypes of descriptive and prescribing moves,
highlights and conversions, in reality, a framing move can have elements of all of them at
the same time. Below is a good illustration of this point. At December 1987 meeting,
FOMC was concerned about relying on M1 as the major indicator of monetary policy,
and they were looking for solutions. After the presentation of the economists’ reports,
President Melzer in his move suggests a change in the policy. At that stage of the
meeting, group members usually start discussing regional economies, rather than policy
actions. Yet, given the long and growing dissatisfaction with the monetary indicator M1,
and here-and-there frustrated comments of group members at different meetings, Mr.
Melzer’s move was no surprise.

CHAIRMAN GREENSPAN. President Melzer.
MR. MELZER. Well, I have another idea that I want to lay on the table. Would this be an
appropriate time?
CHAIRMAN GREENSPAN. It depends if it’s on this subject matter or not.
MR. MELZER. Well, it must do with aggregate targets.
CHAIRMAN GREENSPAN. That’s about it.
MR. MELZER. I have two comments about the environment we’re dealing in. First of all, there is a
lot of uncertainty about exactly how policy is being conducted in the long run… And the kind of
discussion we are having right now is very, very healthy in terms of talking about different
approaches. But, on top of the uncertainty that I perceive in the marketplace and some of the
difficulties with the aggregates and with interest rate targeting that we have talked about, I’d say
that we are now in a period…when there is going to be a conflict between the pressures we face
domestically and the pressures we face internationally in terms of how policy is conducted. And, I
think there would be no better time to have some kind of an intermediate target or guide. What I
wanted to put on the table was the idea that had been mentioned earlier of looking at a monetary
base target of some sort…
Right now, I don’t think we have a lot of confidence in the other aggregates and I don’t think the
marketplace pays that much attention to them. If we were to substitute some kind of a base
target, first of all, I think the announcement of that would carry with it a considerable positive
impact just because the market would know in general what policymakers are going to be looking
at in the conduct of policy. And this … would tend to eliminate uncertainty and increase credibility.
… And in the long run, if pursued religiously, I think it would tend to result in more stable and
more balanced economic results. So, I guess what I wanted to do was put the idea on the table…
This speech (the actual move is over one page) shows that the ideal types of moves identified before are mixed in reality. Mr. Melzer’s move is both prescriptive and descriptive at the same time. At the center of this move is a policy approach (namely, selecting a monetary base target as a policy indicator), which makes it a prescriptive move. However, Melzer ties his analysis of the suggested policy into the fabric of the economic environment, talking about uncertainty and psychology of market in interpreting the policy, which makes it a descriptive move. It is both a highlight and a conversion. He brings the group’s attention to a policy alternative, and yet, he frames it in multiple contexts, including the timing, market psychology, international pressures, “lack of confidence in the other aggregates,” as well as drawing on the support from the group by mentioning that “this idea has been mentioned earlier.”

Most framing moves – whether descriptive or prescriptive – share one attribute, namely, they all target the whole group, as opposed to, say, an individual or discussion flow (agenda). Even when a conversational move (e.g., a question, answer, critique, objection, etc.) is aimed at an individual, from the point of strategic interaction, the target of an influence move is the group’s interpretation of reality, and therefore, the whole group. This is evident in the last example. Mr. Melzer’s speech addresses the whole group. Even when a response is aimed at an individual speaker (e.g., in the abstracts where Mr. Syron and Mr. Parry asked question of economists, or discussion of Mr. Morris’s proposed policy change), the responding move affects (and is strategically intended to affect) the group’s understanding of the issue, the target of his influence move is also a group, in addition to an individual.
Finally, framing moves can be simple as well as complex. Simple moves are those that “transmit” one influence message (e.g., Mr. Syron’s question posed to Mr. Sternlight; the only issue he was bringing in that particular move was the relationship between the market expectations and cyclical trends); complex moves consists of multiple influence messages. For instance, in his speech, Mr. Melzer was sending several influence messages. First message was about his dissatisfaction over the current policy approach (“there is a lot of uncertainty about exactly how policy is being conducted in the long run”). Next, Mr. Melzer also encouraged policy discussions of this sort at the FOMC meetings (“the kind of discussion we are having right now is very, very healthy in terms of talking about different approaches”). In addition, he also offered his frame of the economic environment, emphasizing uncertainty in it. Finally, he crafted the policy approach he thought useful, and again framed it in a certain context justifying the transfer to the new policy indicator.

The complexity of framing moves is not determined by the complexity of the issues involved. Instead, it depends on how many different issues are involved in a single move. In addition, a move is complex when it consists of moves of different types (i.e., any combination of framing, orchestrating, positioning, and status structuring).

b) Orchestrating Moves

During the meetings, FOMC follows a certain agenda: there are pre-defined topics and a general order of discussion that is stable across the meetings (I will examine this order in subsequent chapters). Group members cannot depart from this order indefinitely. Yet, they can promote and protect their interests by orchestrating moves. Orchestrating moves are attempts to influence the discussion by intentionally shifting topics, defining
issues for further discussion, or placing an order on the sequence of discussion topics. Orchestrating moves can be of three types, namely, *agenda-setting, discussion-shifting,* and *situation manipulators.* Agenda-setting moves are made with the intent to affect the discussion flow. They include defining discussion topics by content and/or scope, by suggesting a topic for discussion or the order in which issues are to be discussed, or by preventing certain topics from being discussed. Here are several examples of agenda-setting moves (all are taken from February 8-9\textsuperscript{th}, 1983 meeting).

I. CHAIRMAN VOLCKER. …Let us concentrate on what the outlook is. Why don’t we divide it into the real economy and prices at this point? (suggested an order)

II. CHAIRMAN VOLCKER. We’ve done a certain amount of talking about the business and the price [picture] and we haven’t done any explicitly, except some mention of exports, on the international side or on the credit side. The credit side I think we’re going to must return to in terms of setting targets when we decide what we want to do there. But does anybody have any questions on the international side or on the fiscal side or the credit side? (suggested topics)

III. CHAIRMAN VOLCKER. I think we ought to go on to something else at this point……We can return to that subject when we’re discussing [policy]. (prevented further discussion of an issue).

The first example comes from the part of the meeting where economists just presented their reports; so, the topics for discussion were to a large extent defined by the reports’ contents. Chairman Volcker, however, orchestrates the meeting by suggesting the order of topics. Since the final policy is based on the previous discussion, as opposed to a pre-defined model, the issues that are discussed constitute the environment in which the policy will be discussed. To the extent that the Chair is assumed to have some motives for that particular order, this move is an influence move, not solely a facilitating one. In this particular instance, the Chair’s move is embedded in the immediate situation, since judging by the manner of speaking, as well as from the fact that it follows right after the presentation of the reports, the idea of that particular topic was hardly contemplated before the meeting. Rather, it was suggested in situ. The difference between the orchestrating attempts made in situ and contemplated can be best shown in
comparison. Let us compare Chairman Volcker’s suggestion with another agenda-setting move made by Chairman Greenspan in December 1987 meeting, where the Chair clearly alters the agenda (and the topic of the discussion) in a more formal and pre-contemplated way. Chairman Greenspan starts the meeting by announcing the change in the agenda in the following manner:

CHAIRMAN GREENSPAN. I’d like to alter the order of the agenda and ask our Managers to report tomorrow morning rather than today and use this afternoon for the more generic discussions… Is that okay? Without objection, I will request a motion to approve the minutes of the November 3rd meeting (December 15-16, 1987: 2).

Both Chairs’ moves are influence agenda-setting moves, because they send influence messages with regard to the direction of the discussion. Yet, Chairman Greenspan announces it formally and therefore, asks the FOMC for approval to make sure that there are no objections to the new order.

In addition to order, the Chair can shape the discussion by offering topics which were not defined by a report but rather brought up by him as important, in his view, issues for consideration. In the set of examples presented above, when Chairman Volcker asked the group to discuss the international, fiscal, and credit issues, he sent out the influence message that he wanted these issues to be considered in thinking about the policy at that particular meeting. The variety of issues that are important determinants of policy is vast, and obviously, constrained by the time, policy makers cannot possibly discuss all of them at one meeting. Therefore, channeling the discussion in specific directions is a means of influence. Yet, it is interactional, in situ, rather than the type of agenda-manipulative (pre-determined). While it is reasonable to assume (given the economic background of most of the group members) that each policy maker in this
group understands the relevance and importance of these issues to monetary policy, there was no way for Volcker to predict before the meeting that no one would bring up these issues as the discussion evolves.

Often, group members bring up issues as part of the framing process, and the discussion takes turns of its own, departing from the agenda. For instance, at one meeting, Governor Seger raised a question about the coordination between foreign and domestic operations, which generated a number of comments, since other members found the issue important. In this example, Volcker must force these issues to be discussed, and he does it by an agenda-setting move.

In the final illustration (on p. 92), Volcker not only tries to place an order on topics, but he also prevents a further discussion of a given issue. In terms of influence, this type of agenda-setting moves is quite important, as well as interesting. If we assume – as we do throughout the whole study – the crucial significance of the situation in shaping the behavior of social actors, then the explicit attempt to transfer the discussion of an issue from one part of the meeting to another is a powerful tool of influence.

Volcker wants to control the situation. He wants to discuss the issue whenever he is ready, whenever he sees the situation as appropriate for the discussion. In the previous section of this chapter, I reviewed the situation in which the Chair did not want to discuss Mr. Morris’s suggestion to abandon monetarism not because he was against the approach per se (see Greider, 1989, Abolafia, 2004), but because he did not want to discuss it in that particular situation. According to Greider’s journalistic account of that period, based on interviews with FOMC members, at that time, Chairman Volcker had been lobbying each Governor for exactly that approach that Mr. Morris suggested. However, he did not
want to discuss it at the meeting until he ensured the support he needed. In other words, different situation meant different coalition distribution. Knowing that, any attempt of the Chair to postpone a discussion of an issue (especially, if he admits its importance) is an influence move.

The target of orchestrating moves is usually the discussion flow, or agenda, as was in all three examples presented above (Volcker’s “Let us concentrate on what the outlook is…”, “I think we ought to go on to something else at this point…”). Most agenda-setting moves are made by the Chair, which is not surprising, given his agenda-setting and facilitating responsibilities. Not all agenda-setting moves are influence ones. The Chair’s attempts to facilitate discussion (e.g., minutes approval, introducing speakers, announcing questions or breaks) are not influence moves because the intent behind such attempts is not a pursuit of individual interests but rather to accomplish the meeting’s routine tasks.

Sometimes, other members make policy suggestions of a large scale that can also be regarded as orchestrating, because they shift the discussion. An example of such move was presented in the section on framing moves, when Mr. Morris argued for a major policy change, and his move shifted everybody’s attention to the issue for a while. These are not agenda setting-moves since the new direction of the discussion initiated by such moves, may still be within the scope of the current agenda item. Yet, they are orchestrating because the speaker attempts to draw everybody’s attention and put the issue up for a discussion. And they are undoubtedly influence moves, since the speaker knows the significance and often the conflicting nature of the issue he/she raises. Mr. Morris knew, for instance, not only that he was proposing a major policy change, but also that it was a
controversial issue for some time. He was aware of the Chair’s preference for this approach. Given all these factors, it can be concluded that he wanted a discussion, but unlike the Chair, a bank president can hardly orchestrate by agenda-setting moves.

In addition to the magnitude of the raised issue and its implications for the conduct of monetary policy implied in the move, the difference between discussion-shifting orchestrating moves and simple highlights is that in the first case, a speaker usually raises an issue because it is of interest to him/her personally, and there is no expectation that the whole group should invest some time in looking into it. For illustration, let us compare two situations presented before, namely the one where President Syron asks an economist to explain if there was any connection between the market expectation of the Fed’s easing move and the year-end-trend (which I called a “highlight”) and the policy suggestion to shift away from monetarism, made by President Morris. In the first scenario, Mr. Syron only wanted an answer to the question, he was not trying to provoke a discussion, as long as the answer would be clear to him. In the second case, Mr. Morris is aware of the magnitude of his suggestion. Moreover, he introduces his idea in the midst of a vivid discussion where members have no constraints to jumping in and out with comments, reactions, and the like (which is not the case in every meeting stage, as I will explain in the following chapter). He, therefore knowingly provokes the discussion. It is the capacity of a move to provoke a discussion, which often follows from the importance of the suggestion (or implications for the policy) that determines the orchestrating power of a move.

One of the most interesting, in my opinion, orchestrating moves are situation manipulators. These are seemingly innocent introductions made to hide the speaker’s intention until it is time, in the speaker’s mind, to reveal them. In other words, situation
manipulators are specific moves within the sequence of a framing process, where the speaker tries to “orchestrate the micro situation” by using misleading frames (misleading in the sense that the speaker hides his/her intentions until later). In the abstract presented below, for instance, President Hoskins poses a question to an economist without revealing the reason for his question until later, when the economist makes a point that Mr. Hoskins wanted to hear.

MR. HOSKINS. Peter, I’ve been on the call on occasion and I’ve watched the market tend to focus more and more on the funds rate as the measure of our policy. To an extent, at least based on your report, we are beginning to alter our program so as not to indicate that we made an easing [move]. In other words, we had to add [reserves] and we didn’t do it because the market might have reacted.

MR. STERNLIGHT. Right,

MR. HOSKINS. The question to you is: Are you comfortable with that or would you be more comfortable with more flexibility around the funds rate? And if you would [prefer the latter], do you have any ideas on how we can get that without disturbing the market?

MR. STERNLIGHT. Well, we have been uncomfortable for a year or more—two or three years maybe, going back since the October 1987 stock market decline—with the extent to which we give a lot of attention to the funds rate rather than feeling that we have some element of flexibility where we would aim at a borrowing gap and have a rough expectation about the funds rate but where there was room for the funds rate to vary some around that. I think what has put us in the kind of box that we’re in now is a weakening of the relationship between borrowings and the funds rate spread over the discount rate. I wish there were greater flexibility so that the market could accept our doing things when the funds rate is a bit to the easy or firm side of what they think is the central point without their getting all that excited about the policy implications of our actions. I think it would take some kind of public statement to get the market off its fixation [on the funds rate]. And even then, it’s going to be hard to do because the market is always reaching for something to guide itself. And unless we can put something else out there—and I’m not sure what else we have now to substitute for the current security blanket

MR. HOSKINS. Well, I don’t either. That’s why I asked you. (October 1990: 6).

In other words, situation manipulators constitute the mechanisms of attention refocusing. As a attention-focusing technique, as the following example demonstrates, Mr. Guffey uses a “situation-manipulator” move to distract Volcker’s attention by a seemingly innocent question, and then joins the coalition opposing Chair, taking advantage of the answer to that question. This situation refers to the part of discussion of the policy wording, when Volcker already faces a serious opposition from other members (how exactly coalitions and group pressure are created will be explained later, in the section describing positioning moves; this section will also contain a fuller account of this micro-situation).
Several members have just remarked that the policy wording currently advocated by the Chair is dishonest because it sends a different signal from what they claim the FOMC is doing. Volcker defends himself:

MS. TEETERS. A more honest way of saying it is when the economy shows some--
CHAIRMAN VOLCKER. I don’t see anything dishonest about this. It says as plainly as I can say it what I think we’re going to do. I just reject that entirely. It can’t be much more straightforward.
MR. GUFFEY. What level of borrowing are we talking about?
CHAIRMAN VOLCKER. Well, that’s a nice question. I’m assuming we’re talking about $350 million.
MR. GUFFEY. Well, I thought that you had assumed before that that’s the existing degree of restraint.
CHAIRMAN VOLCKER. I think it is about that, de facto.
MR. GUFFEY. Then the statement is dishonest in the sense that we are not going to snug. (May 24, 1983) (the word “snug” is in the original).

Depending on the boundaries of the micro situation, situation-manipulators can be both initiating and responding. In the first scenario, Mr. Hoskins’s move is initiating, in the second – Mr. Guffey makes a responding move to the chain of preceding moves (Volcker and his opponents). Yet, Mr. Guffey’s move is initiating as well to the extent that this group member starts a new thread of thinking (“level of borrowing”).

\textit{c) Positioning Moves}

Positioning moves are those where group members reveal their positions on preferred policy courses, or express their agreements or disagreements with previously made position statements. Positioning moves, in other words, constitute basic steps of finding consensus policy, as well as coalition building; once one member’s position is known, other members agree or disagree with it (or some of its parts), modify it, and present and justify their choices.

The importance of achieving a consensus, or at least gaining the majority of votes, as well as coalition building in this group can hardly be over-emphasized. Obviously, each member has his/her own preferred policy alternative. Given the vast number of the possible policy versions that I referred to earlier in this chapter, it is vital to come to a final policy
that would gather the majority of votes. In order for a policy to be passed, it must be supported by the voting majority, but the ideal situation is, of course, the consensus. Every member is listening carefully to where the consensus is moving every time a policy issue is circulating. Any speaker is aware of this attention. For example, one of the central questions discussed at the December 15-16, 1987 meeting was targeting of the funds rate versus reserves as a long-term policy. When by the end of the discussion, Greenspan asked one of the members, See Mr. Keehn (who could not attend the meeting, and therefore was on the conference call) to express his opinion, Mr. Keehn started off by identifying the consensus center in the group:

MR. KEEHN. Mr. Chairman, I think I hear a consensus for moving away from what we are currently doing and in the direction of alternative (3), and I certainly would favor that… (December 15-16: 17).

The Chair (and this is especially true of Greenspan) is even more tuned towards finding the consensus center. Greenspan’s approach (and I will talk about the differences between the two Chairmen in the last chapter) was to write down each member’s preference, so that he could find that “median voter” policy, which would encounter least amount of resistance from the group. The risk is that if he “misses,” the group may block it. This happened, for instance, during at the October 1990 meeting. After listening to member’s analyses of the economic outlook, Greenspan suggested as a voting policy the so-called “asymmetric towards the ease” policy. In FOMC language, this means that the Fed would not ease but would word their policy in such a way as to send the market a signal that it did ease up. He was suggesting that the FOMC would ease, but not right away, but in the end of the week, and ease again within the next week or so. Yet, in the
discussion that followed, he did not gain support for the second ease, so he had to drop it from the final voting alternative.

In a situation like this (i.e., importance of gaining the majority), each member understands that every single move he/she makes will be interpreted by the group in terms of the likelihood of leaning towards a particular policy direction. That is why any signal of policy preferences has particular significance in terms of influence. Each time a member sends a signal about any policy alternative, he knowingly and purposefully shifts the group’s interpretation of the consensus policy.

Since it is so difficult, if possible at all, to find such a golden alternative that will be liked by most members, the Chair’s task is often to find the policy that will be disliked by the fewest number. Then, it follows that group members are alert not only towards where the consensus is shifting, but also towards any signs of the likelihood of dissent. Of course, this assessment is based not only on the specific move a person makes, but it incorporates the knowledge of the policy preferences of the speaker, based on the years of interactions. For instance, Governor Seger dissented at almost 25% of all meetings she attended, which is an extremely high number for this group. So every time, she expresses dissatisfaction with the policy that the majority seems to support during the discussion, group members know, that being an outlier in this group, she may dissent easier than any other member of the FOMC.

However, no matter how well policy makers know each other, they cannot assess the probability of dissent based on personal characteristics only. The fact is that when I looked at the results of voting procedures for all meetings from 1982 until 1997 in attempt to find the number of people who never dissented, I found that most people (about 90% of
voting members, excluding those who were voting only once or twice to begin with) dissented at least once, and quite a few of them dissented as a sole dissenter. Two conclusions follow from this picture: first, no matter how “shy” or consensus-oriented a group member is, he/she will dissent if his/her dissatisfaction is strong enough. Second, the knowledge of each other’s policy preferences is not enough to predict one’s likelihood to dissent. This likelihood, as I will now try to explain, is to some extent inferred by policy makers based on their interpretation of the positioning signals. In sum, the importance of consensus finding and the awareness of group members that their moves will be interpreted in light of policy preferences make positioning moves a crucial influence tactic at FOMC meetings.

With each additional speaker, the picture of consensus is slightly changed. The structure of meetings is such – as I will talk about it in detail in the next chapter – that members start off with listening to the staff economists’ reports and then discussing the economic outlook. This means that the consensus policy is not identified until later in the meeting. Moreover, the Chair often puts his offer of the policy on the table before the final policy discussion starts, which means before he actually hears each member’s explicit statement of preferences. How then does he guess what option to offer, assuming that he does not do it at the whim of his will (which is a reasonable assumption because, as I explained earlier, the FOMC will block an unfavorable policy)? The answer is that the Chair interprets the previous discussion of the economic outlook as cues to where the FOMC is heading.

Since this structure of meetings existed for a long time, members know that their moves will be interpreted as policy positions. So, they can follow two routes: either
signal their positions with framing moves, or in addition to signaling of their positions with framing moves, send an explicit signal about their policy preferences or ambivalence.\textsuperscript{xii}

In the first case, a group member only makes a framing move, without any explicit positioning signal, but presenting an interpretation of the environment in such a way that it sends a signal to others about what the speaker’s preferred policy alternative. This particular tactic may be called \textit{positioning with framing moves}. To an extent, members position themselves with regard to the economic outlook presented to them by staff economists. In October 1990, for instance, the central question of the discussion of the economic outlook was whether the signs of the economic slow-down were in fact the beginning of a recession, or a pick-up would follow soon. In this situation, the policy implications following from a member’s perception of the national economy are clear: in the absence of a clear policy signal, the more recession-concerned a speaker is, the less likely he/she will dissent against an easing policy. Let us compare several contributions made to this discussion (I will omit the technical evidence that the members use to justify their conclusions for the space considerations – each speech is about a page long):

\textbf{MR. FORRESTAL.} I will start off, Mr. Chairman. I would have to say that the business and consumer attitudes we have found in the Sixth District since our last meeting suggest a quite fragile economic outlook. The people that I’ve talked in the past several weeks have become increasingly negative… There is just too much uncertainty… The only bright spots that I can find in our economy are for the most part in the export-producing industries. The industries that are competing with imports are still shrinking… Now, what I’ve been talking about is really a reflection of attitudes and anecdotal information. The hard data that we get from the July numbers suggest that the district is doing fairly well in comparison to the rest of the country…but we did get hard data for August…that suggested that there is going to be a significant increase in the rate of unemployment…As we look at the national economy, our forecast is similar to the one in the Greenbook, although we don”t actually show declines in the fourth and first quarters… I suspect that our forecast is not incorporating the anecdotal evidence that I’ve talked about but rather is using the hard numbers. So the errors, if any, in our forecast are likely to be on the down side…In these circumstances, it seems to me that one could easily come up with a negative judgment about the national economy. And that is my judgment, I find myself turning quite negative (October 2, 1990: 19-20).
Mr. Forrestal does not say anything about his policy preference, but what he is, in effect, saying, is as follows. Despite the mixed evidence (hard data present a more rosy picture, compared to the anecdotal information) in his district, as well as his district’s better performance, compared to the national economy, he is more inclined to believe the anecdotal evidence, and is, therefore, recession-concerned. This conclusion has a very clear policy implications for the FOMC, and it is the combination of the particular framing signals (namely, “don’t trust the hard data from my district, and here is the worrisome anecdotal information,” “my personal opinion is that we are facing recession, even though my own district looks better than others”) that sends a policy signal, namely that he is in the easing-up mood. Let us now proceed with another member’s presentation at the same meeting:

MR. SYRON. As far as the First District goes, the situation is not very ambiguous. Activity has clearly slackened and it is becoming softer...Residential prices on average are down...condominium prices are down...commercial rental rates are down... Sales of white goods and appliances generally are quite poor and are poorer than we expected... Car sales have been bad...Computers are quite weak...The credit issue continues to be very, very difficult... As far as the national outlook goes, we're pretty much in agreement with the Greenbook, although we have this question of whether we will get as much of a snapback as quickly (October 2, 1990: 23-24).

In this case, the policy positioning signal is again not stated explicitly, but the specific combination of framing signals leave no doubt about Mr. Syron’s orientation for easing: he is very concerned about recession and anticipates it to be longer than in the forecast of staff economists. Let’s examine one more example of positioning with framing by proceeding with the next member of the FOMC:

MR. STERN. For some time I have commented on reasonably good economic conditions in the district and I think by objective measures that is still the case: The economy is continuing to expand at least modestly...Farm implement sales clearly have leveled off – and they had been quite strong in our district. Agricultural conditions in general are very good... The construction sector has weakened in some locations. Having said that, and having reported that I think by objective measures the district
economy is expanding, like a lot of other people who have commented I think what has changed recently are attitudes, which clearly have deteriorated significantly…but there are exceptions. I happened to be in a meeting with the treasurers of many of the corporations…and they almost universally reported business as strong… There were a couple of exceptions; but in general I was surprised by the tenor of their remarks and the comfort they seem to have…In regard to the national economic outlook, I don’t disagree much with the Greenbook forecast. Our own model has us avoiding a recession, although we have a continuation of three or four more quarters of very slightly positive real growth. But we can also calculate probabilities of recession with the model, and clearly the probabilities have gone up relative to those calculated prior to the previous FOMC meeting. I think that’s just a statement of how the risks have shifted; that clearly argues that there are greater downside risks for the general economy. Unfortunately, the inflation numbers, as Mike commented, also have been disappointing…And our model doesn’t provide much comfort on the longer-term inflation outlook either. So, I see risks sitting out there in both directions (October 2, 1990: 26).

No clear policy signal here as well, and yet, the combination of framing signals says it all: his district is doing better, he does not think it is going to be a recession, and he mentions inflation as a concern (at that particular meeting, he was one of the few to be concerned about inflation). For Greenspan, who will must identify a consensus policy on the basis of this discussion, the picture evolves as follows: Mr. Syron is in the easing mood, even though Mr. Forrestal’s district is better off, he is also for an ease, Mr. Stern hints he would rather not ease. Similarly, the Chair hears the other members’ assessments and interprets their policy preferences from the signals embedded in these moves.

The big question arises here, namely, why are these moves positioning if no speaker actually reveals his policy position and only offers his frame for the interpretation of the economy. The answer is that each speaker knows that their policy positions will be inferred from this interpretation. In the section on framing moves, I presented two examples when two presidents asked Mr. Sternlight about market expectations, no policy preferences could be inferred from those questions. Even though market expectations is a very importance factor, it is by no means the only determinant of a policy preference. In addition, during the first stage (discussion of reports on foreign
and domestic operations presented by staff economists), the FOMC is “warming up,” they talk about various issues without any attempt to form or find the consensus. The consensus seeking starts at the stage where the economic outlook is discussed. It is the stage of the meeting characterized by a particular set of expectations of group members as to the meaning of the framing signals, that makes these moves positioning. Therefore, by sending framing signals in a certain combination, group members express their policy positions in a subtle way. By bringing up inflation, presenting a cheerful picture of his local economy, and rejecting the fear of recession, Mr. Syron attempts to influence the consensus policy because the anti-easing meaning of these signals is crystal-clear to the group members.

And sure enough, when we compare the reactions of these three members to Greenspan’s first offer, which (based on all members’ analyses) was two easing moves in the nearest future, the interpretation of their initial policy preferences is confirmed. (It must be mentioned here that two easing moves within one week, and that is what the Chair was suggesting, is a lot of action on the Fed’s part. In fact, the second easing was blocked by the subsequent discussion.) During the discussion of the initial “double-ease” offer, Mr. Forrestal accepted (did not mind) it, Mr. Syron supported it, Stern rejected it expressing his willingness to except one easing move (although he personally preferred no easing at all, but given that the consensus was firmly around easing, he had to settle for one).

In addition to positioning with framing signals, policy makers can also send explicit influence messages on their policy preferences. Each group member has three main reactions towards any of the possible alternatives, namely “prefer,” “reluctantly
support” (which means that he/she is not happy with the choice but can still accept it), and “dissent if put on the table.” At this stage, if they send any explicit policy signal at all, it will be statement of their preferred direction. As Mr. Keehn continues the roundtable discussion at the October 1990 meeting, he sends framing signals that although his district is doing better than the nation, he agrees that the economy is “continuing to show further moderation” (transcripts of FOMC meetings, October 2, 1990: 22). After presenting supporting evidence, he concludes with a clear policy signal: “…With respect to policy I think we need to be alert to the opportunity to respond to potential weakness” (Ibid: 23). Given that by “potential weakness” he meant the sliding down economy (as opposed to inflation), it was a signal of his orientation towards the ease. Note that he only indicates a general direction without any specifics as to when and/or by how much to ease. This gives Greenspan some leeway: in a close-split situation, he may offer a policy option of easing, but not right away, possibly in a week (a similar compromise was in fact offered by him at this meeting).

The next speaker sends a clear tightening signal: President Boykin reports that his district is also better-off than the nation, but slowing down. He, however, does not think it is a recession (“We don’t see any evidence that we’re heading into a cumulative downturn,” p.27) and concludes as follows:

It seems to me that the assumption is that a steady monetary policy would accomplish that result. So, in spite of all the uncertainties and concerns, I would tend to pay a bit more attention to the inflation picture rather than [to the possibility of] the economy slipping over too far (October 2,1990: 27).

There exists a final type of position expressed at this stage, namely ambivalence. That is, members send influence signals that they could be swayed. I call this tactic a “see-saw.” See-saw is a combination of framing signals that have
implications for opposite policy alternatives, which from the positioning perspective means an attempt to indicate that despite the existing preference, the speaker will be unlikely to dissent if the alternate option is voted on. An example of this tactic is President Melzer’s analysis (as well as Mr. Keeley, p.34 and Mr. Angell, pp.38-39). Mr. Melzer says that he “personally would not be surprised to see one two negative quarters,” and that his district is slowing down. However, he continues:

Our assessment is that the current course of policy is unlikely to exacerbate whatever recessionary pressures exist. I think there is some sense – and I mentioned this a meeting or two ago – that some people might criticize the Fed for being too tight. And yet if you look at the latest three months … there really has been no tightening of monetary policy on that basis. In fact, some of the measures suggest somewhat of an easing. Anyway, my way view is that we have built a tremendous [foundation], or whatever you want to call it… And if we can just come through this next period here with a reasonably good monetary policy still intact…the prospects for making significant progress on inflation down the road are really pretty good, I think (October 2,1990: 25-26).

Given the context of the meeting – namely, that up until now the Fed had not been easing, and members started expressing worries about recession – the first sentence is a clear (to the FOMC members) positioning signal against easing. Mr. Melzer does not see the “current course of policy” as adding to the economic slowing trend. The same policy stance is clear in the last sentence. And yet, contradicting the general tone of his conclusion, Mr. Melzer drops in the phrase (“I think there is some sense… that some people might criticize the Fed for being too tight”) that sends a signal of his understanding of an easing move as well. The importance of this influence signal in this policy-making group follows from the nature of adoption of the final policy: once the consensus is found, three clusters emerge within the group: one representing the consensus idea (i.e., those who will support it), second is a swayable community (they prefer another alternatives but can be swayed), and third is dissenters (they are not
present at every meeting). So, signaling one’s willingness to compromise is an influence tactic in this group.

The Chair interprets all these signals, as well as evidence coming from all members about where the economy is heading, and puts his offer on the table. It is usually an alternative that (in his interpretation) is least likely to be rejected by the majority, and at the same time is suitable for him. The group members now start using two other positioning tactics, namely *declaring limits of tolerance* and *piggy-backing*. Declaring limits means that the speaker explicitly states how far he/she is willing to go before he/she dissents. Sometimes, the discussion sounds like an open bargaining game, or an auction, like the one below:

CHAIRMAN VOLCKER. Let me go to the borrowing level. How many people want to hold it at $350 million?
MR. PARTEE. I'll buy $350 million
SPEAKER(?). It's $392 million
MR. GRAMLEY. I'd prefer $400 million, but I'll buy $350 million. I'm getting hungry too!

CHAIRMAN VOLCKER. One, two, three, four. We didn't get six votes for $350 million.
MR. PARTEE. [Unintelligible.] I'm not sure we're going to have six votes for anything.

CHAIRMAN VOLCKER. I don't know where all the missing votes are.
MR. BLACK. I'd be willing to vote for one that won't hold.
MR. PARTEE. $400 million?

CHAIRMAN VOLCKER. Do we pick up any [votes] at $400 million?
MR. PARTEE.
No. MR. BLACK. No, we didn't.

VICE CHAIRMAN SOLOMON. Now try $300 million.

CHAIRMAN VOLCKER. $300 million isn't going to have enough votes here.
MR. FORD. You can't vote twice!
MR. MARTIN. Sure you can. Put your right arm up.

SPEAKER(?). You just did: now we're getting ready
MR. FORD. At least use the left hand and the right hand.
MR. PARTEE. Well, in some ways $350 million is the weighted average.

CHAIRMAN VOLCKER. It's pretty obvious: $350 million is the weighted average. We must reach a decision. I'll promote $350 million again. Any votes?
VICE CHAIRMAN SOLOMON. You've got $250 million over here.

MR. PARTEE. $350 million again?

MR. GRAMLEY. Again as a consensus

CHAIRMAN VOLCKER. One, two, three, four, five, six. It would be nice to have another, but I guess it doesn't make any difference. We'll have dissents on both sides. (May 24, 1983: 57-58).
In this episode, group members decide which level of reserve borrowing will gather the majority: Volcker first suggests the $350 figure, which he thinks is the potential winner, and then tries a couple of other options. Members, on the other hand, declare if they would go for it, regardless of the fact that their individual preference may be different. This, in fact, is not a usual example in the sense that it is condensed. Normally, the group will either go around the table, like they did during the discussion of the national outlook, or start a less structured discussion of the suggested policy, in which case members will state their conditions throughout the discussion.

Another distinct and widely used positioning tactic at the FOMC meeting, as I indicated above, is “piggy-backing.” It is backing up somebody else’s signal indicating a policy position. Most often it occurs at the discussion of policy options. The main influence message in this signal is that the speaker emphasizes his/her association with the part of the group, rather than being a single individual. Given the awareness of the importance of coalitions in this group, this is an important influence tactic, as the following example demonstrates. In 1987, the FOMC was contemplating a policy change, namely a transition from targeting the federal funds rate to targeting of borrowings, which are different tools of monetary policy. In December 1987, Greenspan starts the meeting by putting this issue on the table. As usual, the FOMC first hears the report presented by staff economists, where the options are outlined, and then the discussion of policy options starts. Below I present those fragments of policy makers’ moves where they align positions with each other (piggy-backing signals are italicized).

MR. ANGELL. Mr. Chairman, Vice Chairman Corrigan expressed it just exactly the way I would. If there is, as I sense, a desire to return to a borrowing target, then it seems to me that the question is: How do we best get away from this situation in which the market is in danger of interpreting our actions as pegging the fed funds rate? (December 1987: 7)
MR. BLACK. ...I would be inclined to do something like alternative (3)...*But my real hope is that we can do what Bob Heller suggested... and that is, make some institutional changes and move toward a nonborrowed reserve target...*” (p.10)

MR. BOEHNE. I think a useful way to look at this question of whether you want to go back is, *as Martha pointed out*, to look at where you want to get to... (Ibid: 12)

MR. JOHNSON. *I guess I’d worry that what Bob Parry is saying is right...* (Ibid: 13)

MR. GUFFEY. ... I think we must move back to a procedure of targeting nonborrowed reserves. Also, *I would join Tom Melzer in his proposal* to do it, first of all, as quickly as possible, and secondly, under the umbrella of uncertainty that surrounds the year-end... (Ibid: 14).

Vice Chairman Corrigan. It seems to me that nobody in the marketplace would expect the Federal Reserve literally to seek to target the federal funds rate on an hour-by-hour basis over this year-end period. I think that would be a terrible mistake. I felt that we did too much even last year, in terms of the situation. So *I would associate myself very strongly with Tom Melzer’s suggestion* that, given that people expect some movement in this period, we should take advantage of it... (Ibid: 15)

MR. HOSKINS. It seems to me that we are struggling with the issue of trying to tell the markets where we are. Perhaps one way to do it – and I think Jerry has already referred to it – is simply to indicate that we are returning to an operating procedure that is more normal... So, *I guess to some extent I would support Jerry...* (Ibid: 17)

Usually, group members offer their own justifications of their preferences, alongside with position alignment, as shown in Vice Chairman Corrigan’s move. So, piggy-backing often occurs in combination with prescribing framing moves. What makes it a distinct category is the speakers’ awareness of the importance of the consensus, or gaining the majority of votes in this group. That is, every member understands that the more supporters a policy option gains, the more likely it is to be announced as a consensus idea. Knowing that, policy makers try to emphasize not just their support of an idea (or policy alternative), but their affiliation with other members.

At the same time, a statement of converging perceptions of environment, however explicit it sounds, does not constitute piggy-backing. Here again, the distinction between descriptive and prescriptive framing processes makes a difference for interpretation of positions. The perception of the environment is not the only element in formulation of the policy; interests and beliefs come into play. In addition, it is often hard to say whether a group member affiliate himself/herself with previous speakers at the roundtable discussion of economy for the reason other than simply to avoid repetition. It is in the
nature of social interaction that we tend to relate to what others say, positioning our views with regard to a particular issue. In one of the meeting, Governor Laware who spoke last remarked that it is easy to speak last because “you can simply say me too.” In sum, piggy-backing has strong elements of lobbying, coalition-building, which are not prominent during the stage of discussion of economic outlook, because group members do not lobby each other on what the perception of the economy is, but they do lobby what the next policy action should be.

Discounting is another type of a positioning move. Discounting is undermining the importance of discussing an issue; and it can be explicit or subtle. In the first case, a speaker announces that he/she ascribes little importance to a specific issue, as in the example presented below. Here, after a fairly extended debate about the difference between economists’ and some group members’ forecasts, Mr. Corrigan remarks that this difference (4.5 percent versus 3.5 percent) is too small for the issue to be considered seriously:

CORRIGAN. In terms of the real sector, the number that I have is 4-1/2 percent, as opposed to the staff’s 3-1/2 percent, and it’s hard for me to get too excited about those kinds of differences. (p.7)

Examples of explicit discounting moves, however, are quite rare: usually, FOMC members are more discrete in indicating their unwillingness to discuss an issue, as in the following abstract. In the beginning of May, 1983 meeting, President Boehne raises a concern in his district relating the international economic situation, and asks (judging by the full context, he asks Volcker, and not the staff economists) to comment on that. The Chair replies and points at improving conditions on the Mexican side. When Mr. Solomon follows up on Volcker’s analysis trying to explain the “better Mexican performance,” Volcker in the next move discounts Mr. Solomon’s move. The meaning of
the Chair’s last move is that the exact reasons for the better Mexican performance do not matter (or are not important enough to discuss at the moment); what matters is the fact that it is better than other countries’.

MR. BOEHNE. I have a broader question than just exchange rate conditions. I detect among bankers in my District a rising level of nervousness about these [foreign] debt problems, with talk of moratorium and things like that. Is there anything you can share with us about that?
CHAIRMAN VOLCKER. Well, I agree with you. There is a rising sense of nervousness underneath the surface and I think a lot of it is related to a perception that Brazil is not doing very well....On the more positive side, Mexican payments are proceeding on schedule. One sees reports that they’re going to need some more money. I don’t see any indication of that, assuming that the oil price doesn’t go down again. And while I think production is still declining in Mexico, there is a possibility that they have a little money in the bank and may begin to bring in some more and we may begin seeing some improvement before long. There seems to be a little more confidence in exchange markets in the Mexican situation doing a little better.

VICE CHAIRMAN SOLOMON. I think part of the better Mexican performance is due to the enormous disorganization. The agencies have not been spending the money. In the second half of the year [Finance Minister] Silva Herzog is expecting that they’re going to be under more pressure and it’s going to be much harder for them to hit the Fund targets on the public [sector and public expenditures].
CHAIRMAN VOLCKER. Well, we shall see. But at the moment if there is any room for confidence, it’s in the Mexican situation: for the rest of them the situation is deteriorating. Yugoslavia is not doing all that well. And, obviously, the interest rate level in the United States [unintelligible] with all our debts is one factor [unintelligible] the situation. Brazil is the focus of concern at the moment. (May 24, 1983: 1).

It is interesting that in both cases, discounts were made by individuals occupying the highest status positions, namely, the Chair and the Vice Chairman. Logically, it makes sense that only a person with a high degree of confidence about his position (whether measured in terms of status or respect) can declare unimportance of an issue that has just been discussed by the group. Yet, it is also possible that discounts can be made by an “outlier” who is not embedded in the group. For this reason, I do not consider discounts as a status structuring moves.

Once a group member’s position is stated, it can generate reactions of three major types: support, opposition, or omission. These reactions are translated into a variety of moves. Support can be explicit or subtle. In the first case, it can be simple positioning move like “I support your alternative,” or “echoing.” FOMC members echo each other
when they go around the table discussing economic outlook. In this case, opportunities to
jump into a discussion are restricted by the structure of the conversational pattern, and
they reserve their comments until they have a turn. When it comes, they follow up on the
issue, usually mentioning the initiating speaker(s)’ name(s). The examples of subtle
support would be tailing. Tailing is a sequence of follow-up framing moves, following an
initiating move in a discussion, showing a mutual interest in the issue.

Opposition can be expressed by a “bounce-off,” “stretching,” or “suppression.”
Bounce-off is an attempt to defend one’s position (expressed in the initiating move)
which also includes an element of an attack. Sometimes, opposition starts with a warning
sign. That is, an opponent suspects that an infliction of his/her interests, but is not sure of
it. So, he/she starts making conversion moves, and changing the context of the initiating
move, he/she tries to clarify the position of the speaker making the initiating move. That
is, a series of black-and-white conversions may precede an overt opposition, and such
moves will also be subtle positioning moves.

Suppression is a sequence of responding positioning moves made by different
group members in response to an initial position and indicating their strong disagreement.

CHAIRMAN VCLCKER. Well, let me read it once again and see whether I've got it straight and
see whether anybody can do any better.
MR. BLACK. Don't give them a chance at it!
CHAIRMAN VCLCKER. "The Committee seeks in the short run to increase slightly the degree of
reserve restraint, recognizing that, while M1 has been increasing substantially more rapidly than
anticipated, M2 and M3 are expected to remain below the rates of growth of 9 and 8 percent
established earlier within the longer-run ranges. The action”—we could say the modest action--
"was taken against the background of evidence of some acceleration in the rate of business
recovery. Lesser restraint would be appropriate...."
MR. WALLICH. We seem to be saying that we're tightening because M2 and M3 are expected to
remain below the rates--
CHAIRMAN VCLCKER. That's why the word only would help in that context.
MR. WALLICH. It seem to be putting all the weight there on M1.
VICE CHAIRMAN SOLOMON. Well, you could say marginally, so you avoid Chuck Partee's--
MS. TEETERS. Slightly marginally?
MR. CORRIGAN. Could we put a phrase before M2 and M3 there and say "in the context in
which M2 and M3 are only slightly below their... ."
MR. GRAMLEY. I think we'd need to drop the "while," though. The Chairman's point is correct.
The argument seems backwards--
CHAIRMAN VOLCKER. It is backwards.  
MR. GRAMLEY. –If we say we’re doing this while M1 [is high] although M2 and M3 are falling below. We ought to drop the “while recognizing that.”  
CHAIRMAN VOLCKER. Like the way I said it originally.  
MR. GRAMLEY. Or leave the order the way it is but take out the word “while” and just say “recognizing that [M1] growth…even though M2 and M3 are below.”  
CHAIRMAN VOLCKER. I think the result of that is that it gives a little more emphasis on M1, but I—  
VICE CHAIRMAN SOLOMON. A more honest directive would say that.  
CHAIRMAN VOLCKER. It’s pretty honest as near as I can see. VICE CHAIRMAN SOLOMON. I don’t think it is. I think a more honest directive would say we are worrying about too strong a recovery and even though we don’t pay too much attention to M1, when it gets to be this big we would pay some attention to it.  
CHAIRMAN VOLCKER. That’s what we’re saying.  
MR. BLACK. That’s all it says.  
MR. PARTEE. We’re going to take a little precautionary snugging.  
CHAIRMAN VOLCKER. That’s comes as close to saying that as I can devise.  
VICE CHAIRMAN SOLOMON. Well, I’ll be glad to back off.  
MS. TEETERS. A more honest way of saying it is when the economy shows some—  
CHAIRMAN VOLCKER. I don’t see anything dishonest about this. It says as plainly as I can say it what I think we’re going to do. I just reject that entirely. It can’t be much more straightforward. (May 24, 1983: 53).  

Positioning moves are subtle when the speaker does not reveal his/her preferences on the specific issue, but those preferences can be inferred by other group members either from their knowledge about his/her general attitudes or the particulars of the situation.  

Consider, for instance, Volcker’s first move in the same example: “I suppose the first basic question, which we more or less disposed of last time, but I want to repeat is…” On the surface, it is an explicit orchestrating move: he steers the discussion towards policy actions. On a deeper level, it is also a subtle positioning move: he brought up this issue last time, the question of the necessity of targets, he did not get the answer he wanted, and he brings it up again. Since such persistence can hardly be attributed to successful persuasion on behalf of other group members (because last time, the FOMC voted against the change), the decision to re-introduce the issue is the result of his own pre-disposition towards the policy change. At least, it can be assumed that group members know his attitude towards it.


d) Status Structuring Moves

Status structure does not exist as an algorithm guiding the behaviors of FOMC members. Rather, policy makers enact it by making status structuring moves. Status structuring moves are signals that evoke control images (Moch and Huff, 1983), associated with the position of the Chairman. By making status structuring moves, the Chair reminds the group members of his rights and willingness to use his status as a resource to defend his point. Despite the high level of respect, neither Volcker nor Greenspan could use their status positions unlimitedly for at least two reasons. First, each member of the FOMC is a powerful individual with a high level of expertise. Second, each member has one vote, including the Chair. And yet, the Chairman of the Federal Reserve System does have a special place not only in the System hierarchy, but at FOMC meetings as well. First, he represents the face of the Fed; he presents and defends the final decisions of the FOMC to the world. He is the intermediary between the bankers and politicians. And finally, he is the expert in this group of experts. This may not have been true throughout the history of the FRS (see Kettl, 1986), but both Volcker and Greenspan are certainly respected in the FOMC for their expertise.

The Chairman, therefore, has at least three roles at the meetings: he is an expert, he is the Chair of the Fed, and he is the facilitator of the meetings. Every time he makes any move, it will be interpreted by others as coming from a person embodying these three roles. However, he can – and, as the data show, has been – disagreed with as an expert, when members question his frames (suffice it to recall multiple dissenters throughout the history of FOMC meetings). He can also be disobeyed as a facilitator of the meetings: sometimes, members depart from the agenda. It is much harder to ignore or disobey the
Chair, however. Consequently, every time the Chair accentuates his status either by the manner of speaking, or directly referring to his status, he knows that these words will be taken seriously. This is what I call the spill-over effect. The spill-over of a status structuring move is a change of the meaning of a move of another category (framing, orchestrating, or positioning) due to its use with a status structure move, as in the following abstract:

CHAIRMAN VOLCKER. I think that's a good question, but let's defer it until we get to [the discussion of] the targets because it goes right to that question of where a credit aggregate, if we use it, should be in the light of history. Is there anything else just on the general business picture, the international picture, or the fiscal picture? I would summarize my own view on this in a way that John Balles probably [was getting] to: There are a lot of reasons why the price outlook looks pretty good; the business outlook looks pretty good… (p.18)

Volcker first starts with an evaluative comment (subtle reminder of his right to give out evaluations), then makes two orchestrating signals, defining the order of discussion and discussion facilitating, and finally presents his view of the situation. If he only gave his view of the situation, without the first three messages, he would be speaking as if he were yet another group member. These preceding moves, however, underscoring his role as the Chair of the group, change the meaning of his view away from another group member’s position to the Chairman’s position.

Every time, the Chair sends an influence message about his status position, he knows it will alter the interpretation of the other influence messages in the move, since every group member understands the role of the Chairman. Consider, for instance, Volcker’s own confession at the October 1982 meeting. At that meeting, Volcker was arguing for a major policy change, namely, abandonment of monetarism, and he encountered a strong opposition from the monetarists’ camp. He finally explicitly
expressed his view of his position, as well as the views of other members who spoke before:

CHAIRMAN VOLCKER. Well, let me make a few not so random comments. Tony Solomon and others have referred to the role of the Chairman. Let me just say in that connection that the Chairman is unable to explain and defend a policy he doesn’t understand or agree with. (October 1982: 50).

Therefore, by making status structuring moves selectively, the Chair sends out an influence message that “It is time to remember who the Chair is.” The awareness of status position can be communicated through the contents of the utterance, and/or in the manner of speaking, either explicitly or indirectly. Several distinct status structuring moves were found in the data: status reminder, adjusting final consensus, attention diversion, and opening floor for vote-casting.

*Status reminder* is a domineering manner of speaking or explicit referral to one’s status of the Chair used to obtain compliance, like the one in the aforementioned abstract. Both Chairmen often used status reminders when their efforts to make the members adhere to the agenda did not have the intended effect. During the discussions, members sometimes steer away from the agenda to the issues of their particular concern. Both Chairs, especially Volcker, occasionally tried to put an order on the discussion. Sometimes, those were attempts to simply follow the agenda (i.e., concern over the lack of time to discuss all issues on the agenda), which can hardly be regarded as influence moves. Other times, however, the Chair would evoke his authority to control the meeting an in attempt to stop discussion, or to postpone the issue until later, in which case this would be an influence move, as in the following examples. In both abstracts, Volcker has been trying to put a certain order on the agenda, and encounter a soft attempt to resist, in the first case coming from Ms. Teeters, and in the second – from Vice Chairman.
Solomon. Volcker’s reaction to both attempts is abrupt, almost rude. He sends out a message that his previous attempts were not just facilitating the meeting, rather, that the Chair wants the meeting to proceed in that specific way:

1. **MS. TEETERS.** May I ask the staff a technical question? Do we have the same velocity problems with the old M1 that we do with M1?
2. **CHAIRMAN VOLCKER.** I will defer that question until we get to setting the targets.
3. **MS. TEETERS.** I’m just curious.
4. **CHAIRMAN VOLCKER.** Well, restrain your curiosity until we get to setting them up. (February 1983: 23).

1. **CHAIRMAN VOLCKER.** If I can interrupt, I think you’re getting a little ahead of this, John. All I’m interested in at this point are broad observations about the targets and how we deal with them.
2. **VICE CHAIRMAN SOLOMON.** Well, I don’t think there is a need to go around the table. We went over this in great detail.
3. **CHAIRMAN VOLCKER.** Well, we’ll find out whether there’s a need to go around the table. You can make an observation if you care to make an observation. (pp.23-24)

To some extent, Volcker’s rudeness can be attributed to his more informal (compared to Greenspan’s) manner of speaking. Yet it unequivocally sends a status message: only a person with a higher status can speak in this manner. Any further attempt to resist in both cases would likely lead to an open conflict, and both Ms. Teeters and Mr. Solomon do not pursue them.

*Adjusting final consensus* is another important status structuring move. Historically, the Chair has the right to facilitate the discussions of the FOMC. This means that he can choose the time when to offer his policy preference and/or interpretation of the environment. Both Chairmen, especially Greenspan, usually chose to speak last. That is, after the presentation of the staff economists’ reports, the Chair listens to everybody else’s opinion about economic outlook, and then summarizes the group’s perception. Next, a staff economist presents a report where the policy alternatives are defined in general terms, and group members can ask questions and express their positions vis-à-vis
different alternatives. The Chair then again puts a summary on the table, as well as the option for the final vote. Consequently, the Chair has the powers not only to define where the group consensus lies (other members also do it), but he has the final opportunity and the means to tie the perception of the consensus into a prescriptive framing move outlining the policy alternative for vote.

The status structuring nature of this move is in the capacity of the Chairman, as both the facilitator and the head of the FOMC, to choose when to speak. I did not encounter any instances when the Chairmen chose to lead the direction of the policy discussion by first expressing their own preferences. In contrast, they wait until everybody else speaks up. This waiting is important for two reasons: first, it allows members to express their “true,” or distilled from the Chair’s opinion, preferences. But most, importantly, it allows the Chair to frame the final (voting) policy which on the one hand, incorporates his interests, but on the other, can be sold to the Committee as the consensus policy. Group members may vote against it, but no one can question that it is in fact a voting alternative, since everybody has heard each other’s preferences, and the Chair presumably only summarizes them. So, given both Volcker’s and Greenspan’s unquestioned expertise within the FOMC, as well as everybody’s awareness of the general direction of the consensus during the meeting, the Chair understands the high likelihood of his offer’s adoption as a voting policy. He also understands (and this point was mentioned in Greider’s (1989) account of FOMC meeting, based on interviews with the group members), that unless a group member preference for another option is very strong, his/her vote will be with the majority.
Adjusting final consensus, however, does not mean that the Chair can distort the final consensus. On the contrary, in one instance (see October 1992 meeting) Greenspan not only put down each member’s positions on policy alternatives, but he actually read them back to make sure that he got them right. Only after there was a perfect understanding of what each member wanted, Greenspan made an announcement of the consensus center.

In fact, how exactly the Chair adjusted final consensus can be best examined on that meeting (October, 1992). At the time of that meeting, the economy had been slipping down, and the Fed had been easing for a long time. During the discussion of economic outlook, the split was close. Half of the FOMC preferred easing, while the other half was against it, though the number of people arguing for the ease marginally exceeded those who were against it. Greenspan, therefore, had a choice. As a voting alternative, he suggested maintaining the current ranges (i.e., not easing), but sending a deceptive signal to the world that the Fed would ease (in the FOMC’s language, this alternative is called “hard asymmetric towards the ease.”) Even though the consensus was emerging for the ease-up, Greenspan used the opportunity to adjust by declaring the situation of emergency.

This opportunity was available to the Chair because of his status (he can choose to speak the last), as well as the close-split distribution. The latter means that the Chair cannot adjust the final consensus infinitely, only marginally. Nor can he declare the emergency situation whenever the emerging consensus is not what he himself wants. In fact, during October 1990 meeting, he put on the table the alternative which was not his preferred policy. He himself preferred immediate easing (transcripts of FOMC meetings,
October 2, 1990: 48). This means, that the Chair, although he has an opportunity for adjusting consensus, uses it with discretion.

Another opportunity available to the Chair is opening the floor for vote-casting. Just like with adjusting of final consensus, by virtue of being the facilitator of each meeting, the Chair has the power to open the floor for vote-casting. It is the routine of the meeting, as well as the rule of the FOMC, that final polices are voted on. Yet, as a theoretical alternative, imagine if the Chair would open a floor for vote-casting more often, say, for all major policy changes, suggested by policy makers during the meetings. After all, at the December 1987 meeting, Greenspan ran a quick poll on just a wording detail of the final directive (transcripts of FOMC meetings, December 1987: 82), which is not a meeting routine. This means that the Chair has the power not to open the floor for vote-casting as well. That is, every time when somebody suggests a drastic policy change, there might be a potential for putting it on the table for voting, but it is up to the Chair. In the June-July 1982 meeting, for instance, Mr. Morris proposed dropping M1 as a policy indicator, and Volcker chose not to put it on the table at that time. Now, of course, the reasons behind the Chair’s actions may vary, and are not known unless stated. Given the fact that several months later, Volcker himself pushed for this policy change (and had been preparing for it for months; see Greider, 1989), it is likely that he simply did want not to go into that discussion at that time, rather than that he disagreed with Mr. Morris. By making or not making this move, the Chair in fact, unilaterally decides whether the specific issue in question is up to him to decide, or should be brought up for the FOMC’s consideration.
Not all status structure moves are influence moves. For example, if a group member indicates recognition of his/her lower status, such a move can hardly be regarded as an attempt to influence. Consider the following question posed by Mr. Balles for Volcker before the meeting’s recession:

Mr. Balles. Mr. Chairman, for us to ponder overnight: Which approach do you find easiest to use vis-à-vis the public, the Congress, and the financial markets – basing on the fourth quarter, basing on the first quarter, or some of both?

On the surface, the speaker simply makes a framing move by raising an issue he considers important (i.e., practical considerations of a policy choice). However, if examined on a deeper level, he actually supports the existing status structure of the group asking for guidance and emphasizing the importance of the Chair’s opinion. This indirect referral to his lower status is not an influence move (even though it is an influence framing move). And yet, if the Chair sends a message to the group or a group member pointing – directly or indirectly – at his awareness of his higher status (as illustrated by the previous examples in this section), this is an influence status structuring move.

The reason for such an unequal differentiation of influence and non-influence status structure move depending on the speaker’s position in the group is simple: a higher status implies the availability of more resources (whether it is expertise, or formal position of the Chairman), and rights recognized and accepted by the group (the right to set agenda, lead the meeting, etc.) Every time, the Chair refers to his higher status, he sends a reminder to the group about these resources and rights, as well as about his willingness to defend them. In other words, he makes a point about his higher status, which fits the definition of an influence move. In contrast, a lower status member cannot make a point of his lower status. Instead, this recognition of the lower status sends a
message about the willingness to accept the higher status member’s rights, or the current status structure. In the last example where Mr. Balles asked Volcker for “a direction to ponder overnight,” he sent a message to other group members about his possible willingness to accept the Chair’s view. Unlike non-influence orchestrating moves, non-influence status structuring moves are important for the study of influence tactics. While they do not have an immediate purpose of influencing anyone or anything, they recreate the systems of dominance and deference referred to by Ridgeway and Walker (1999).

**Initiating and Responding Moves.**

Different listeners may pick up different signals present in the move, and respond to them in different ways. This brings us to the distinction among the moves as initiating and responding.

Responding moves are made in reference to the initiating moves. For example, after presentation of staff economists’ reports, a group member can ask the presenter a question, the latter responds, and other members join the exchange by asking more questions and making comments. In this case, the first group member’s question would be the initiating move, the rest - responding moves. Another example of a responding move is a comment made with regard to somebody else’s move. Group members often express their reactions to each other’s positions, or follow up on issues brought up earlier.

On a deeper level, however, the distinction between initiating and responding moves is far from being straightforward. The complexity of the issue is due to two reasons. First, a move is rarely solely initiating or responding; most often, it is both. Second, the relationship between the initiating and responding moves is not linear, in the sense that a responding move does not necessarily corresponds to a single initiating
move. In reference to the first reason, a speaker, for example, may make a responding move in which he/she supports or rejects the previous speaker’s position. In this case, assuming that either support or rejection of any position require an announcement of that position in the first place, the move will be responding. However, a group member can make a responding move that is steering away from the previous discussion, changing the topic or avoiding an answer. In this case, the move can be regarded as both initiating and responding. It will be initiating because it is an attempt to start a new topic. At the same time, it will be responding because avoidance of an answer (or omission) is a type of answer as well.

Similarly, during the stage where policy makers discuss the economic environment (the so-called roundtable discussion described in the next chapter), all moves – individual assessments of the economy – are initiating because they are made independently of each other. The meaning of each move (the speaker’s view of the economy) is clear even if the order of reading is reversed. Yet, even these moves are responding since each subsequent move incorporates previous moves. For instance, partway through the roundtable discussion, speakers start associating themselves with those who announced their positions on the economy before. By the same token, when the FOMC members start asking questions of staff economists after the presentation of economists’ reports (which is usually the first stage of the meeting), each such question is an initiating move. However, they are also responding moves since they are made in response to economists’ reports. So, in sum, strictly speaking, the only initiating move in the meeting is the opening move, usually made by the Chair who starts the meeting.
The second problem with analyzing the responding moves is that each response can in fact be a simultaneous response to a number of initiating moves made by various speakers and at different times, or even to an exchange of several moves. That is, the relationship between these two types is not paired-linear; rather it is very complex and not always clearly defined. Consider the following example. In the segment presented below, Governor Seger asks an economist (Mr. Sternlight) a question which generates a sequence of moves made by several group members.

CHAIRMAN VOLCKER. Any other comments?
MS. SEGER. I just have a question. Hearing your comments after hearing Sam’s, I wondered: How much coordination is there between the two--[the foreign and the domestic operations]?...
MR. STERNLIGHT. Well, there’s close coordination in the operational sense of Sam and his people being aware of what we’re doing each day and vice versa...
CHAIRMAN VOLCKER. This is not a complete answer, but the domestic operation is very inflexible. They operate-- …
WALLICH. If we have a money supply target and at any one time in any one day we don’t act—in order not to drive up the funds rate because of what that might do to the dollar—then that must be made up some other day. Otherwise, we miss our target and it may then mean a larger funds rate increase than if we had done it right away. We can’t tell in advance.
CHAIRMAN VOLCKER. We may also find out after the fact that it wasn’t necessary to operate that day at all because the forecast has changed. That’s not unusual: I suppose there’s a 50-50 chance of that.
VICE CHAIRMAN CORRIGAN. If there were any systematic effort, as opposed to these issues of finesse, to place more direct significance, say, to the exchange rate in terms of Peter’s day-to-day operations, I think that’s the Committee’s decision, not Peter’s--with all due respect to Peter. I think there is room for the finesse factor from time to time, and I think he uses it. But I interpret your question as being a little more fundamental than that. I think if it’s a more fundamental question like that, that’s a decision we must make, not him.
MS. SEGER. Just hearing the one presentation following on the heels of the other made me connect the two.
CHAIRMAN VOLCKER. A very good question. Are there any other comments? (February 12, 1985)

Let us examine the relationship between initiating and responding moves based on this example. First, Ms. Seger’s first move is initiating with regard to this micro situation (beginning of the discussion of the staff economists’ reports). However, it is also responding: first, Ms. Seger responds to Volcker’s move “Any comments?” Yet, the significance of this response for a study of influence behaviors is quite small since Volcker’s move was of an administrative character, and not an influence move. The
second face of Ms. Seger’s responding move is more important - she follows up on
comments made previously by Mr. Cross (another staff economist) and Mr. Sternlight.
This means that her move is a response to two different moves made earlier by two
economists.

Subsequent responding moves show the complexity of the relationship between
initiating and responding moves even more clearly. While Mr. Sternlight’s response is
directly to Ms. Seger’s initiating move, subsequent moves made by Volcker, Mr.
Wallich, and Mr. Corrigan are responses to the Ms. Seger- Mr. Sternlight exchange of
moves, and not just to one particular speaker or move, because they incorporate
information from both Ms. Seger’s and Mr. Sternlight’s moves. Moreover, with each
following move, the number of links in this exchange increases; Mr. Wallich already
responds to Ms. Seger- Mr. Sternlight- Volcker exchange of moves, and Corrigan’s is a
responding move to the previous chain plus Mr. Wallich. Of course, each of these
responding moves may relate to one initiating move (often the preceding) more than the
others, but it is hardly possible to measure the degree of closeness of a responding move
to any of the initiating in the chain. For instance, Volcker’s first intrusion in which he
corrects Mr. Sternlight is a direct reaction to the latter’s move, rather than Ms. Seger’s
question, but it certainly incorporates the information of both previous moves.

Recognizing the complexity of the division between initiating and responding
moves, I think of these two types as ideal types, following Weber’s line of reasoning
(Weber, 1904/1949). That is, in reality, each move only approximates one or the other
type, and “initiating-responding” turns from the dichotomy to a continuum. Moreover, it
is helpful to always speak of a concrete pairs of moves and/or concrete situation to which
the moves refer, rather than call a move “responding” or “initiating” in an abstract sense.

To address the issue of non-linearity (referral of a move to a relationship of preceding moves, rather than a single move), I introduce the concept “the order of the responding moves.” If the move is made in response to a single initiating move within a specific micro situation, it is a responding move of the first order. If it is a response to an exchange of moves, it is a responding move of the second order. In the aforementioned example, Mr. Sternlight’s answer to Ms. Seger’s question was the responding move of the first order, while the subsequent moves were the responding moves of the second order.

For the purposes of my analysis, I defined responding moves as those where the meaning cannot be understood without the move to which it refers. Yet, this definition is not perfect, either. It does not capture the situation where the speaker tries to avoid the previous discussion, i.e. move away from it. In this case, the meaning of his/her move (to steer away from the previous discussion) can be understood without previous remarks, and yet, it is a type of a responding move. To address this problem, I tie the analysis of moves to micro situations in which they occur. I define the boundary of each micro situation, and examine the relationship among moves within that particular micro situation. To illustrate, in the aforementioned example, the micro situation starts with Volcker’s move opening the floor for questions, and ends with his move “Any other comments?” Since his first move simply has an administrative, rather than influence character, I omit it and consider Ms. Seger’s question an initiating move. Given the boundary of this micro situation, I think of her move as initiating, despite the fact that she actually refers to two moves previously made by the economists. In sum, I examine
initiating and responding moves as attributes of a particular micro situation, instead of examining initiating and responding as attributes of a particular move. Discussion at the meeting, therefore, is examined as a sequence of snap-shots – situations, rather than a never-ending sequence of move per meeting. The meaning of any move, therefore, can only be understood in its situational context.

**Discussion**

This chapter offers a perspective different from the one undertaken by the research on influence tactics. The latter stems from the theory of power bases developed by French and Raven (1959) who look at power from the cognitive, intra-individual perspective. French and Raven thought of power bases as resources that allow one individual to influence another. This study approaches to the issue of power and influence from the interactional, inter-individual angle. According to the data, group members look for the opportunities to influence each other regardless of their status positions, and differential expertise (the power to reward and punish is not applicable in this setting for the reasons explained in the beginning of the study). These opportunities for influence are embedded in the situation, and are used every time a group member makes an influence move. It is the situation, and not personal characteristics that governs the influence behavior of the members in this group.

The findings reviewed in this chapter challenge several assumptions that accompany French and Raven’s theory. First, according to their theory, communication among social actors is pure and perfect. It is pure in the sense that all interests, goals and immediate intentions are transmitted from one head into another without distortion. It is
perfect in the sense that one individual is assumed to know all the intentions of the other.

Since French and Raven did not say so directly, a justification for such an interpretation should be offered here. First, their theory on the basis of social power starts from the following statements:

The phenomena of power and influence involve a dyadic relation between two agents which may be viewed from two points of view: (a) What determines the behavior of the agent who exerts power? (b) What determines the reactions of the recipient of this behavior? We take this second point of view and formulate our theory in terms of the life space of P, the person upon whom the power is exerted (French and Raven, 1959: 150).

Yet, nowhere in their subsequent explanation, including the concluding hypotheses offered for further development (French and Raven, 1959: 165), communication was mentioned as one of the determinants of the reactions of the recipient. Similarly, their definition of the resultant force from the use of power does not take into account the possibility of different interpretations of the situation by the agent and the recipient of power message:

The influence of O on system a in the life space of P is defined as the resultant force on system a which has its source in an act of O. This resultant force induced by O consists of two components: a force to change the system in the direction induced by O and an opposing resistance set up by the same act of O. (Ibid: 151).

Yet, in a different study (French and Raven, 1959) testing some elements of their theory, French and Raven carefully worked on the uniformity of the language (keeping it as simple and unequivocal as possible) that was used in their experimental design. Given their efforts to do so, a conclusion can be made that they probably realized the potential problems associated with the different interpretations of the language and, therefore, attempted to minimize it. Yet, their theory, just in the manner it was specifically developed for the dyads, and not groups (the authors stated it on p.152), it was similarly
restricted to the situations where the intended message was “transmitted” without distortion:

The influence exerted by an act need not be in the direction intended by O. The direction of the resultant force on P will depend on the relative magnitude of the induced force set up by the act of O and the resisting force in the opposite direction which is generated by that same act. In case where O intends to influence P in a given direction, a resultant force in the same direction may be termed positive influence whereas a resultant force in the opposite direction may be termed negative influence. If O produces the intended change, he has exerted positive control; but if he produces a change in the opposite direction … he has exerted negative control (Ibid: 152).

This chapter shows just how complex the process of interaction is. Group members do not know each other’s intentions. They only hear what is being said, and the rest is subject to the process of constant interpretation. Interests are not pursued at any cost, but only as far as the situation allows. Since the situation is constantly changing, the only way for the group members to influence each other is incrementally, by making moves. In sum, assessment of the situation plays a paramount role in the process of influence.

Another assumption of French and Raven’s theory is that social actors pursue one interest at a time. This is evident in again in the definition of the resultant force presented above which consists of two components, a change resulting from the pursuit of O’s interest, and the direction of response. According to the data in the present study, the policy makers have multiple interests at any given time. For instance, in the section on positioning moves, I gave an example from the October 1990 meetings, where Bank Presidents shared their perceptions on local and national economies. Several Bank Presidents’ districts were doing better than the overall economy, which suggests a policy against easing. Yet, President Forrestal, for instance, realized that despite his local situation, the national outlook called for an easing move. That is, he was going with the
policy that was not in the immediate best interest of his district because he had another interest, namely, to maintain the health of the national economy. Similarly, at October 1990 meeting, Greenspan’s personal preference was for an immediate easing move. Nevertheless, when the Chair realized that number of FOMC members who were against it, was quite high, he offered to wait with an ease for several days, and his offer was for the interest of consensus. In sum, there are conflicts of local and national interests, long-term and short-term benefits, personal interests and reputation of the FOMC as a whole, as a group, and when these conflicts emerge, social actors act based on the immediate situation, rather than on an algorithm of their individual interests.

French and Raven’s theory assumed that individuals influence individuals directly. This chapter shows how in group settings, individuals influence the situation. The person-to-person influence occurs, but is not the dominant form of influence. For instance, orchestrating moves often target discussion flow, framing moves often target the group as a whole, responding moves are responses to the chain of previous moves. Each actor is focused on the evolving sense of the group and its meanings.

The unidirectional nature of influence is next assumption of the theory questioned here. Influence in their theory is exerted on one person at a given time, and the amount of psychological change resulting from the influence behaviors is “measured by the size of the difference between the states of the system at time 1 and time 2” (French and Raven, 1959: 152). The finding that one responding move can be actually a responding move to a chain of previous moves, or moves made by different speakers at different times questions this assumption. I illustrated this point in detail when I examined initiating and responding moves. As the discussion evolves, each subsequent move is a response to the
previous chain of moves, where each speaker’s move changes the meaning of the issue. Every time, a policy maker makes a move, it is based on his/her interpretation of the situation which, in turn, is created by previous moves. At the same time, the speaker is also aware that the move he/she is making will be incorporated by future speakers. In addition, each speaker is always aware of the whole group listening and interpreting what he/she is saying. This means, that there are at least as many directions of each single move, as there are people in the room. That is, the issue of the direction of influence is far more multi-faceted and complex than unidirectional (“influencing agent – target of influence”) view existing in the literature on influence tactics.

Finally, this study challenges the traditional view of power. The current way of thinking about power – which has been influenced by French and Raven’s theory – is in terms of the six types of resources allowing one individual to influence another. In this group, there is no such a resource as reward or punishment; this is a one-man – one-vote situation. Although Greenspan and Volcker were respected by all members, no meeting had the structure of a Chair dictating the group what to do. This means, that influence behaviors are not necessarily closely related to the six power bases in groups, based on the findings of this study. Different resources are used by members of this group, namely, the ability to adjust consensus, a chance of being in the majority coalition, or even a frame that can be conveniently used by the subsequent speaker as a jumpstart for his or her argument. All such resources are presented by interactional opportunities, which is one of the main themes of the following chapter.
CHAPTER 5. INFLUENCE TACTICS IN NATURAL SETTINGS: A MICRO-SITUATIONAL MODEL

Introduction and Literature Review

Once a set of influence moves is identified, a logical question arises, namely, how should these findings be applied? Indeed, social psychological research has developed quite a few models of influence tactics based on a number of individual and situational factors affecting choices of tactics. The list of such factors includes direction of influence attempt (Yukl and Falbe, 1990; Yukl and Tracey, 1992); cross-cultural differences (Fu and Yukl, 2000; Yukl, Fu, and McDonald, 2003; Terpstra-Tong and Ralston, 2002; Leong, Bond and Fu, 2007) personality characteristics of influencing agents, such as Machiavellianism (Grams and Rogers, 1990; Farmer et al 1997; Falbo, 1977), gender (O’Neil, 2004), types of jobs and role identities (Aguinis, Nesler, Hosoda, and Tedeschi, 2001) self-esteem (Raven 1992; Schwarzwald and Koslowsky, 1999), status (Stahelski and Paynton, 1995); situational factors, such as the goal of an influence attempt (Yukl, Guinan, and Sottolano, 1995; Aguinis, Nesler, Hosoda, and Tedeschi, 2001), amount of resistance or success anticipated (H. Steensma, 2007), agents’ evaluation of the relative power distribution (Somech and Drach-Zahavy, 2002); organizational culture, including leadership style, consistency with prevailing norms and role expectations for the use of certain tactics (Steensma, Jansen, and Vonk, 2003; Yukl, Fu, McDonald, 2003, Deluga and Souza, 1991), nature of broader relationships between leaders and subordinates (Sparrowe, Soetjipto, and Kraimer, 2006); expectation of future interaction (Van Knippenberg & Steensma, 2003), work motivation (Barbuto, Fritz, and Marx, 2002) and others (for review of the empirical studies on the existing models of influence tactics,
including determinants of choice, success, consequences, see Van Knippenberg and Van Knippenberg, in Van Knippenberg and Hogg 2003, and Schriesheim & Neider 2006).

Given the contribution of these experimentally-designed and tested models to our understanding of various individual and situational variables in influence processes, it would seem proper to try and apply them to the influence moves used by FOMC members. In many ways, the problems associated with such an approach are similar to the one described earlier with respect to application of the existing experimentally-derived sets of influence tactics to the natural policy-making setting. For example, the issue of operationalizing situational variables to natural data remains the same as faced at the stage of identifying influence tactics themselves. Most of the aforementioned variables (amount of anticipated resistance, power basis, consistency with prevailing norms and role expectations, etc.) were based on either ranking scales and self-reported measures or were part of a scenario, which makes their application to the FOMC transcripts virtually impossible, since the necessary data could only come from surveys, and surveying FOMC members about specific interactions that occurred five or more years earlier or studying them in experimental settings is not possible.

Similarly, some of the situational variables identified in the previous research may be irrelevant in the current setting. For instance, given the ongoing nature of the group, “expectation of the future interaction” has no variability (which is necessary to find a relationship among variables), since an expectation of the next FOMC meeting always exists. At the same time, certain factors not explored in experimental research may be of crucial importance in the FOMC setting (e.g., uncertainty of the environment).
Other obstacles for using the existing models are specific to the development of a model per se (as opposed to developing a set of tactics). In experimental and survey-based research, the environmental variables are controlled for: the influence objectives are explicitly stated and the set of inputs is given and defined as in the following scenario used in a questionnaire study by Yukl, Fu, McDonald (2003):

The production manager has an innovative idea to restructure the production line in a way that will greatly reduce costs and increase profits, but implementation of the idea would involve a big investment in new equipment, as well as hiring and training new technical personnel. To make the change requires the approval of the facility manager, who is a longtime friend. The production manager knows that the facility manager is reluctant to make risky decisions. How effective would each tactic be for influencing the facility manager to approve the proposed change?

In this scenario, the production manager is certain that cost will be reduced and profits increased. In a natural setting, it is the uncertainty of the environment and the need to negotiate it that set the stage for influence processes in the first place. What Collins (2004: 275) once said about science is equally applicable to policy making. Namely, this process “like everything else, is socially produced by people who make interpretative statements that in turn become the allegedly objective knowledge itself.” Indeed, during each meeting FOMC members compare their estimates of economic indicators, including their assumptions leading to the resulting figures; they frequently disagree on questions of probability, exact timing and/or strength of upcoming recession or economic boom. One must take into account a simple fact, namely, that these experts start discussing the signs of the possible recession or recovery much earlier than they are visible or announced to the general public; consequently the uncertainty in interpreting the environment is extremely high.

Furthermore, the social psychological models of influence tactics see choice and execution of the influence attempts by the influencing agent as a result of some
straightforward stimulus-response mechanism. The complex process of individuals trying to assess the situation strategically is entirely missed by this stream of research. In Blumer’s words, “meaning is either taken for granted and thus pushed aside as unimportant or it is regarded as a mere neutral link between the factors responsible for human behavior and this behavior as the product of such factors” (Blumer, 1969: 2).

Under-estimating the importance of the meaning construction can actually result in misleading conclusions, as can be illustrated on the scenario presented above (i.e., production manager trying to influence his friend - facility manager to invest in the new product). The described situation will have different meanings for different people. A production manager who values his long-time friendship more than the profitable pay-off of the new product would probably prefer one tactic over the other (e.g., going to the friend’s home). Also, if such situation happened in real life – s/he would must place him- or herself in the position of the friend-director and ask if the latter, in turn would value their long-time friendship as much as s/he does, which again may affect the perception of the tactic effectiveness. Some may even consider likely negative effects on some departments resulting from the necessary re-structuring of the company, though the overall effect on the company may be positive. Furthermore, the production manager is likely to take the role of the facility manager, analyzing the whole situation from the viewpoint of the facility manager who not only has a range of various hidden interests but also (1) is acutely aware of the fact that the production manager is trying to influence him/her and is currently undertaking the evaluation of the opportunities to do so, and (2) understands that the production manager is also aware of him/her (company manager) doing a similar evaluation of the situation. Finally, given that questionnaire is presented
to a respondent, all answers to the questions regarding the choice or effectiveness of the tactic will be based on the meaning that this scenario has for the respondent at the time of filling out the questionnaire.

All social psychological models of influence tactics were based on what Glazer and Strauss (1964: 678) referred to as a “factor approach” which by their own admission was “a standard one in sociology” (as well), and was “legitimized by the notion that one can only consider so much at one time with precision and clarity, and therefore boundaries must be chosen, usually according to one’s interests, provided they are theoretically relevant.” In other words, the usual means of development for the models of influence tactics was to focus on several variables at a time and factor out everything else. Undeniably, one could argue that additional variables may be introduced by operationalizing such concepts as “value of long-time friendship,” “relative importance of one department over the whole company,” etc., or, alternatively, those variables could be added to the scenario description. The problem with this solution is that the range of factors defining the meaning is too wide to be predicted a priori. Even more importantly, the interplay of these factors is not known beforehand: is the relationship additive, multiplicative, or exponential? Are these factors and/or their relationships constant across micro situations or do they vary?

Finally, the static nature of the existing experimental models of influence limits our understanding of the influence process, which is time-dimensional. Suppose, the production manager goes to the facility manager’s home, and his/her friend opens the door with a sulky expression on his/her face… Would then the tactic be the same if, say, the doors were opened with an unsuspicious welcoming smile, or a perceptive greeting
indicating that the purpose of the visit is guessed correctly? Consequently, a descriptively accurate model of influence tactics should fully incorporate the notion of meanings, complexity of language, multiple participants of the interaction process, and the ongoing flow of events.

This chapter will introduce a micro-situational model of influence tactics in an attempt to address the aforementioned issues. The model shows how situations shape influence behaviors in natural settings. In contrast to the social psychology of individuals, the current model is based on the sociology of situations and represents a model of situational causality (Collins, 2004), where the micro situation becomes the unit of analysis, as well as the unit of observation. Instead of comparing individuals choosing influence tactics based on a limited set of variables, this model compares situations with their multiple sources of constraints and opportunities for influence. Of course, individuals do matter, but the mechanism of the model is more complex than envisioned by the existing research on influence tactics. Namely, rather than automatically triggering a certain response or determining a choice of a particular tactic, situational factors shape (or channel) influence behaviors in situation-specific ways. Furthermore, the relationship is not unilateral: situational factors are also used by decision makers in the course of their strategic interaction.

**The Concept of a Micro Situation**

The term “micro situation” was first introduced by Collins as an “empirical referent” in a “detailed analysis of what people do, say, and think in the actual flow of momentary experience” (Collins, 1981: 984, 986). By identifying “patterns of repetitive
micro-interaction,” he argued, researchers could translate such micro encounters into macro structures.

According to Collins, micro situations are characterized by mutual focus or attention, shared mood, and social coordination/synchronization of thoughts and movements (Collins, 1981; 2004). Mutual focus was defined as “awareness of the object or of the other person, as well as awareness that the other’s focus is the same as his/her own focus” (Collins, 2004: 79). When two or more people are “physically assembled in the same place,” Collins explained, they “focus their attention upon a common object or activity, and by communicating this focus to each other,” they “become mutually aware of each other’s focus of attention,” “more aware of what each other is doing and feeling, and more aware of each other’s awareness” (Ibid: 48). Hence, there are two prerequisites of the “mutual focus of attention,” namely, “focus on the object (or activity)” and the shared understanding that this object (or activity) is at the center of everyone else’s awareness.

The synchronization of thoughts, according to Collins, is possible due to the ability of participants in the interaction process to “get into the flow of an interaction” by making “a series of adjustments that brings their rhythms together;” it enables them to ‘keep the beat’ with what their partner is doing by anticipation, rather than by reaction.” Synchronization of thoughts represents one of several components of “rhythmic coordination,” which occurs during interaction; other components include of synchronized timing of bodily movements (e.g., gestures), of voice pitch ranges, and even brain waves (Collins, 2004: 75). As people become more involved in interaction, the intensity of the mutual focus of attention produces “shared rhythms,” which allow turn-
taking in interaction to be “finely coordinated,” reducing the gaps between turns to minimal. They tap into the meaning of what is being said and respond to each other almost instantaneously.

In addition to creating the concept of micro situation and outlining characteristics (mutual focus of attention and synchronization of thoughts) that can be imported as its defining elements in the context of interaction, Collins’ work suggests the potential of the concept for the development of a micro-situational model of influence tactics in our case in natural settings.

First, micro situation is a useful analytic device to bound interactional moments. Given the continuous and smooth nature of policy discussions at FOMC meetings, one cannot easily split them into clear-cut fragments, which serve as contextual backgrounds against which the actual behaviors (influence moves) occur. In experimental designs, these backgrounds are given a priori or identified through some physical or objective characteristics: going to someone’s home, writing memos, have defined starting and ending points (e.g., leaving from and to a certain address, signing a memo, etc.). In addition, many of these situational backgrounds are more macro in nature, in that they take place in a matter of hours or days. Yet, many influence moves, being the building blocks of behaviors in interactions, take place in matter of minutes, or even seconds. As a result, we need to capture the situational characteristic of that moment when the move is made. Micro situation represents the closest marker of that moment.

Second, micro situation defines the characteristics of the interactional moment. Many situational factors can be defined using such terms as state of economy (e.g. recession versus boom), Chairmanship style, agenda items. However, these macro and
mezzo situational characteristics alone do not account for the changes in the characteristics of the interactional moments shaping individuals’ influence behaviors, because they are constant from one micro situation to another. For example, during the roundtable discussions where members take turns to offer their interpretations of the economic outlook or policy preferences, the first and the last speaker’s influence moves are made in a qualitatively different environment, characterized by the extent to which the views of the majority of the committee have been revealed. Consequently, the opportunities for making certain influence moves (e.g., piggy-backing, declaring limits of tolerance) may exist in the end of the roundtable discussion (e.g., for last speakers) but not for the first ones.

Similarly, the influence dynamics change along with the shift of speakers and their interests. The choice of influence moves changes by making some appropriate in certain interactional moments, but not in others. For example, sometimes, policy makers engage in heated discussions and use splintering, which was previously defined as a very quick reaction to the previous move where the responding person takes a weak link in the initiating move and, using a different filter, turns it to his/her own advantage. As a very quick reaction, splintering is better suited for vivid discussions, rather than monologues. Furthermore, this influence move usually has a sarcastic undertone, and policy makers use it only in certain micro situations, where the intense dynamics makes its use appropriate. As a result, the characteristics of an interactional moment defined by micro situations are important for understanding the use of influence moves.

Finally, micro situation provides a mechanism for researchers to study the social and strategic aspects of influence in interaction. The psychological literature on influence
tactics has so far focused on the cognitive side of influence, where choosing the best tactics under defined set of circumstances was a cognitive and solitary process. This cognitive view was clearly demonstrated in the aforementioned scenario (see p. 141) where production manager was trying to influence the facility manager about restructuring the production line. The selection of the best influence tactic (by the production manager) occurs before the actual interaction between the two individuals is supposed to take place, and this tactic is assumed to be unchanged throughout the interaction process. In natural policy-making setting, where committee members constantly adjust their moves, the influence process is more than cognitive, it is intensely interactional. That is, policy makers constantly reassess the situation and react to it by influence moves, and each move may create a new situation, which is interpreted by others and reacted to again. In addition, influence moves are a result of strategic interaction: in assessing the situation and making an influence move, policy makers try to take each other’s role in order to foresee the consequences of their actions, thus better tailoring them to the current situation.

One could posit a legitimate question, namely, why not take Goffman’s approach (1967) of analyzing the richness of the situation from an individual’s perspective. There are two problems with application of such an approach to the current analysis. First, Goffman examined the hypothetical (game theory) situations, and therefore, had all information about individual’s cognitive processes at hand. In natural data, such information is not available from transcripts. Second, it is not possible (nor it is practical) to examine each micro encounter from the perspective of each individual present at that
time in the room. The concept of micro situation makes it possible to look at the social and strategic nature of influence behaviors.

Despite the magnitude of Collins’ contribution to the development of a micro-situational model, the concept of “micro situation” needs further refinement for its application to interaction setting for several reasons. First, influence tactics were outside of Collins’ theoretical scope. His focus was on micro-translation strategy, which is the mechanism of translation of micro events (i.e., actual everyday-life behaviors) into macro-sociological concepts, such as class, society, economy, and the like. As a result, he is more interested in micro situations as building blocks of macro structures rather than the dynamics within them. The value of the concept “micro situation” for him is that it provides researchers with a mechanism to explain macro constructs as accumulations of micro events, a mechanism allowing thinking of “social structures as patterns of repetitive micro-interaction” (Collins, 1981: 985). For example, whereas others may see organizations as abstractions such as normative, political or cultural conglomerates, Collins sees them as interaction ritual chains, as a sequence of micro situations formed as the result of concrete people coming to the same concrete places at certain times, or performing concrete actions in given sets of circumstances. Consequently, he would define the whole meeting of the FOMC as one micro-situation, which would make it a useful analytical device for the micro-translation strategy. Yet, such an approach provides little guidance with respect to partitioning a meeting into a series of micro situations, so that one could study how influence behaviors are shaped by the nuances of the interpretive moments.
Second, Collins is interested in micro situations as experienced by individuals, seeing the former as “individual chains of interactional experience, crisscrossing each other in space as they flow along in time” (Collins, 1981: 998). In the context of FOMC meetings, the focus is on the group dynamics within micro situations. Undoubtedly, each FOMC member’s chain of individual micro-situational experiences is important in shaping the choices of influence moves. At the same time, the group dynamics during the policy-making discussion reflects what Boden refers to “togetherness in thinking” (Boden, 1994), that is, the mutual effort to negotiate the meaning of the concepts, where several speakers make influence moves with respect to the same issue and maintain the mutual focus of attention (Collins, 1981). In this context, each subsequent move is a reflection of both the speaker’s interest or his/her past interactional chains and the preceding move(s) made by others. Furthermore, all policy makers share a common mandate to arrive at policy, which unites the group members and serves as an important consideration in making influence moves.

Another way of looking at this issue is that Collins’ view of micro situation focuses on the past situational factors shaping the present individuals’ behaviors, while the current data call for a model encompassing in-situ, from the viewpoint of the interaction participants, situational factors. For example, if an FOMC member’s conversion influence move contains the so-called monetarist frame (i.e., the need to follow money supply, as opposed to interest rates, measures), Collins’ would explain the choice of the influence move and that frame by pointing out at the speaker’s “individual chains of interactional experience,” such as interactions with other people advocating certain views during academic training, work environments, etc. The current data do not
allow for studying such past interactional chains; at the same time, they provide rich information about the in-situ factors shaping the behaviors, such as other members’ moves trigging this frame and type of move. Therefore, the concept of micro situation needs to be modified to allow for incorporation of such proximate factors.

Finally, given that negotiation of environment is at the heart of policy-making discussion, understanding of micro situation should be based on the process of meaning creation and the strategic nature of interaction, and these processes were out of Collins’ analytical scope. Given his primary focus on understanding the relationship between macro structures that we constantly refer to in every-day life, such as “economy,” “organization,” “class,” “society,” “culture” and so on (what he called “macroreferences” pointing to “abstract or reified social entities”, Collins, 1981: 989) and concrete experiences of individuals, his interest was not about how people interpret verbal and non-verbal cues coming from others and ascribe meanings to such cues. Yet, as was explained earlier, understanding of influence behaviors in the current setting cannot be accomplished without these processes. For example, at one meeting (October 2, 1990), the FOMC had to make the usual policy decision shortly before the Administration was supposed to vote on a budget proposal. The steep contractionary implications of this proposal for the economy were well understood by the members. As a result, a phrase to the effect that the budget deal had to be supported had a very specific meaning in the context of the meeting, that is, it signaled a preference for easing. The micro-situational model of influence tactics in policy-making setting must take into account the nuances and complexity of the language and the process of meaning creation.
By introducing the concept of micro situation as an analytic device needed to connect events and by developing a strong foundation for this concept’s definition, Collins made a vital contribution for the development of an interactional model of influence tactics in natural setting. However, given a different theoretical focus, the concept needs further refinement for its application to the policy-making groups and interaction data.

**Micro Situations as Interpretive Moments**

FOMC meetings resemble chains of mini discussions of issues, where the group’s attention constantly shifts from one conceptual issue to another, and the subset of speakers contributing to the interpretation of this issue changes as well. These mini discussions may be thought of as interpretive moments in the life of the group. *Micro situation (MS) thus refers to the part of the discussion which takes place over a short period of time and where group’s attention is centered on one conceptual issue.* Collins compares group conversation with a “passing around a ball,” consisting of the focus of attention, or more precisely (he adds) passing around “an image of a ball… on a screen in time – lapse, leaving a trace of electronic particles just behind it” (Collins, 2004: 73). So, the conceptual issue is really that “ball leaving a trace of electronic particles just behind it.” These “traces” allow smooth flow of interaction from one micro situation to another.
Each influence move within the MS contributes to the interpretation of that conceptual issue, with speakers bringing their own spins on it:

There are two major dimensions for defining a micro situation, namely, the conceptual issue and brief time span. A *conceptual issue* can be defined as a side or image of an issue that constitutes the object of mutual focus of attention, the target of synchronized thoughts, using Collins’ (2004) terminology. As indicated before, mutual focus means awareness of the object, coupled with awareness “that the other’s focus is the same as his/her own focus” (Collins, 2004: 79). Each speaker communicates his/her focus to other members, and as a result, at any meeting’s point, FOMC members are aware of what constitutes a conceptual issue, or object, of discussion and understand that this awareness is shared. Furthermore, because of the past interactions, where the meaning of various similar conceptual issues were constantly re-negotiated, the FOMC members grasp the current focus of attention swiftly and easily, which is unlikely to be the cases for someone unfamiliar with their language.

In addition to being the center of mutual focus of attention, the conceptual issue is also at the center of synchronized thoughts: the policy makers’ thoughts are so intensely focused on this one issue that they can interpret and react to each other’s moves instantaneously; they “keep the beat” with each other “by anticipation, rather than by reaction” (Collins, 2004). A long history of interaction plays an important role in the
ability to synchronize thoughts in any given interactional moment. Past micro situations where the meaning of related and/or similar concepts was negotiated allow the committee members to *feel* the meaning of the conceptual issue and social dynamics of the interactional moment as discussion unfolds.

As an example, let us break a part of a discussion from one meeting into a micro-situational chain according to conceptual issues. This segment of discussion refers to a report on foreign exchange market operations presented by Mr. Cross (staff economist). The report describes details of an intervention jointly undertaken by major Western European countries into the foreign exchange market. At that time (during the mid-1980s), major industrial nations were increasingly leaning towards “intensified policy coordination” (culminated in the Plaza Agreement among G-5 in September 1985) to counteract the volatilities of the exchange rates through various mechanisms, mainly through the coordinated sales of dollars.\(^\text{xiii}\) In February 1985, for instance, the U.S. dollar was strong, but the collaborative intervention was needed to offset “the continuing large exchange rates movements” of major G-5 currencies and “the effect of declining oil price on sterling” (Materials for February 13, 1985 FOMC meeting, presentation by Sam Y. Cross). According to the report, the position of Western European countries with respect to U.S. actions (involving both the Treasury and the Federal Reserve) was that the latter were not adequate, compared to the European states’ efforts (Ibid.).

First, Mr. Wallich inquires about the possibility of a large intervention without participation from the United States. After Mr. Cross’s reply, Mr. Boehne re-focuses the attention of the group to intervention magnitude, and the final discussion is centered on the German operations. The whole discussion is divided accordingly into three micro
situations (boundaries indicated by dotted lines) with main discussion conceptual issues indicated in the end of each micro situation:

MR. WALLICH. Sam... would you get the impression ... that ... if [European] sentiment on intervention is moving in any direction at all, it’s moving in the direction of doing something more drastic--perhaps without the United States – [say], accumulation of some resources from interest and hitting the market hard when the dollar is already declining?

MR. CROSS. Well, it’s very difficult to say what they [European countries] might do. I would think that the desire, obviously, is very much to have the United States: (a) take the lead: and (b) certainly, participate. Now, whether they will bring themselves to very large intervention in our absence—if we are out of the market entirely—looks pretty doubtful. (Issue: Possibility of a large intervention without US participation)

MR. BOEHNE. What kind of money are they talking about?

MR. CROSS. I don’t know that anybody is talking about any specific amount of money. I think … fairly modest amounts… the most we did was close to $150 million. There certainly is a feeling that one needs to act both in greater amounts and also with a greater forcefulness... They understand the U.S. view about not wanting…to bash the currency: but they do feel that something needs to be done to deal with these exchange rates more forcefully than has been done...(Issue: The magnitude of the anticipated intervention)

MR. WALLICH. Well, if I may pursue this a minute. Didn’t you get the impression—I did myself--that the German intervention of September [1984], which was massive and to us appeared very … clumsy at the time, is regarded much more positively over there as having been a really successful operation? Maybe that’s [why] they seem to think it’s the way to go—to wait until the dollar is softening and then push it down.

MR. CROSS. Yes, I certainly think that. Absolutely. As a tactical move, the German operation of September did introduce a considerable amount of two-way risk and uncertainty in the market. It … is seen as having been a very useful and attractive operation. … There is certainly, on the part of some of the Europeans, a strong desire to see if tactics of that sort could not be used again with the same impact. (Issue: The German operations) (February 12-13, 1985: 1-2).

The notion at the heart of the discussion within a micro situation is the central conceptual issue. In the example above, the central conceptual issues were “Possibility of a large intervention without US participation,” “The magnitude of the anticipated intervention,” and “The German operations.” Any other constructs identified in the discussion are peripheral. For instance, in the first micro situation, a number of peripheral constructs were introduced, such as “the change in the European sentiment about intervention,” “intervening by accumulating resources from interest,” “intervening when the dollar is already declining,” “difficulty of predicting European actions,” “the
Europe’s preference for US participation,” “the Europe’s preference for US leading the intervention,” and others.

Identification of central conceptual issue and peripheral constructs is an interpretive process based on a tacit understanding of FOMC rituals. It assumes that if at any given point of a discussion, all participants were asked to exactly define the central conceptual issue of the interpretive moment, their exact wording could be somewhat different, but their interpretations would be positively correlated with each other; that is, it assumes a fair degree of shared understanding. What makes the central conceptual issue real is that it provides the “glue” necessary for the participants to understand what is being discussed and respond to each other. Consider switching Mr. Cross’s moves in the first and second micro situations (i.e., his responses to Mr. Wallich and Mr. Boehne): even though both central conceptual issues are about intervention, the answers would no longer make sense because of the first conceptual issue (“possibility of intervention without US participation”) was not exactly the same as the second (“magnitude of anticipated intervention”).

The way of thinking about identifying the central issue and the boundaries of a micro situation is similar to the specification of a start and end time limits in physics and mathematics. The reader may recall the statement “let’s assume that t (0) is the start time and t (1) is the end time” for some process. Once this assumption is made, we all understand that the difference in time is estimated as t (1) minus t (0). Similarly, we say “let’s assume that “A” is the central issue. Having done that, we can understand where the discussion of that concept starts and ends. The important point here is not so much to identify the absolute meaning of “A” (which is hardly possible because of the multiple
interpretations) but to understand the relationship between the central issue and the micro situation. That is, micro situation is defined by change in conceptual issues, rather than a number of speakers or moves involved, or a number of lines of the meeting transcript.

The second dimension defining the interpretive moment in micro situations is **brief temporal duration**. Given the interpretive nature of the central conceptual issue and peripheral constructs, conceptual issue alone does not help us understand micro-situational boundaries. For example, one can argue that “current state of economy” is a central issue whereas local economic conditions are peripheral constructs and as a result, the whole roundtable discussion of the economic outlook constitutes a micro situation. Similarly, each agenda item could be regarded as a central issue and the micro situations could then be divided according to the agenda items.

The problem with defining micro-situational boundaries too broadly is that in doing so, we are running a risk of extrapolating the meaning of an influence move which was made under one set of circumstances onto another, *qualitatively different* set of circumstances. For example, during the discussion of economic outlook, members take turns to present their perspectives on local and national economies using mostly descriptive framing moves, as well as positioning with framing with respect to staff economists’ forecast. Some time into the discussion, speakers begin to also use conversion moves, as well as piggy-backing and positioning framing with respect to those members who have already spoken. If the whole roundtable discussion is treated as one micro situation, and the members’ influence moves are studied within this situation, the resulting conclusion regarding distribution of influence moves by speaker will be based on an incorrect assumption, namely, that the last several members who used piggy-
backing and conversion moves acted under circumstances similar to the first few speakers.

Consequently, micro-situational time frame should reflect what Goffman (1967) called “brief continuities in time,” and capture events occurring “here and now” where ultimate materials are “small behaviors,” such as “glances, gestures, positionings, and verbal statements that people continuously feed into the situation, whether intended or not” (Goffman, 1967: 1).

The issue then becomes, how brief the temporal duration of micro situation should be; or, how can temporal boundaries of a micro situation be measured?

The concept of time, including measurement issues, has been extensively studied by several disciplines, including physics, biology, psychology, and sociology (Ornstein, 1997; Ferrarotti, 1990; Robinson Heath, 1936; Mead, 1929; Mead 1932; for a systematic literature review of experimental studies on time in social psychology, see Block 1990; Roeckelein, 2000). Apart from conventional metrics, such as seconds, milliseconds, and the like, various measures of temporal duration in social psychology were based on judgments of time. Examples of such judgment-based measures would be asking the observer or experimental subject “to reproduce [the length of] the interval,” “obtaining a verbal estimation [of the interval’s length],” “using sequential stimuli” and “key-tapping response” (Ornstein, 1997: 21, see also Block 1990; Roechelein, 2000).

Conventional metrics, such as seconds and minutes are not very meaningful in the context of a natural policy-making group because of situational and individual differences in speed due to variation in succinctness of speaking, frequency of pauses, as well as complexity of the issue itself (i.e., it may take longer to make one point than
another for the same person). Obviously, other measures of time developed for experimental settings (i.e., obtaining verbal estimations, using sequential stimuli, key-tapping, etc.) are meaningless in this context as well.

Mead suggested (1929) a different approach of separating the past from a specious present (our direct experience of the moment in passing), namely, when the others “can reflectively refer” to memory images, the actions that are “reflectively referred” to become the “past,” even though the “memory images” are themselves part of the present. This approach, despite its close association with sense-making process, is hard to apply in a study of natural groups because no one knows when and if reflective thinking of the past influence moves takes place.

While offering no solution for measuring temporal duration in a study of social actors in a natural setting, the literature on time supports the development of the micro-situational model of influence tactics in that it recognizes the importance of differentiation between experiences “in passing” (or process of a short temporal duration) and experiences “in retrospect.” (Mead 1929; James 1900; Roeckelein, 2000; Block 1990) The importance of this distinction was first captured by the concept of specious present, which was defined as “the short duration of which we are immediately and incessantly sensible” (James, 1900: 631, cited in Roechelein, 2000: 67). Later, two streams of studies in social psychology accumulated evidence for the need to differentiate between the two types of experiences, depending on temporal duration. First was the experimental research that focused on how experiences of time “in passing” differed from experiences “in retrospect,” which found that judgments of temporal duration were
different, depending on whether they were measured concurrently versus estimated post-
factum (for review of these studies, see Roeckelein, 2000; Block 1990; Ornstein, 1997).

Second was research on short-term (working or immediate) memory which
originated from William James’s philosophical ideas and later became a domain of
cognitive psychological experimental studies (reviewed in Roeckelein, 2000; Andrade,
2001; see also Ornstein, 1997). Specifically, William James “distinguished between
primary memory, i.e., our continued awareness of what has just happened or the ‘feeling
of the specious present’ (1918: 647), and secondary memory, i.e., ‘knowledge of a former
state of mind after it has already once dropped from consciousness’ (648)” (quote taken
empirical findings of “the existence of an immediate memory process, fleeting and
decaying quickly, distinct from permanent memory” sprang off research on short-term
memory and the information-processing capacity of the immediate memory (Ornstein,
1997). Although no agreement has so far been reached on exact temporal boundaries of
immediate memory (e.g., Roeckelein cites 10 to 15 seconds (2000: 58), while Ornstein
indicates 3 or 4 seconds), the split between the short- and long-term memory remains a
current paradigm.

In sum, the time literature provides justification for the need to control for the
timeframe in studying social processes.xv Despite the experimental design of these
studies, and the cognitive nature of the concepts impeding their extrapolation onto the
natural setting (e.g., we cannot infer policy makers’ individual experiences or compare
their immediate memory with long-term memories based on the transcripts), this stream
of research converges with and enhances credibility of the micro-situational approach to
studying influence tactics, since experiences in passing reflect the processes taking place in a specific interactional moment. In making influence moves, policy makers are guided by nuances of the micro situation, such as central and peripheral conceptual issues, and the interactional dynamics. As the discussion moves on, the cues which have prompted these influence moves may be forgotten or taken out of their original context in retrospective accounts of this interactional moment. Consequently, in order to understand the influence tactics, according to the time literature, one would need to examine it from the standpoint of “experiences in passing,” or short time frame.

Another useful element of the literature on time is revelation of its negotiated character. For example, Ornstein (1997) and Ferrarotti (1990) demonstrate the culturally defined, agreement-based nature of time by comparing the Western civilization with its adherence to precision in measuring time to other cultures which had no stringent requirements for strict time measures. In his overview of the origins of the concept of time, Roeckelein (2000: 6) points out that calendars were invented “for the practical purpose of recording past events and calculating dates for future plans…by practical people” and recounts changes they witnessed across centuries. Even the basic time unit of the Western civilization (second), despite its seeming objectivity, was redefined in 1967 from mechanical terms (revolution of Earth around Sun) to atomic ones (periods of radiation).

What then can be concluded from the aforementioned stream of research on time with respect to the definition of the temporal duration of a micro situation is that while the short time frame of a micro situation is justified, imposing strict or absolute temporal
boundaries on it may not be possible or required for the model’s development. We can nevertheless define the minimum limit of a micro situation as one influence move, since influence moves represent building blocks of micro situations, and not the other way around.

The “maximum” time is determined to a large extent by the stability of a micro situation, which in turn, is shaped by characteristics of the central conceptual issue (e.g., importance, consensus, degree of uncertainty), discussion type (roundtable versus vivid with free turn-taking), and in-situ opportunities (opportunities for making influence moves based on peripheral conceptual issues) discovered by the participants of interaction in the peripheral concepts. For example, in a vivid (free turn-taking) discussion type, policy makers have fewer restrictions on participation than at a roundtable discussion with its structured turn-taking. As a result, the central conceptual issue is more likely to change frequently, as at any given moment, several group members may want to address issues of their concern transferred from the previous micro situations, resulting in unstable micro situations (i.e., rapidly shifting focus). During roundtable turn taking, policy makers usually wait for their turn to make an influence move, thus maintaining the micro situation originated by the previous speaker. In this case, micro situations tend to be more stable, but the timing will still depend on the length of the influence move.

In sum, given that micro situations are tied to interactional moments, to experiences “in passing,” to “glances, gestures, positionings, and verbal statements” (Goffman, 1967) it is reasonable to expect them to take place within a short temporal
duration, and this logic is supported by the time literature. However, the issue of what
determines temporal boundaries of micro situations is an area for further analyses.

**How Does the Model Work?**

A new micro situation can start with a number of influence moves (e.g., framing
descriptive or prescriptive, highlighting, discussion shifting, opening floor for vote
casting, etc.). Whatever the type of move initiating a micro situation, it re-focuses the
attention of the group on a new conceptual issue, and in making it, the group member
brings to the forefront his/her own frame, which reflects his/her interest. Since people
“act on the basis of meaning that things have for them” (Blumer, 1969: 2), each policy
maker will make sense of central issues and peripheral constructs from the perspective of
*his/her own* interests, as can be illustrated on the following example.

During the summer of 1982, the Fed was trying to “lean against” the recessionary
wind. At its June-July meeting, after the staff reports and roundtable discussion of the
economic outlook, the FOMC as usual proceeded to policy deliberation. Governor Partee
who was (just like most members at that meeting) very concerned about the weak
recovery and the impact of high interest rates on the economy, suggested imposing an
upper limit on the federal funds rate as a solution to the problem. His idea was challenged
by other members of the committee for whom Mr. Partee’s idea meant a drastic change of
the policy course:

MR. PARTEE. …The thing that we do know, though, is that the economy can’t stand higher
interest rates… we ought to reestablish 15 percent as the upper limit on the funds rate…That’s a
really radical change compared to what we’ve done before, but it seems to me that the threat of
higher interest rates is so great now that we can’t tolerate it and we must put that in as a limit.
MR. ROOS. Chuck, may I inquire, sir: If we make a strong statement in reference to interest
rates, doesn’t that imply a significant departure and doesn’t that signal that once again we are
trying to balance interest rates and aggregate growth?
MR. PARTEE. I guess what I’m saying is that I will accept any aggregate growth to keep the funds rate below 15 percent.

MR. ROOOS. So you are placing primary emphasis on --

MR. PARTEE. On that upper end of the funds rate range for the time being.

MR. FORD. On a weekly, daily, or monthly basis? Well, you are proposing a significant change in policy.

MR. PARTEE. I would want to say so long as the funds rate does not move rather consistently above 15 percent. I don’t mean daily: I’m not even sure I mean weekly, Bill--maybe biweekly or something like that. But I don’t think we can tolerate the effect on the market of a funds rate higher than 15 percent… I just think we need to draw the line now.

MR. BLACK. Mr. Chairman, just so I don’t appear to be too much of a Simon Legree, may I say that I’m just as interested in getting rates down as anybody else but I differ on the method for doing it.

MR. PARTEE. Well, one way to do it is to crash the economy.

MR. BLACK. Well, that is not the method I am suggesting. We may have been a little too tight last year [unintelligible]. (June 30 – July 1, 1982: 44-45).

This example illustrates that interests play a crucial role in interpretation of the meaning of central issue and peripheral concepts. For Mr. Partee, capping the federal funds rate would prevent the interest rates from rising higher. Yet, for the ardent monetarist members of the FOMC, namely Bank Presidents Roos, Black, and Ford, who throughout many meetings repeatedly stressed that Fed’s policy should be based on money supply measures, as opposed to the funds rate (“pegging funds rate,” as the latter approach was often referred to) Mr. Partee’s suggestion means a change in the policy in an undesired direction.xvii

Mr. Partee’s concession that his proposal implies “a really radical change” is a framing influence tactic as well: based on past interactions and on understanding that the FOMC does not change a policy course frequently, he is likely to anticipate resistance. Consequently, he attempts to soften the impact of the announcement by showing his understanding of this second meaning of his proposed policy, at the same time keeping the focus of the group on the weak economy and the need to prevent interest rates from rising - this is accomplished by repeated reference to these peripheral constructs and
emphatic language (“the economy can’t stand higher interest rates,” “the threat of higher interest rates is so great now that we can’t tolerate it and we must put that in as a limit”).

Once a micro situation is initiated by an influence move, each group member faces three possible options. First option is to contribute to the interpretation of the currently discussed conceptual issue by either putting a new spin on it with conversion or re-enforcing the current interpretation with a piggy-backing move. In the abstract presented above, for example, Mr. Roos chose to use conversion to re-frame Mr. Partee’s prescriptive framing move in the light that accentuated his own interest, whereas Mr. Ford and Mr. Black supported Mr. Roos by piggy-backing. Another option is to move to the next micro situation by re-focusing the group’s attention on an issue that merits discussion from the next participant’s perspective. Re-focusing could be done with the help of peripheral constructs or exact words from the present micro situation, using them as a jump start for their next discussion theme. For example, Mr. Partee’s words “for the time being” prompt Mr. Ford’s question “On a weekly, daily, or monthly basis?”; here, one could see a possible change of the direction towards discussion of timelines. However, in this case Mr. Ford retains the current focus on the “significant change in policy” because this is his main concern; if he restricted the move to the first question without adding “Well, you are proposing a significant change in policy”, the move would suggest that Mr. Ford may be inclined to accept Mr. Partee’s idea under some conditions, such as acceptable timelines.

The final option is to refrain from making a move (at all or until later). Hence, each micro situation has its active participants and bystanders (who are not necessarily
According to the micro-situational model, influence process in interaction is interplay of in-situ interests and opportunities. In-situ interests are operationalizations of general policy preferences in specific interactional moments; they are connected to policy preferences through the concepts of negotiation which, in turn, are differentiated by micro situations. Policy makers advance their in-situ interests by opportunistic use of central and peripheral constructs. Given constant changes in the sets of participants; and continuously shifting conceptual issues under discussion, the factors shaping the influence behaviors vary from micro situation to another. Policy makers act as goal-keepers whenever their interests are threatened (e.g., Mr. Roos, Mr. Ford, and Mr. Black’s challenged Mr. Partee because his suggestion impinged on their core interest to target money supply as opposed to interest rates). At the same time, they are also looking out for opportunities to advance their interests in a most effortless and natural ways – by using the central and peripheral issues, or even exact words and word combinations from the present (as well as the past) micro situations. In this scenario, behavior is relatively spontaneous; it is guided by in-situ interests of the speaker as much as it is prompted by in-situ interactional opportunities shaping the type of move as well as its frame. These features of the micro-situational model can be illustrated using the following example.

During the discussion of a staff economists’ report at one meeting, Mr. Balles noticed that there was a large discrepancy between the Administration and the Fed’s estimates of the budget deficit. While several group members try to establish the
consensus regarding which estimate is more precise, Ms. Teeters capitalizes on the opportunity presented by the discussion to question the timing of one of Fed’s routines, namely, establishing long-term ranges. The discussion is divided into two micro situations by dotted lines with central conceptual issues identified in brackets:

MR. BALLES. I wanted to ask Jim Kichline a question …which deals with the Federal budget. It comes as a surprise in a way that you and your people are looking at a much larger deficit in fiscal ’83--some $60 billion larger.
MR. PARTEE. It’s $60 billion more.
MR. BALLES. It’s …actually $62 billion—greater than in the official budget resolution…I don’t doubt that we could see an outcome like that, but is that view widely shared among independent analysts, so to speak? If it is, it will have a certain bearing on expectations, psychology, and everything else.
MR. KICHLINE. …I think the general perception is that a deficit in the area of $140 to $150 billion is a likely outcome. In fact…the market didn’t believe $104 billion.
MR. PARTEE. Yes.
MR. KICHLINE. In fact, [the market] had already discounted those actions. So, I think $140 to $150 billion is the kind of number that is being talked about.
MR. BALLES. I see. My fear is, and I’d like your opinion, that that in itself is going to be a factor damping any possible future decline in long-term interest rates or delaying such a decline and holding those rates up longer. Is that a warranted fear?
MR. KICHLINE. Well, truthfully, I don’t know how to forecast long-term rates: I’m not sure I know how to forecast short-term rates either. But …we do think that … given the monetary assumptions…this budget outlook really is consistent with crowding out. It didn’t occur in 1975 in a classic sense, but we’re talking about a period when we’re expecting real growth in the economy associated with what would normally be some rising demand. And the Treasury pounding away and essentially taking half of the total funds raised is a situation that from a credit market point of view must apply upward pressure on rates. (Central conceptual issue: Budget deficit estimate)

MS. TEETERS. John, this points up the inappropriateness, I think, of trying to establish growth rates for next year when we’re right in the middle of the budget process. [It would be better] if we could wait to do this until late in the fall or even early next year. To try to establish growth rates with all the uncertainty about this particular aspect of it just highlights the problems that we have.
CHAIRMAN VOLCKER. Let me make a comment. We’re supposed to be undergoing this exercise by law in the light of what the Administration is projecting and what its plans are and so forth. I don’t know of any different plans in terms of any legislative initiatives. They are working on their forecasts. I don’t know the exact [numbers] or, if I knew, I’ve forgotten. But they are subject to change anyway (Central conceptual issue: Timing of the FOMC policy on establishing growth rate targets). …(June-July 1982: 3-4).

In experimental study design, the relationships among the goal of influence attempts, individual’s interests and chosen tactics are clearly defined by the model. For instance, the production manager’s goal (the example on p. 133) was to restructure the production line, his interest was to persuade the facility manager to agree to a big
investment, and his choice of tactics included writing a memo, visiting the facility manager’s house, etc.

In natural setting, the exact nature of the relationship between a conceptual issue discussed in a particular micro situation, and policy makers’ preferences regarding final FOMC decision on short-term rate, is not known to researchers. We cannot know how Mr. Balles’ and Mr. Partee’s views on final alternative would be altered by this discussion, but we can demonstrate the link between a negotiated meaning of the “budget deficit” and the decision on short-term rates down the road, since few would disagree that the concepts of “budget deficit” and “monetary policy” are unrelated.

Another point mentioned before and well illustrated by this example was that policy makers pursue their interests by opportunistic use of central and peripheral conceptual issues. Consider Mr. Teeters’ move: she pursues her interest in a most natural and effortless way, by capitalizing on the concept of “uncertainty” implied in the large variation of budget deficit estimates and unknown effect of this variation on market psychology, and ultimately, on long-term interest rates; and manifested in word combinations, such as: “My fear is…” (Mr. Balles); “I don’t know how to forecast long-term rates: I’m not sure I know how to forecast short-term rates either” (Mr. Kichline).

Undoubtedly, “uncertainty” is one of the concepts that underlie most, if not, all discussions of FOMC, but in this case, it becomes a peripheral construct in the context which is very conducive to the Ms. Teeters’ interest. On the one hand, with the upcoming announcement of the official estimate of the budget, variations in is estimates will be clear, reducing uncertainty, which makes her argument (to change the timing of the
discussion on long-term ranges until after the announcement is made) sensible. On the other hand, the discussion of the growth rates is a scheduled policy discussion theme at this meeting, so it is likely to be on everyone’s mind. As a result, Ms. Teeters’ conversion move weaving her perspective by using peripheral constructs as a prompt, appears as an innocent and reasonable question. Furthermore, not only does the preceding discussion provide Ms. Teeters with a chance to frame a logical support for her position; it actually gives her an opportunity to enroll Mr. Balles, Mr. Partee, and Mr. Kichline as advocates for her move, since the logical support that she presents was actually built by them, not her.

Finally, the variation in the types of influence moves chosen by speakers in the two micro situations can be used to illustrate constant changes in the sets of factors shaping the influence moves. In the first micro situation the choice of framing moves by Mr. Balles and Mr. Partee reflects skepticism and attempts to agree on interpretation of the central conceptual issue. Budget deficit is part of the economy’s condition, and therefore, is related to the selection of a policy alternative. As a result, reaching agreement on its estimate is essential and expected, and the discussion is carried out by framing influence moves.

Volcker, on the other hand, finds himself in a different situation. The sense-making dynamics of the preceding micro situation are disrupted by Ms. Teeters’ attempt to challenge a ritual. Volcker wants to prevent the discussion of changing the Fed’s policy (of the timing of establishing ranges) as quickly as he can, because this issue is outside of the FOMC’s control and, therefore, its discussion is pointless. Consequently his influence move is a strategic combination of status structuring, prescriptive framing,
and orchestrating signals: he sends a status reminder that the FOMC is “supposed to be undergoing this exercise by law,” and in the same move, he re-directs the discussion onto a different topic.

For the other policy makers present in the room, these two micro situations offered different interactional opportunities for influence as well. Mr. Balles’ questioning of the budget deficit estimate was in line with the natural meeting course (i.e., questions on staff economists’ reports); and Mr. Partee’s support of this discussion, evident from his immediate and vivid interest in the topic, was effortless. Volcker’s move, in contrast, made any immediate support for Ms. Teeters, such as piggy-backing, difficult, so policy makers sympathizing with her view chose different interactional means to express their support. Later in the discussion (during the roundtable review of the economic outlook), Mr. Ford noted: “Picking up on what Nancy said, I really wish that we could wish away the problem of having to decide. But as the Chairman pointed out, we have the law to contend with and we must get up there and say something [about the ranges]” (June 30-July 1, 1982: 13).

This section presented a model of influence tactics which is substantially different from the existing standard view. By virtue of placing the major emphasis on psychological and cognitive, rather than situational and social factors, the standard models portrayed individuals as driven by their interests in a somewhat deterministic manner, as resistant to slightest situational changes; and it portrayed the communication processes as translucent and void of meaning creation. In doing so, it did not recognize that situations change from one instant to another, constantly shaping individuals’ influence tactics. According to the micro-situational model, the influence process in
natural settings emerges from the interplay of in-situ interests and opportunities. Policy makers interpret the meaning of each other’s moves based on their own sets of interests, and use the central and peripheral concepts of micro situations to advance their in-situ interests or to protect them if these interests are being threatened. The factors shaping influence moves change from one-micro situation to another, and the choice of an influence move becomes an attribute of a micro situation.

*Contextualizing Influence in Micro Situations*

There are several ways in which the concept of a micro situation is important from the standpoint of influence tactics. First, by defining characteristics of the interactional moment, micro situation helps participants to ascribe meaning to each other’s influence moves. By the same token, by studying influence moves in relation to the central and peripheral conceptual issues, this concept helps researchers to categorize moves as status structuring, positioning, etc. Second, by differentiating one conceptual issue from another and by providing the context necessary for interpretation of meanings, micro situations provide policy makers with opportunities for collective sense-making of environment and policy framing, where each conceptual issue is negotiated by mutual interpretive efforts. For researchers, the implication of this point is that micro situation can be a useful way to study influence processes as social, rather than cognitive, as a crucial part of sense-making. Finally, the concept of micro situation allows studying policy-making at a finer-grained level, reflecting the way it actually is conducted: not from one macro structure to another, but from one micro situation to another. Let us now consider each point in more detail.
Micro Situation as a Context for Ascribing Meaning of Influence Moves

In experimental research design, the meaning of the variables is presumably circumscribed by scenarios; and although the exact interpretations of these scenarios may differ, every attempt is made by researchers to minimize those variations. In natural setting, in contrast, given the complexity of language and a vast range of meanings ascribed to situations, social actors use micro situations to interpret the signals in moves as positioning, coalition-building, etc. For instance, group members sometimes use the straightforward linguistic means of indicating support (e.g., I agree with…), but this is not always the case. Furthermore, such a phrase may be used as a polite way to introduce disagreement on a different conceptual issue. As a result, the meaning of a move cannot be reduced to the exact words or word combinations; and, as the following example illustrates, micro situations provide context that is crucial for its interpretation.xix

The abstract below refers to a discussion of policy alternatives that took place shortly after Black Monday (October 1987). Following the stock market crash, the FOMC went back temporarily to targeting the Federal Funds Rate as the major policy tool (de-emphasizing non-borrowed reserves which had been the pre-October main target). At the December 1987 meeting, one of the discussion themes was around the questions of ‘If,’ ‘When’ and ‘How’ to go back to the pre-October policy targeting. The memo prepared by Mr. Kohn and Mr. Sternlight outlined the alternatives, and the discussion started with Mr. Kohn’s introduction of it and Mr. Sternlight underscoring the essence of the memo, namely that, whereas the market is aware and understanding of the current choice of the target (i.e., the federal funds rate), complete reversion to “pegging of the funds rate” would raise concerns.
Mr. Johnson’s attempt to find out which of the two target indicators contemplated as the main alternatives showed a larger variance generates a debate with various viewpoints. Micro-situational context is crucial for interpreting Mr. Sternlight’s and Chairman’s Greenspan’s moves (#6 and #7) as piggy-backing, not simply framing, because in order to recognize the coalition-building side of their moves, one must look at the dynamics of the preceding sequence of moves in the context of the micro situation, retaining the focus on the central conceptual issue. Namely, Mr. Sternlight and Mr. Greenspan offer synonymous frames which support Mr. Kohn’s position on the central conceptual issue, which is that the variations in the two variables (the borrowed reserves and the funds rate) should not be compared. Influence moves are numbered and indicated in the brackets for subsequent analysis:

1. MR. JOHNSON. Just a technical question: Based on the research, which has a larger variance in normal times—borrowed reserves or the funds rate? (Highlight)
2. MR. KOHN. Do you mean under which circumstance would the funds rate vary more? (Conversion)
3. MR. JOHNSON. Well, assuming that we're targeting borrowed reserves, is there more noise around borrowed reserves or the funds rate? (Conversion)
4. MR. KOHN. It's hard to compare them; one is dollars and one is basis points. (Positioning with framing)
5. MR. JOHNSON. I know that, but I mean in terms of the percentage variation or standard error. (Conversion)
6. MR. STERNLIGHT. You can get a good deal of variation even when you're following a borrowings target more closely, just because one incident can bring banks in for some special reason .... Even on a borrowings target, I have often had to report to the Committee that borrowing was considerably higher for this or that particular reason... (Conversion, Piggy-backing)
7. CHAIRMAN GREENSPAN. I'm not even sure that you could get an answer without adjusting for the fact that there is not a unitary elasticity between the change in the funds rate on the one hand and the change in borrowings on the other... -- (Positioning with framing, Piggy-backing) (December 15-16, 1987: 2-3).

Likewise, in the example analyzed in the previous section (the relevant part is copied below), micro situation is necessary to interpret the full meaning of the moves.
During the discussion of a staff economists’ report, Mr. Balles questions the validity of the estimate of the federal budget deficit, and Mr. Partee tries to clarify the number:

MR. BALLES. …It comes as a surprise in a way that you and your people are looking at a much larger deficit in fiscal ’83--some $60 billion larger.
MR. PARTEE. It’s $60 billion more.
MR. BALLES. It’s …actually $62 billion… (June 30-July 1, 1982: 3).

Without understanding of the micro situation, Mr. Partee’s immediate clarification of the estimate could be interpreted as a framing move (i.e., joint negotiation of a conceptual issue). Yet, it is the fast reaction and his alertness that provide the necessary micro-situational information for the interpretation of this influence move as positioning (i.e., position being that this is indeed an issue worthy of attention) and piggy-backing (indication of his support to discuss the issue).

Micro Situation as a Context for Sense-Making Process Carried out by Influence Moves

Yet another role of micro situation is that it provides the context necessary for participants of interaction to understand each other in the collective interpretive process of policy setting, which is carried out by influence moves. Whether it is assessment of economic outlook or choice of corrective actions, setting of the policy is a sense-making process: the environment is constructed through interpretation of multiple economic indicators and anecdotal evidence. A decimal point change in the unemployment rate can be interpreted as a large or small, depending on many contextual variables, such as time period, preceding corrective actions, market psychology and many more. Consequently, the value of that decimal point change is defined not by the number itself, but is assigned through the interpretive process. The environment is also socially constructed by the choice of the methods of calculations; many issues come into play that can affect the
results – selection of the baseline levels for growth rate calculations, treatment of outliers, choice of statistical models, to name a few. These choices are not given to policymakers or taken by them as “true;” instead, they are made through the interpretive process.

This interpretive, or sense-making, process is more than just cognitive; it is social, because the meanings are born out of interaction. Even in preparation towards meetings, while reading various materials – arguably a solitary and therefore, cognitive process - policymakers are still guided by past interactions and mutually developed understandings which help them interpret the meanings, making the solitary process social nonetheless. Yet, when the meeting starts, the discussion no longer has continuity of solitary thinking; instead, it symbolizes what Boden (1994) called “togetherness in thinking.” The sense-making process of a group like the FOMC may be understood as a sequence of micro situations. Each micro situation represents a mutual effort to interpret an issue, making the process intensely social, whereby people, using Collin’s (2004) expression act “by anticipation” rather than reaction. That is, the common focus on a specific conceptual issue is so strong that policymakers are in tune with each other’s thinking and are able to understand each other instantaneously.

Since negotiation is carried out by people with interests and stakes in the outcomes, influence is a crucial part of this interpretive process. Contribution of any group member to interpretation of a conceptual issue is an attempt to influence group’s understanding of it, because the speaker has interest in the policy outcomes, and the conceptual issue in question has a certain link to the ultimate policy. And the vital role of micro situations in this process is that the web of the specific central and peripheral
conceptual issues implied in a micro situation provides the context necessary for sense-making, as can be illustrated on the following example.

At some point during the summer 1982 meeting, Volcker mentioned that the staff had been “experimenting” with “quite a radically new method of computing the seasonal [adjustment]” which was one of the statistics that the FOMC had relied on in interpretation of money supply levels. The chair admitted that the currently used method had an “inherent flaw” in that it never “caught up to reality,” briefly outlined the implications of using the new method on the money supply estimates, and proposed presenting the experimental seasonal in an appendix to his upcoming testimony before Congress. “If we didn't have the problem that people would think we were pulling a fast one, - he added, - we'd change to that seasonal right now because it does look better” (June 30-July 1, 1982: 38). In response, Vice Chairman Solomon suggested, “Why not publish both of them each month and then make a switch next year?” “Well, we might [publish it] in a somewhat subsidiary way – Volcker agreed, - In effect by putting it in the testimony we would do that. We can put it in and say that people ought to look at this and give us any criticisms they have of it.”

This example is illustrative of two points. First, it shows the social side of policy setting, in this case by Chairman Volcker and Vice Chairman Solomon building off each other’s moves. Secondly, it shows the importance of micro-situational context for interpretation of the meaning of the situation. In this case, micro-situational context does not change the meaning and/or the type of Mr. Solomon’s influence move: it is still a prescriptive framing move, elaborating on implementation step of a policy aspect, yet it does provide the following information above and beyond any single influence move for
interpretation of the meaning of the situation. First, by bringing into the picture the
central conceptual issue, micro situation enables one to understand the meaning of Mr.
Solomon’s suggestion. Second, by bringing into the picture peripheral conceptual issues,
such as the significance of this new method for future interpretation of money supply
estimates, Mr. Solomon’s natural reaction and lack of surprise reveal in effect his
knowledge of the fact that this new method was being developed, as well as his support
of this new method.

As discussion continues, Mr. Martin questions the robustness of this method by
probing its applicability in the previous years, and the following example is a good case
in point that micro situation is crucial for making sense of influence moves: it is
impossible to understand what the policy makers are talking about without understanding
of the central conceptual issue:

MR. MARTIN. Steve, the Chairman mentioned its applicability this year and last year. How about
some of the other years?
MR. AXILROD. Well, we carried it back and it doesn't, in some way fortunately, smooth out last
year all that much.
MR. MARTIN. How about the preceding year?
CHAIRMAN VOLCKER. It does some but the basic pattern looks--
MR. AXILROD. Not nearly as much as it smoothes out '82, which I think gives more credibility to
the smoothing out of this year.
MR. MARTIN. How about 1980 or 1979?
MR. AXILROD. It smoothes them but just a very little…
MR. PARTEE. It's capturing recent information.
CHAIRMAN VOLCKER. Of course, the further back you go, just theoretically, you would expect it
to make less improvement because the seasonal is adjusted as it gets later information (June 30-
July 1, 1982).

After the discussion shifts onto the next conceptual issue, each committee
member has an image of the result of the negotiation. For instance, in this case, the image
of the new method of calculation of seasonal adjustment created by the group was that it
has, and is expected to have, a better explanatory power for recent time periods,
compared to the previous years. In addition, the group also learned that the staff had already tested this method on preceding years.

Similarly, in the example where Mr. Johnson was trying to find out which of the two indicators, federal funds rate or borrowed reserves, had a larger variation (see p. 173), the discussion had several consequences for the group’s interpretive outcome of this conceptual issue. First, the group agreed that from the policy perspective, comparing the federal funds rate and borrowed reserves is not useful. Second, it was determined that there is a statistical way of doing so. Third, it also became clear that, based on this statistical way, one variable had a higher degree of variation than the other. Additionally, the committee learned the views of several members with regard to peripheral constructs (e.g., Greenspan’s views on “impossibility of pegging borrowing” and the need to adjust for “unitary elasticity” when comparing changes; Mr. Sternlight’s explanation of the reasons for large variations in both variables, etc.).

Equally importantly, all participants learned each other’s positions with regard to the central conceptual issue. For example, they now know that neither Greenspan (who is highly regarded for his technical expertise) nor staff economists support the idea of comparing the federal funds rate and borrowed reserves; and there are others (e.g., Boehne) who will likely to share this view. This is particularly important in a setting where a vote will be taken and policy will be set by the end of the meeting.

In sum, policy making process is a product of a joint negotiation where interest-laden decision makers make sense of environment and frame policy by constant re-negotiation of the meaning of conceptual issues, carried out through influence moves. Micro situations play crucial role in this process of meaning creation by offering the
micro context necessary for interpretation of the conceptual issues, as well as the social
dynamics surrounding negotiation of conceptual issues.

**Micro Situation as a Way of Studying Policy and Influence Behaviors at a Finer-Grained Level**

Finally, micro situation allows researchers to study policy and influence tactics at
a finer-grained level, the level at which the actual process takes place. Similar to Collins’
(1982; 2004) argument, namely, that “organizations,” “culture” “religion” and “state” are
not objective entities existing independently of people, but instead, *are* concrete people
acting in concrete sets of ways in particular circumstances, policy making is a micro-
situational process carried out at the level of negotiation of myriad of particulars and fine
points, as opposed to being driven by a few grand concepts. High-level concepts like
“national inflation and unemployment rates” are regarded by the economic and monetary
policy models as major pillars guiding decision, yet, their interpretation is constantly re-
negotiated through fine points. It is these countless and constantly changing fine points
that define the meaning of the high level concepts, not the other way around.

And in this micro-situational process, influence tactics become important at the
level of negotiation of details. That is, policy makes do not structure the meetings by
voting on the grand concepts’ definitions similar to the way they vote on the course of
action. Instead, the influence takes place during defining the meaning of central and
peripheral conceptual issues through nuances, where participants of interaction waive
their interpretations through influence moves. These nuances are important because of
their ripple effects for understanding of a bigger picture of the environment, which in turn
has direct implications for final policy outcomes, as can be illustrated on the following example.

As was explained earlier, shortly after Black Monday 1987 stock market crash, the FOMC turned to the questions of “If? When? And How?” they could return to the pre-October approach of targeting borrowing reserves, which was temporarily given up for the fed funds rate driven course. There was a fairly well defined agreement in the group that the fed funds rate targeting was a temporary corrective action, and that at some point, they needed to go back to targeting borrowing reserves. Disagreements, however, revolved around the timing of the policy change. Yet, this timing was not negotiated in a crude form, that is, by policy makers trying to agree on a particular day or month. Instead, it was defined via interpretation of the meaning of such details as “readiness of the market,” “what constitutes the appropriate trigger for the change,” “how to interpret fluctuations in various indicators,” “desirability of fluctuations in specific indicators,” and many more. These were central conceptual issues negotiated via influence moves in specific micro situations.

For example, in introducing the memo outlining policy options to the FOMC, Mr. Strenlight (the staff economist) stressed that, despite his perception that the market would likely be concerned if Fed’s emphasis on the “day-to-day funds rate” continued for a long period, “uncertainties associated with the year-end-period” justified postponing the change until after the new year (December 15-16, 1987: 1). During the unfolding discussion of how ready the market is for the change, which is presented below, Mr. Sternlight again reiterates the uncertainties and pressures associated with the year-end,
whereas Mr. Parry and Mr. Johnson, convert the group focus onto readiness of the market from the standpoint of the demand for borrowing:

MR. HOSKINS. In your opinion, if we were to make a change, is the tenor in the market a lot different now than it was, say, right after October 19th?
MR. STERNLIGHT. Well, I think the market has calmed down considerably from the extremely turbulent and nervous state of late October. I would hesitate to say it's totally back to normal. I think there is still some background nervousness and we are getting into a period when there's a lot of uncertainty anyway, just because of the possibility of pressures associated with the year-end.
MR. PARRY. Well, that has been true in certain markets but in terms of demand for borrowing, things are still very different from the pre-October 19th period. In fact, it looks as though that difference now may be as great as it ever has been. Isn't that correct?
MR. JOHNSON. Yes, I agree with Bob on that. Borrowings actually have declined under the same spread, or even a wider spread for a while.
MR. STERNLIGHT. Borrowing has been very light, and we have scratched our heads about what the reasons for that might be. (December 15-16, 1987: 1).

The reason Mr. Parry and Mr. Johnson re-negotiated the meaning of the “market readiness” in this micro situation is that they placed more emphasis on uncertainties associated with the demand for borrowing rather than the cyclical year-end nervousness. As a result, they believed that policy reversal had to be oriented not so much towards the end of the year, but after stabilization of the demand for borrowing which represented an entirely different timing beacon for the course of action:

MR. PARRY… [I]t certainly would be very desirable to get back to where we were, with the emphasis on borrowing, but it seems to me that as long as we have the demand for borrowings along its current track that will be extremely difficult to do… your alternative (4) probably ought to be deferred until we see something that would be more of a traditional relationship in terms of demand for borrowing. (December 15-16, 1987: 8, italics added)
MR. JOHNSON. …with all these instabilities, we probably need to continue to focus on the funds rate for a while until we feel more satisfied that we are back to normal. I favor going back to a borrowed reserve target when we feel more confident about the relationship between the funds rate and the discount rate spread and borrowings. But I just don't see any evidence that we are there, and it certainly seems to me that we are not going to get any closer to it between now and the end of the year (December 15-16, 1987: 11).

Similarly, in the micro situation presented below, Mr. Corrigan and Mr. Johnson negotiate the timing of policy reversal through two additional conceptual issues, namely, the interpretability of variations in the estimates of borrowed reserves versus funding rate, and the market psychology with respect to pegging funds rate. As was seen from the
aforementioned statement made by Mr. Johnson, he is more tolerant of using the funds rate as a policy guide, and is prepared to wait with returning to targeting of borrowed reserves “for a while” until the group is “more confident about the relationship between the funds rate… and borrowings.” Mr. Corrigan, on the other hand, signaled his preference for more expedited policy reversal by arguing that the high variability in the funds rate under the borrowed reserve targeting is a “desirable result” because it has “very valuable informational content” and “may be telling you something that you don’t know or can’t find out if you literally have the funds rate pegged” (transcripts of FOMC meetings, December 1987: 5). Furthermore, Mr. Corrigan explained, “there is an inhibition to changing the federal funds rate” in that “once the market knows that that’s what you are doing that’s what the federal funds rate is going to be.”

Now, Mr. Johnson must justify his position on policy timing (i.e., retaining the focus on the fed funds rate) by contesting the meaning of “interpretability” of variation in the borrowing target, as well as the “market psychology” factor. The following discussion then, represents the attempts to renegotiate the timing of the policy turnaround back to targeting borrowed reserves through the meaning of these conceptual issues:

MR. JOHNSON. But I think that's true of the funds rate under the borrowing target. Once the market knows the borrowing target, the funds rate is going to move in a narrow range. It's only when you miss that borrowing target that you get a lot of variation in the funds rate…your ability to hit [the borrowing target] depends on how good your estimates of other reserves are; if your other reserve estimates are off, then you're going to get a lot of variation in the funds rate, which is going to … throw your borrowing off.
MR. ANGELL. But that reserve estimate being off can have information in it.
VICE CHAIRMAN CORRIGAN. It can be off for a lot of reasons.
MR. JOHNSON. Well, that's right, it can be off. One of the vulnerabilities to targeting borrowed reserves is that you must estimate so many things in order to decide what your open market operation should be for the day. So you use the funds rate as information that your reserve estimates may be a little off.
MR. HELLER. But, the other way around would work, too. I'm not arguing for it, but if you fix the fed funds rate and then you see the borrowing fluctuating, that also gives you information.
MR. JOHNSON. Yes, you can do it either way.
VICE CHAIRMAN CORRIGAN. I don't think so (December 15-16, 1987: 6).
As these examples demonstrate, micro-situational model of influence tactics offers a different view of influence in policy making process, compared to the standard approach. According to the traditional models of influence tactics (Yukl and Falbe, 1990; Yukl and Tracey, 1992; Stahelski and Paynton, 1995; Yukl, Guinan, and Sottolano, 1995; H. Steensma, 2007), each FOMC member would logically assess which influence tactics would be best under the circumstances, and apply them to pursue his/her position on policy reversal to the pre-October status. According to the micro-situational model, the influence takes place at the finer grained level of details, the level of negotiation of nuances which matter for interpretation of the big picture of environment and setting of the policy.

**Summary**

This chapter introduces a micro-situational model of influence tactics in natural setting. While the experimental literature on influence tactics made significant advances into development of models, the experimental research design and controlled environment made their application to natural setting difficult. The current work is intended to construct a model of influence tactics which could be applied to natural setting.

The centerpiece of the model is the concept of micro situation. Micro situation refers to a part of a discussion occurring over a brief time span where group’s attention is focused on a particular issue. That issue is called a central conceptual issue, whereas any other constructs mentioned or implied during that discussion are referred to as peripheral constructs. Once the central conceptual issue is brought to the forefront of attention by a
speaker, each member will interpret the move from the viewpoint of his/her interest, and will either participate in the current discussion by maintaining the focus or shifting it, or refrain from part-taking in the micro situation. Micro situation provides policy makers with in-situ interactional opportunities to advance their in-situ interests in the most natural and effortless way.

Micro situation has four major implications for influence moves in natural setting. First, it provides the context necessary for ascribing meaning for influence moves, categorizing them as framing, positioning, etc. Second, it serves as a platform for re-enactment and means of interpretation of the group status structure. Third, it results in the joint framing of environment and policy, through the micro-situational re-negotiation of conceptual issues. Finally, it localizes the influence moves on the issues under discussion, enhancing explanatory power of influence behavior in interaction.
CHAPTER 5. AWARENESS CONTEXTS: MACRO-SITUATIONAL DIMENSIONS OF A MICRO-SITUATIONAL MODEL

Introduction and Literature Review

In the previous chapter, the situational characteristics considered by the micro-situational model referred to attributes of interactional moments, rather than types of attributes related to social organization or groups. In fact, social psychological research on influence tactics looked at importance of just such variables, including organizational culture, leadership style, and consistency with prevailing norms and role expectations for the use of certain tactics (Steensma, Jansen, and Vonk, 2003; Yukl, Fu, McDonald, 2003, Deluga & Souza, 1991). The goal of this chapter then, is to explain how the micro-situational model of influence tactics accounts for these and other “macro” factors – factors that remain fairly constant across chains of micro situations and represent higher level of abstractions than the notion of “here and now” embodied by the concept of a micro situation. Specifically, the central questions of this chapter are “How do attributes of social organization and/or individuals become attributes of interaction?” and “What is the role of such macro-interactional attributes in shaping influence moves in natural policy making groups?”

Given the past research on situational factors in social psychology, it is natural to ask “Why couldn’t they be incorporated into micro-situational model as is?” by assigning values based on available or easily retrievable information. For example, we can identify leadership style with a Chairman’s name, and study the differences in influence moves made in micro-situational chains under the leadership of various Chairs. Similarly, one could look at the relationship between the choice of tactics and the group’s
norm or expectation with respect to the meeting structure by examining correlation
between various meeting stages and types of influence moves and/or micro situations.

This approach is grounded in the previous literature, and is relatively easy to
undertake, given its reliance on readily available information. However, its application to
the elite policy-making group setting, as well as archival interaction data in general, has
several limitations.

First, in selecting situational factors and/or ascribing their values, based on the
existing studies or conventional metrics, researcher would be guided by his/her
understanding of their importance, which is not the same as the policy makers’
perspective. For instance, given that the psychological literature on influence tactics
originated in the environment of middle-level management, some situational variables
that are crucial for elite policy-making groups, may not be taken into account by the
existing models. In the case of FOMC, examples of such variables are the importance of
the larger environment in which the group functions (e.g. the state of the economy), and a
multitude of socio-political factors.

Even if one were to test if there is a relationship between the choice of influence
tactics, and say, economic recession versus recovery, assuming from the start the
importance of the state of the economy for FOMC decision making, s/he would must
ascribe meaning to this variable from the perspective of policy makers, rather than
assigning it based on published sources or “hard” but commonly acceptable economic
indicators, such as unemployment rate, GNP growth rate, etc. In pursuing the latter
venue, any tests of relationships between the dependent and independent measures will in
fact correlate the tactics used by policy makers with situational attributes deemed relevant by researchers, and not policy makers themselves.

The issue here is that the FOMC usually sees the signs of recession or economic recovery much earlier than they become reflected in official statistics; so their discussions often happen with a lag to the official statistics, and the length of this lag varies from one economic cycle to the next. Furthermore, policy makers are always preoccupied about the nuances of the economic shifts, such as timing and rates of change of the economy, as well as the socio-political environment in which the economic shifts occur. Such questions as when and how deep the recession will be, what are the accompanying trends in fiscal policy, what is the situation with the exchange rates, and numerous other details, are all vital for policy makers. The versatility of these questions has no limits, and their nature and salience often varies across meetings (Abolafia, 2004; 2005).

Another dilemma of extrapolating macro factors from the existing literature to micro-situational model stems from the difficulty of their conceptual translation and operationalization based on interaction archival data. Traditionally, situational factors are assumed by the social psychological literature to represent concepts born out of cognitive activity alone: they are measured as *individuals’* perceptions of culture, leadership style, etc., and *individuals’* beliefs about the causal relationships between these factors and the choice of influence tactics. The interaction data, on the other hand, reflect the social aspect of the sense-making, as any given variable is a product of the negotiation carried out by the group. Furthermore, in contrast to the standard view of such macro variables as grand concepts (e.g., inflation rate, rate of the economic growth), the interaction data reveal that instead, the policy making is carried out at a finer-grained level, through
negotiation of details and nuances. As a result, direct mapping of the macro concepts to
the interaction archival data is not feasible.

Finally, the conventional approach to macro variables is to present them as
deterministically affecting outcomes. The relationship is understood in “if X – than Y”
terms, irrespective of whether it is direct or indirect (with interference of other
moderating or mediating variables), and the focus is on the outcome, such as, for
instance, FOMC final vote. For researchers studying policy-making groups based on
archival data, it may not be possible to derive deterministic effects of one variable on
another, as it is feasible to do in an experimental setting. On the other hand, in real policy
making process, the effects of the situational variables during the process of negotiation
of meanings, are equally important for understanding the behaviors of individuals trying
to influence each other.

Consequently, another approach is needed to identify macro variables, and
understand their role in the micro-situational model of influence tactics in a natural
policy-making group; a way that would allow capturing the perspective of the policy
makers themselves, encompass a broad spectrum of factors, and at the same time,
represent the social side of sense-making process. This chapter suggests that this
approach can be represented by the concept of awareness contexts (Glazer and Strauss,
1964). As will be shown shortly, substantial progress has been made by past research in
the development of this concept. In applying the concept to the micro-situational model
of influence tactics, this chapter will elaborate on how awareness tactics are created, how
policy makers change their tactics in response to changes in the context, and examine
how tactics differ under the different types of awareness contexts.
The concept of awareness context was originally introduced by Glazer and Strauss in their study of hospital communication patterns among medical staff, dying patients and their relatives (Glazer and Strauss, 1964). Their goal was to bring to the forefront the importance of the phenomenon of awareness for understanding interaction, to “highlight important features of the relation between interaction and awareness.”

Awareness context was defined as “the total combination of what each interactant in a situation knows about the identity of the other and his own identity in the eyes of the other” (Ibid: 670).

Based on observed variations in the awareness of the true condition of dying patients (i.e., awareness of dying), Glazer and Strauss developed four types of the contexts, namely, open, closed, suspicion and pretense. This typology resulted from interplay of three factors: awareness of each other’s “true identity,” awareness of “their own identity in the eyes of the other,” and existence of pretense about the identity awareness:

An open awareness context obtains when each interactant is aware of the other’s true identity and his own identity in the eyes of the other. A closed awareness context obtains when one interactant does not know either the other’s identity or the other’s view of his identity. A suspicion awareness context is a modification of the closed one: one interactant suspects the true identity of the other or the other’s view of his own identity, or both. A pretense awareness context is a modification of the open one: both interactants are fully aware but pretend not to be.” (Glazer and Strauss, 1964: 1970).

Glazer and Strauss believed that this concept could “be used for the study of virtually any problem entailing awareness at any structural level of analysis,” and suggested a more generalized definition of it as “[t]he total combination of what specific people, groups, organizations, communities or nations know about a specific issue” (Glazer and Strauss, 1964: 670). Nonetheless, most subsequent research attempts to apply
the concept used the aforementioned typology, which to a large extent can be explained by similar backgrounds of these studies to the setting used by Glazer and Strauss.

The two wide areas of the concept’s application have been either the scenario analogous to the original one, that is, to deepen understanding of communication patterns of relatives and caregivers with people with disabilities, mental and/or terminal illnesses (Marwit, Meuser and Bryer; 2005; Hutchinson, Leger-Krall, and Wilson, 1997; Hellstrom, Nolan and Lundh, 2005; Sjostrom, 2006; Seale, Addington-Hall and McCarthy, 1997; Haworth-Hoeppner and Maines, 2005; Timmermans, 1994; Constan Schou, 1993), or a scenario related to protection of identity where one tries to conceal his/her identity (fully or partially) from others for various reasons, such as to avoid labeling as a deviant or to conceal adoption (Albas and Albas, 1993; Scott and Lyman, 1968; Ekins, 1997; Hoffman-Riem 1989).

Although, the starting point has been Glazer and Strauss’s classification, in the course of the typology’s application, researchers have also suggested new types of awareness contexts, such as “coercion” (Sjostrom, 2006); “benevolent” and “limited open” (Marwit, Meuser and Bryer, 2005), “discordant” (Haworth-Hoeppner and Maines, 2005), “masked” (Ekins, 1997), and finally “suspended open,” “uncertain open” and “active open” as sub-types of the open awareness context (Timmermans, 1994). Apart from the “masked” and “discordant” awareness contexts, all new types were introduced in the context of understanding of patterns of communication with chronic and/or terminally ill people.
Glazer and Strauss’ innovative idea offers a viable alternative to incorporating macro variables into an interpretive study of interaction. Several differences between conventional conceptualization of situational factors as attributes of social units, and awareness contexts, make the latter appealing to micro-situational model. First, awareness contexts are an attribute of interaction, and hence, the product of collective sense-making. As a result, macro-situational variables presented as awareness contexts inevitably become a product of collective sense-making, rather than individual cognition. Second, macro variables framed in the language of awareness contexts serve as a reminder of the importance of the subjects’ perspective, and make one search for new awareness contexts meaningful for the subjects.

Third, by accounting for characteristics of a broader negotiation context, this concept provides researchers with a way to connect micro situations and influence moves to macro- environmental factors without disruption of underlying assumptions of the model, such as importance of meaning creation and language. Micro situations are not disconnected entities. On the contrary, they are united by shared understanding of an overall topic of discussion, be it an agenda item or an ad-hoc theme. Awareness contexts allow clustering micro situations according to negotiation themes, or “negotiation trajectories” (term used in Maines, 1977). The conceptual issues within the boundaries of the topic are discussed in the context of that particular thematic situation, which adds yet another contextual dimension important for understanding the meaning of the influence tactics. Awareness context gives a direction to micro-situational negotiation, and joins them into a thematic pattern. Finally, in contrast to the deterministic nature of traditional
macro-situational variables, awareness contexts are intertwined with the process of meaning re-negotiation, constantly shaping and being shaped by interaction.

Notwithstanding the contribution of the previous research to the development of the concept, Glazer and Strauss’s typology is not directly applicable to the study of influence tactics in policy-making groups because it was developed in a drastically different context. Awareness contexts underlying FOMC discussions exist for a range of dimensions more relevant for its own policy-making setting. Among these contests are a variety of economic and political factors (recession, recovery, oil embargoes, elections, wars), and awareness of Chairman’s characteristics.

Another reason impeding application of the Glazer and Strauss’ typology onto the FOMC setting is rooted in the fact that the original research was conducted based on interviews and observations, which made identifying certain types of contexts (e.g., pretense and suspicion) possible, whereas it would be unlikely to derive these types from archival interaction data. Even Strauss and Glazer stressed the need to collect the necessary information on the type of identity-related awareness context, from all possible participants of interaction: “[D]elimiting an awareness context requires always that the sociologist ascertain independently the awareness of each interactant. The safest method is to obtain data, through observation or interview, from each interactant on his own state of awareness. To accept the word of only one informant is risky, even perhaps for the open awareness context” (Glazer and Strauss, 1964: 671).

Since their definition of the concept is also consistent with the data collection method, i.e., it rests on the notion of knowledge (what each participant knows about
identity, etc.), it needs to be modified as well, since for researchers dealing with archival data such information is not available. Therefore, some modifications of the paradigm are needed for its application to interactions taking place during FOMC meeting.

This section showed the contribution of the literature in developing the idea, definition and typology for a concept of awareness context which can be used by the micro-situational model of influence tactics for incorporating macro-situational factors. However, in extrapolating the concept of awareness context onto elite policy-making setting and applying it to a model of influence tactics, there is still a need for further development of the typology and for refining definitions to reflect the characteristics of the data. Furthermore, given that the original focus of Glazer and Strauss was on explaining of how the concept can be useful for understanding interaction, influence tactics were out of their theoretical scope, and as a result, the relationship between the two is yet to be examined.

Awareness Contexts as Shadows Underlying Micro Situations and Influence Moves: An Overview

Micro-situational chains take place against a wide variation of awareness contexts. In the present context, awareness contexts will be understood as a shared understanding of the group about the nature and general attributes of the negotiation trajectory which encompasses a series of micro situations and is taken into account in the interpretive process within that series of micro-situational chains. Conceptually, the relationship of negotiation trajectory to awareness context is analogous to the one
between a central conceptual issue and a micro situation. It is a unifying dimension, an overarching shadow underlying a series of micro situations and bonding them, just like the central conceptual issue unites influence moves.

At each point in interaction, the group will have a tacit understanding of various negotiation trajectories resulting in multiple awareness contexts surrounding the discussion, and these contexts will be taken into account during the sense-making process, thus shaping influence moves and micro situations. Graphically, the place of awareness contexts in the micro-situational model of influence tactics may be presented by jotted ovals in the following picture, where moves are represented by arrows, and micro situations – by small shaded ovals:

![Diagram showing moves, micro situations, and awareness contexts]

While they serve as a guide of where the interaction is heading, awareness contexts also embody the group’s memory about the past, as it relates to the trajectory in question, as will be illustrated shortly on multiple examples.
The simplest example of awareness contexts is meeting structure. There is a shared understanding, reflected in agendas but also rooted in history, about the order of negotiation themes, alongside with the time allocated for each item’s discussion and the appropriate degree of unrestricted, free-style participation. For instance, meetings usually begin with presentations of staff economists’ reports following by question and answer period, then proceed to a roundtable turn-taking discussion of economic outlook, and finally end with the discussion of policy and its wording.

Policy makers demonstrate their understanding of this awareness context by making influence moves that are appropriate for the general theme (e.g., evaluation of the economy, discussion of policy alternatives or wording), and the discussion type. The boundaries of what constitute an appropriate move, relative to the topic, are part of this awareness context which has developed over the long history of interaction of the group. For example, no one enters the boardroom announcing their policy preferences immediately after the approval of the minutes: there is a time and place for this discussion. For the same reason, prescriptive influence moves with clear signals about one’s policy preferences, if made during the roundtable discussion of economic outlook, are kept at an abstract level, usually confined to one or two concluding sentences, as in the following example:

MS. SEGER. (After a lengthy and detailed overview of the economy)... Looking at all four of those factors, I find it very difficult to think in terms of interest rates going any higher at all... (February 12-13, 1985: 18).

Another manifestation of awareness context related to the structure of the meeting is that due to the tacit understanding about the order of items on the agenda, an orchestrating move is needed to break this order, should it be re-shuffled for one reason
or another. Such was the case in June-July meeting of 1982; it was a mid-year meeting during which FOMC was expected to make decisions on both short-term and long-term policy. In order to expedite the discussion, Volcker asked the committee members to include their general comments on long-term policy during the roundtable discussion of economic outlook (which were two separate agenda items):

CHAIRMAN VOLCKER. Well, who would like to make some comments or ask questions, particularly about the economic situation but even general questions or comments on the strategic decisions facing us? I’m not looking to rush to a decision on this matter necessarily this afternoon (June 30-July 1, 1982: 2).

As a result of Volcker’s move, an awareness context was created with respect to the broadened scope of discussion, and in response, policy makers took advantage of the opportunity to state their preferences by modifying their framing descriptive moves on local economic conditions to include their policy preferences “on the strategic decisions.” Specifically, Mr. Boehne, Mr. Balles, Mr. Wallich, Mr. Gramley, Mr. Solomon, Mr. Roos and Mr. Black make positioning, prescriptive framing, piggy-backing, and declaring limits of tolerance influence moves on long-term policy at the time they provide their assessment of the economy:

MR. BOEHNE: …On the longer-term strategy, I would come down on the side that it’s time to show some flexibility [in setting] these targets at midyear and I would raise the [M1] target… (Ibid: 3) (Positioning)

MR. BALLES: …I’m tempted to follow the same strategy that Ed has already mentioned – I guess that’s strategy 2 in the Bluebook – and have a temporary easing of our monetary targets…. (Ibid: 5) (Piggy-Backing)

MR. WALLICH: … As for the strategic decisions, it seems to me we should not be rigid. If we need an increase in the ranges, we need it and should do it… But on the other side, I see factors that are likely to make them more adequate… going into recovery will accelerate velocity….if I had to make a decision, I would bet on the rise in velocity. Accordingly, I would be cautious in changing the ranges (Ibid: 7) (Prescriptive framing, positioning with framing)

MR. GRAMLEY: …I look at the monetary aggregates as Henry does …we have more restraint on the [economic] system from the monetary side than we want at the moment. … we ought to look over all the alternatives. One of them is to raise the targets for 1982; another is to leave them
where they are but make a clear, public announcement that we’re going to permit money growth to exceed that target ... the third... could best be presented if we rebased our money growth targets for 1982...I don’t know which way we can do this and best maintain credibility (Ibid: 8) (Prescriptive framing, Piggy-backing)

VICE CHAIRMAN SOLOMON: …My own view is that we should say that we would tolerate a modest or limited overrun (Ibid: 8) (Positioning)

MR. ROOS: I would start by saying that as far as the remainder of ’82 is concerned I would prefer alternative A...As for the longer-run growth strategy, I would prefer strategy IV (Ibid: 9-10) (Positioning)

MR. BLACK: I think it would be a serious mistake to raise the long-run targets... I would opt very strongly for retaining our present targets and hope that we don’t overshoot them… (Ibid: 11) (Declaring limits of tolerance)

Similar to micro situations, awareness contexts represent an analytic device, “constructed to account for similarities in interaction in many diverse conventional units,” rather than “one of the standard structural units such as group, organization, community, role, position, etc” (Glazer and Strauss, 1964: 670). As a result, just like influence moves and micro situations, awareness contexts are interpretive and involve some degree of subjectivity which accompanies both interpretation of the meaning of a given awareness context, as well as interpretation of its effect on a micro situation.

Some variation in interpretations of the meaning of awareness contexts stems in part from the fact that understanding of any awareness context in an ongoing policy-making group rests on knowing the culture of that group, its language and its rituals. The meaning of awareness contexts is rooted in the history of FOMC interactions as much as it is rooted in in-situ influence moves and micro situations. Consequently, signals can be subtle and would be misinterpreted or missed by someone not familiar with the group’s rituals and culture. For instance, someone not very familiar with the language and customs of this group might not recognize the relationship between Volcker’s invitation to include comments about general economy, and Mr. Roos’s and Mr. Black’s responses
about long run targets, and especially relevance of Mr. Solomon’s about “modest or limited overrun” to Volcker’s initiating move. The better the researcher’s understanding of the group culture, the better the explanatory power of his/her awareness context is, as it reflects the subjects’ perspective; but on the other hand, it also implies subjectivity in interpretation of awareness contexts. At the same time, awareness contexts are not entirely subjective, since the shared understanding of the group of their existence is reflected in interaction. In the aforementioned example, the pattern of responses of the committee members indicates that they recognize it.

Another cause of the subjectivity in interpretation of awareness contexts stems from the fact that causal relationships in natural setting are not as clear-cut as those one can find in experimental research. For researchers dealing with archival data, the ideal scenario for identifying an awareness context is when both its origin and its effects on interaction patterns can be tied to explicit references to it made by speakers, as was the case in the aforementioned example. The difficulty in inferring an awareness context arises when either its origin and/or its effects are less tangible than in the example above. First, some awareness contexts are rooted in long history of interaction of this group and their origin cannot be easily traced to a specific move or micro situation, leaving the researcher with the only option of interpreting them through effects. Yet, the effects of awareness contexts may not be evident in each and every micro situation; they can be better described as loose patterns rather than deterministic relationships. For instance, not every single committee member might have responded to Volcker’s invitation to include comments on long-term policy. Sometimes, the responses allowing the researcher to
identify the shared understanding of the policy makers of a specific awareness context may be scattered across a meeting, or even multiple meetings.

The most challenging (and arguably, most subjective) scenario for interpretation of an awareness context is when its effect is not so much on micro-situational structures (e.g., round table turn-taking versus free-style discussion) or contents of influence moves (e.g., including additional general comments on long-term ranges, per Chairman’s request), but rather on interpretation of the meaning of a micro situation or an influence move. In this case, the interpretation of all components of the situation – awareness context and its effects – rests on the researcher’s familiarity with the group’s language, culture and rituals, as they will be indispensable for identifying the effect of a specific awareness context on the meaning of a micro situation. Specifically, the researcher can compare interpretation of the meaning of a micro situation under the assumption of the awareness context with the interpretation of its meaning under the assumption of its absence, and examine if the former can better explain the behavior of the individuals in this micro situation, given the group’s culture. Before illustrating the mechanics of this approach, let us first look into the origins of awareness contexts through a specific example and consider their effects on the meaning of micro situations.

Origins of Awareness Contexts

Glazer and Strauss (1964) pointed at two origins of awareness contexts. On the one hand, awareness contexts are shaped by the structural conditions (such as role, status, community, society, etc.) in which they take place. Indeed, a distinct change in the internal structure, such as the appointment of new Chairman, is bound to generate an
awareness context with respect to the shift in the leadership: the policy makers may not know what exactly the new Chairman’s style may be, but they would be aware that it will likely be different. Similarly, a structural shift in the external environment, such as election or a new President, may also generate a corresponding awareness context about a changed political environment in which this policy-making group operates.

On the other hand, awareness contexts emerge in the process of interaction. They can be evoked by a single move, a micro situation, a sequence of or an accumulation of micro situations that took place at different points in time. Once formed, they become vital for setting the stage and interpretation of the meaning of subsequent micro situations and influence moves, including the type of the moves, selection of their frames, timing; in some cases, awareness contexts can also explain policy makers’ deterrence from making the moves. This interaction between awareness contexts, micro situations and influence moves can be illustrated on the following example.

During the June 30-July 1, 1982 meeting, the FOMC had to discuss a request for a loan made by Mexican government. The day before the meeting, the committee had already approved a request for a “window-dressing” loan. Now, however, they were being asked for approval of the real money lending. The difficulty of the situation was that on the one hand, as a part of a larger system, the Fed had to take into account serious socio-political and economic consequences of refusal to provide the loan. On the other hand, the Fed’s major responsibility in providing the loan is to ensure that it can be repaid, and given the country’s political and economic instability, aggravated by election turmoil, the risk of Mexico’s default on the loan was high.
This item was not on the agenda, and as a result, there was no planned time or order for it. However, Volcker started setting the stage for the discussion at the start of the meeting, creating an awareness context that the issue they were about to discuss was of an urgent nature and that he would be taking charge of the discussion. He first built this expectation by a series of orchestrating moves made throughout the first half of the meeting that he wanted it to proceed in a particular – and different from the set agenda – order, and signaling that he had more information on the subject matter than was available to the rest of the group (relevant phrases are italicized):

CHAIRMAN VOLCKER. I suppose we might as well go to you, Mr. Axilrod, even though it may be a little premature. We'll go back and discuss the economic situation after you are finished. (after Axilrod's report) … who would like to … ask questions, particularly about the economic situation but even general questions or comments on the strategic decisions facing us… and I want to get back to the foreign side. I'll just cut this off in a while and get back to the matter we must take up in the international area (June 30-July 1, 1982: 2).

CHAIRMAN VOLCKER… We have just two or three more speakers to go and I want to turn our attention to our friends south of the border here before we get finished today (Ibid: 17).

By the time he finally introduced the issue, the policy makers had a shared understanding that they had were expected to arrive at a decision on an unscheduled (i.e. rather urgent) agenda item pertaining to the international arena. It should also be mentioned that, Volcker’s reference later in the discussion makes it clear that they had had some deliberation about this issue (at least some aspects of it) the day prior to this meeting, plus, they had some preparatory materials (as shown next), so they are likely to also be aware who their friends south of the border are. Finally, they had a shared understanding that Volcker would be in charge of this discussion. This awareness context shapes interpretation of the meaning of ensuing micro situations and influence moves, while at the same time, being re-enforced and maintained by them throughout the
subsequent discussion. As an example, let us examine the following micro situation which refers to the moment, when Volcker finally introduced the matter:

CHAIRMAN VOLCKER. Let me turn to Mexico because we have people waiting for an answer here. We distributed a paper on Mexico and people presumably had that last night.

MR. TRUMAN. No, they didn't. They got it when they arrived.

CHAIRMAN VOLCKER. Well, you have it. You've all read it and studied it carefully. Let me bring you up to date.

First, due to the awareness context created prior to this micro situation, the group becomes instantly aware that they are switching gears to that unscheduled item “on the international arena” that Volcker had referred to earlier. Furthermore, the frame “we have people waiting for an answer here,” while reinforcing and further clarifying the meaning of the awareness context of urgency (waiting here), is also shaped by the earlier created awareness of it. Specifically, the latter has set the stage for the shared understanding that the discussion to follow is not going to happen just because there are some people “waiting for an answer” but instead, represents an unusual subject matter that could not have waited until the next FOMC meeting.

Now, the micro situation presented above further defines the awareness context (or rather, further clarifies it, from the analyst’s perspective, as the policy makers already had some of the information presented below). The fact that the committee only received the preparatory materials upon their arrival to the meeting and the Chairman Volcker’s confidence that the policy makers “have all read it and studied it carefully” strengthen the unusual, or at this point one could call it “exclusive,” nature of the upcoming subject matter. As well, the awareness context that Volcker would be facilitating the discussion is emphasized and slightly re-shaped, as it becomes clear that he would be in charge of the discussion not just from facilitation, but also, from the standpoint of contents, as no one else in the group had equal access to information: unlike the rest of the group, he knows
that there are “people waiting for an answer,” and he had access to “the paper” earlier than they did. Finally, for that same reason that he has more information that they do, the group also realized that the issue they were about to discuss was of a heightened politically sensitive nature, even by FOMC standards.

The committee’s shared understanding of this awareness context, created by Volcker’s earlier orchestrating influence moves, and maintained in the current micro situation, is revealed in the behaviors of the policy makers. Namely, no one questions why they must suddenly switch to a discussion of an unscheduled topic, or why they had not received the preparatory materials in advance, especially given the significance and the scale of the matter. Instead, the discussion continues by Volcker’s long introductory speech, “bringing [the FOMC] up to date.” Hence, is this specific case, awareness context deters the policy makers from making influence moves. At the same time, Volcker’s understands, too, that this awareness context is shared by the group, and his understanding is reflected in the frame of his last influence move. Specifically, the awareness context of exclusivity, urgent and politically sensitive nature of the issue allows him to frame his reply to Mr. Truman (“Well, you have it”) in a manner that under other circumstances could be interpreted as impolite and careless, if not rude.

The example in this section demonstrates the cyclical, iterative and inter-dependent nature between awareness contexts on the one hand, and influence moves and micro situations, on the other. While created and constantly re-defined by influence moves and micro situations, awareness contexts at the same time shape interpretation of their meanings by setting the stage for them; they allow selection of certain frames which would have an entirely different meaning under different circumstances, even if the
presence of the similar micro-situational context. Finally, they also explain why the policy makers may refrain from making influence moves at all.

**Classes of Awareness Contexts**

As was indicated earlier, given the differences between the original and current setting, the classification of awareness contexts developed by Glazer and Strauss (1964) to describe interactions of terminally ill patients with their caregivers is not useful for characterizing awareness contexts in elite policy making groups. Furthermore, such contexts as pretense and suspicion cannot be ascribed with any degree of confidence, based on archival data. At the same time, there are many awareness contexts that are likely crucial for the FOMC, such as shared understanding of the importance of the political environment, the state of the economy, as well as the importance of the Chairman and his leadership style. Consequently, the next section offers several classes of contexts that are important in the FOMC setting, and elaborates on the implications of these contexts for influence moves.

*Awareness of the Others’ Policy Preferences*

As in any group decision-making, understanding positions of the other members on a preferred alternative is important for formulating one’s stance, building of coalitions, as well as for arriving at consensus. Policy makers’ interpretation of each other’s policy preferences exists in the form of an awareness context, as can be demonstrated on the following example. As a starting point for the policy discussion during the October 1990 meeting, Chairman Greenspan suggested a policy alternative and invited the committee to express their views. According to his first proposal, the FOMC would not take any action
at that time, but would implement two easing moves sometime in the intermittent period prior to the next meeting.

After policy makers stated their preferences, Greenspan had to modify his original proposal to accommodate the views of the committee that there should be no second easing move without specific agreement by the FOMC via teleconference. The summary made by Chairman Greenspan represents more than adjusting final consensus and declaring limits of tolerance influence move; it is a description of an awareness context about the distribution of preferences:

CHAIRMAN GREENSPAN. Let me rephrase my proposal in the form of a voting proposal. I would recommend alternative B asymmetric toward ease, with the presumption that if the budget resolution passes both houses there would be a 25 basis point decline [in the funds rate objective] on Tuesday .... Implicit in the proposal is that I'd like to remain asymmetric toward ease but--and this is something of a change from what I indicated earlier because I'm sensing different views in the Committee--that's as far as I would go. It would merely be an asymmetric position with no presumption of a [further] move. (Discussion continues)
MR. HOSKINS. There's no implied second move.
CHAIRMAN GREENSPAN. There's no implied second move.
MR. SYRON. No automaticity.
CHAIRMAN GREENSPAN. There's no automaticity; that's correct. (October 2, 1990: 57-58).

Awareness context about distribution of preferences in the group allowed the Chair to re-frame his original proposal, and also, allowed Mr. Hoskins and Mr. Syron to understand exactly, without additional questions, what the difference is between the two proposals.

The degree of certainty in interpretation of policy preferences with respect to short-term rates varies. On the one hand, at the latest stages of the meetings, when policy makers have stated their preferred alternatives, there is little uncertainty in interpretation of positions. On the other hand, in early stages of the meetings, preferences are not stated clearly, and must be inferred to some extent based on the information available about the speaker. Whatever the shared understanding of the group is about distribution of their
positions at any given moment, this awareness context will shape interpretation of the meaning influence moves above and beyond the micro-situational context and/or the information within the move itself.

For example, the conventional division of FOMC members into the Hawks (supporters of a tighter monetary policy because of concerns over inflation), Doves (supporters of a lower interest rates because of concerns over economy and unemployment), and monetarists (supporters of steady monetary policy) means that policy makers will use this information to interpret the speaker’s position on short-term rates, unless the latter is explicitly stated in the influence move. As an illustration, let us take the following (positioning with framing) move made by a committee member during a round table discussion of an economic outlook:

SPEAKER. I’m more on the side of those who are now becoming somewhat fearful of too much of a rise in activity rather than on the side of those who think it’s going to be too small in the period to come (February 12-13, 1985: 22).

Despite the general direction (against easing) implied in this move, it contains no details to infer support for tightening versus status quo alternative. Consequently, interpretation of its implications for policy position, and hence the meaning of this influence move, will depend to a large extent, on the awareness context about the speaker’s customary line of actions in the preceding meetings.

As a case in point, consider two members of the FOMC, namely, Henry Wallich, who according to Greider (1984), was “the most ardent hawk… predictably repeating himself regardless of circumstances” (200-201), and Chuck Partee – “an old Keynesian liberal worried about the rising unemployment of the recession” (Ibid: 204). If the aforementioned move were made by Mr. Wallich, then policy makers would more likely
to interpret it as a call for a tightening move, than if the speaker were Mr. Partee (which actually is true in this case). The information provided in this influence move, given that it was made by someone constantly concerned about unemployment, is not sufficient to indicate if Mr. Partee would only go so far as “against easing,” or he would support a tightening step.

At the same time, Mr. Partee move re-shapes the existing awareness context about the distribution of preferences, as it has now direct implications for coalitions. Specifically, the policy makers’ awareness of Mr. Partee as usually representing the Keynesian camp of FOMC interacts with the meaning of his influence move (i.e., the signal on preferred policy direction), and the new shade of this awareness context is that even some members of the “Dove camp” on the FOMC are now concerned about inflation, which weakens the position of those contemplating an easing move. If, in contrast, Mr. Wallich made this move, it would have been interpreted as his typical stance, something that policy makers would expect from him under the circumstances.

The degree of clarity with respect to policy preferences on the short-term rates, as stated by speakers – and hence confidence with which the rest interpret these preferences – increase with each meeting stage. At the beginning of the meeting, the degree of confidence in interpretation of each other’s policy preferences is low, and is primarily based on past meetings’ interactional chains and interpretation of the speaker’s typical inclination. For instance, hardly anything can be inferred about Mr. Melzer’s policy preference with respect to short-term policy ranges from the following framing influence move (highlight) made in the beginning of a meeting:

MR. MELZER. Jim, how would you view the declines in the consumer confidence indexes? Would you attach much significance to that, what do you think the causes might have been, and so forth? (September 23, 1986: 16).
Consequently, the FOMC members will interpret the meaning of Mr. Melzer’s move, based on what they know about him from past meetings, similar to the aforementioned scenario with Mr. Partee’s move. For instance, if he had been concerned about the receding economy and as a result, had been supporting easing in the past, then his current highlighting framing move can be interpreted as searching for further evidence in support of his interpretation of the economic trend. If, in contrast, he had been concerned about inflation and had been voting against easing, then his question could be regarded as probing if there are indications for him to reverse his position. So, the awareness context about Mr. Melzer’s general perspective will be used by the committee members to interpret the meaning of his present move, in addition to the information contained in the move itself.

As policy makers go around the table discussing their views on economy, they signal their preferred policy direction by descriptive framing, positioning with framing, and piggy-baking influence moves (for those taking later turn), which slowly changes the awareness context. While the members still do not know the details of each other’s policy preference, they can interpret its general direction and/or the strength. For instance, this specific influence move made by Mr. Melzer during the roundtable discussion of economic outlook, is positioning with framing. Specifically by indicating that he sees some signs of economic strength and, at the same time, he is somewhat concerned about inflation, Mr. Melzer makes a move which could be interpreted by others as his policy position against easing:

MR. MELZER. …The most recent indicators we have all would show an improvement … nonagricultural employment was up…improvement in manufacturing…retail sales…were quite strong…residential and nonresidential construction were strong…there has been an improvement in sentiment among businessmen…I have given some thought to …whether this concern about inflation is something that is just reflected in the markets or whether it has ….more solid
underpinnings...I think we are looking at something that has been developing over a period of some months...I am not inclined to think that this is just a passing fancy...I am inclined to put some credence in that... (September 23, 1986: 24).

This move, however, does not contain enough information to interpret Mr. Melzer’s position with certainty, since “against easing” may mean tightening as well as maintaining status quo. Furthermore, other factors may come into play in one’s formulation of his/her policy stance. For example, international strength of the dollar and anticipated timing of the economic cycle are often important considerations given by the FOMC. Consequently, the other group members will be using interactional chains at preceding meetings (Mr. Melzer’s past positions in similar situations), and other awareness contexts created at this meeting, to gauge the general direction of Mr. Melzer’s preference, that is, to interpret the meaning of his influence move.

Finally, once each member gives the exact details of the preferred policy during the policy round table, awareness context changes again, and the subsequent discussion of specific shape of the final alternative, including its wording, is done with a shared understanding of a well-defined distribution of policy preferences within the group. In the final influence move, made during the roundtable discussion of policy preferences, Mr. Melzer unequivocally states his preference with respect to the short-term rates, which is to maintain the status quo, despite his concerns about inflation:

MR. MELZER I also would favor alternative B. Policy has been moving in one direction for some...time and I don't think it’s appropriate to turn it around on a dime... I have some concerns, as you know, about some of the developments on the inflation and inflationary expectations front... (Ibid: 31).

From this point on, Mr. Melzer’s preference for alternative B is clear, and his subsequent influence moves made during the crafting of policy wording, will be interpreted by others in light of knowing Mr. Melzer’s position on policy. For instance, in
the following micro situation, Chairman Volcker proposes a wording of the policy alternative, and, from the perspective of Mr. Melzer who prefers alternative B and who nevertheless is still concerned about inflation, the wording proposed by the Chairman, is satisfactory. The only modification he would like to add would be omitting the clause “depending on” because the idea is captured by the notion “taking account of”:

Chairman Volcker. …Let’s change “somewhat” to “slightly” and say … “slightly greater reserve restraint would or slightly lesser reserve restraint might be acceptable depending upon the behavior of the aggregates and taking account of --
Mr. Melzer. “Taking account of” probably does it.
Chairman Volcker. Your way without the "and"; comma, “taking into account the behavior of the aggregates,” etc. Is that all right? (Ibid: 41).

The aforementioned examples throughout this section illustrated how the importance of this awareness context for interpretation of the meaning of the framing moves, or more specifically, for interpretation of the positioning element of the framing move. In addition, this awareness context is also vital for setting the stage for certain influence moves; that is, it makes certain moves possible in the first place. As an example, consider piggy-backing influence moves, which were defined earlier as backing up somebody else’s signal indicating a policy position. Sometimes, piggy backing moves are used within the same micro-situation, but other times, they are spread out across the roundtable turn-taking discussion, be it the discussion of economic outlook or policy. In these instances, awareness contexts serve as the group memory about all previous influence moves, allowing the speaker to associate his/her position with someone else’s, and also, allowing the rest of the group to interpret the piggy-backing signal as such.

As another example of this awareness context as a prerequisite for an influence move, let us have another look at Greenspan’s influence move “adjusting final consensus,” and “declaring his limits of tolerance” on the revised policy proposal (see p.
This influence move is possible *because of* the existence of the awareness context about the distribution of speakers’ preferences. If it were not for the collectively shared tacit understanding of the group of what each speaker has stated in their earlier positioning moves, Greenspan would not be able to adjust consensus.

Nor would he be able to use limits of tolerance *without being interpreted* as undemocratic and ignoring the view of the rest of the group. Although this could be yet another illustration of earlier claim about the importance of awareness contexts in interpreting the meaning of the influence moves, in this situation, it is used to demonstrate the awareness context as a prerequisite of an influence move. Namely, the group’s tacit understanding of the policy preferences distribution *makes it possible* (i.e. is a necessary condition) for Greenspan to declare his limits of tolerance because of its interaction with another, ritualistic awareness context (the class reviewed next) of the importance of consensus. That is, in a group that places a great value on consensus, the Chair does not enter the policy discussion setting the limit on the directive. It is the awareness context about group member’s policy positions (in this case, of the “different views in the Committee”), that sets the stage for this influence move.

The variation in the level of confidence in interpretation of interests captured by the concept of awareness contexts represents a significant departure from the standard assumption about transparent nature of interests made by the literature of influence tactics. Namely, the typical models of influence tactics portrayed individuals as being driven by their interests, and actions of these individuals as direct materializations of interests. According to the micro-situational model of influence tactics, it is not always possible to unequivocally infer interests (in this case, policy preferences) from influence
moves. Interpretation of preference, however, is important for this policy-making group, and underlies the deliberations in the form of an awareness context.

This awareness context plays three vital roles. First, it is analogous to memory connecting the history of past interactions to the present micro situation where the policy makers will use information available about the speaker, in interpretation of the meaning behind the influence moves. More specifically, this awareness context is crucial for interpreting the positioning element in the framing moves. Secondly, this awareness context sets the stage for some influence moves, such as piggy-backing and adjusting final consensus. Finally, given its nature, it is vital for gauging the overall distribution of preferences from the standpoint of coalition, as well as consensus, building; and since this process is carried out through influence moves, they are consequently shaped by this awareness context as well.

_Awareness Contexts of Rituals and Routines_

Over the decades, FOMC has developed a number of rituals and routines, varying from simple ones, such as minutes approval and seconding of recommendations, to complex rituals with shifting and multiple meanings, such as the practice of issuing asymmetric or symmetric directives, the structure of policy wording discussion, importance of consensus, choice of leading policy indicators and operating procedures, and many more. Some rituals have a legislative foundation, while others are based on tacit understandings, developed over the long history of FOMC interactions. Irrespective of the nature of the rituals, they exist in the form of awareness contexts which underlie discussions of FOMC, and shape influence moves and micro-situational structures.
For instance, as a formal organizational unit, FOMC has multiple mandatory routines, such as selection and rotation of its members, obligations stemming from its mandate and various legislations (e.g., Freedom of Information Act mandates publication of transcripts with the five-year lag), and many more. All these mandatory rituals are translated into awareness contexts. For example, if an FOMC member decided to resign for personal reasons, there would be no awareness context (in the absence of informal sharing of the news) reflecting the fact that a specific meeting is his/her last one. However, if a member reaches his/her appointment limit, a respective awareness context is created which relates to the change in FOMC membership.

At the same time, multiple rituals upheld by the FOMC have no legislative foundation, but instead, are based on agreements and reflected in awareness contexts, as was illustrated in the earlier example of a meeting structure. This awareness context about the meeting structure shapes the type and timing of the influence moves, as can be illustrated on the following pattern between the meeting stages and influence moves. At the beginning of the meeting, during the discussion of staff economists’ reports, there is a shared understanding among FOMC members about the question-and-answer structure of the discussion, as well as the relevance of their comments to the presented reports. Consequently, policy makers make mostly descriptive highlighting and conversion moves, bringing forward issues of their interest and re-negotiating the meaning of these issues. As the discussion moves to the economic outlook, there is a tacit understanding of the contents of the speakers’ moves (i.e. general comments on national and local economies) and turn-taking discussion structure. As a result, policy makers signal to each
other their general directions by descriptive framing, positioning with framing, and later in the turn-taking, with piggy backing (to spare repeating the same points).

Finally, during the discussion of policy alternatives, in addition to the shared understanding of the topic, policy makers also know each other’s general policy preferences, which open opportunities to new types of influence moves, such as adjusting final consensus, black-and-white conversion, splintering, and declaring limits of tolerance. Knowing preferences of the others makes these influence moves appropriate: while it is hard to imagine FOMC members walking into the boardroom at the start of a meeting with a statement like “My strong preference is for B asymmetrical with a $600M borrowing assumption,” it is a typical influence move for discussion of policy alternatives, where the members know each others policy preferences and must agree on an alternative of “least resistance,” if not “highest preference.” The same refers to the adjusting final consensus – before adjustments, the consensus must be formed, which means that references are revealed. Table 3 summarizes the general variation in the type of influence moves depending on the awareness context of the meeting stage, which incorporates shared understanding with respect to the discussion theme, structure and disclosure of policy preferences:

**Table 3. Variation in the Patterns of Influence Tactics Resulting From Awareness Contexts**

<table>
<thead>
<tr>
<th>Stage 1. Discussion of the Economic Reports</th>
<th>Stage 2. Discussion of the Economic Outlook</th>
<th>Stage 3a. Discussion of Policy Alternatives</th>
<th>Stage 3b. Discussion of Policy Wording (where applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Descriptive Highlighting</td>
<td>Descriptive Framing</td>
<td>Adjusting final consensus</td>
<td>Black-and-white conversion</td>
</tr>
<tr>
<td>Descriptive Conversion</td>
<td>Descriptive Framing</td>
<td>Prescriptive Highlighting</td>
<td>Splintering</td>
</tr>
<tr>
<td></td>
<td>Positioning with Framing</td>
<td>Prescriptive Framing</td>
<td>Declaring limits of tolerance</td>
</tr>
<tr>
<td></td>
<td>Piggy-Backing</td>
<td>Black-and-white conversion</td>
<td>Piggy-Backing</td>
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<td>Splintering</td>
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<td>Declaring limits of tolerance</td>
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<td></td>
<td>Piggy-Backing</td>
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</tbody>
</table>
Another interesting ritualistic awareness context refers to the discussion of the alternative’s wording. In Table B, policy discussion is split into two parts, namely, deliberation over the alternative and crafting of its wording. In reality, however, this part of the meeting structure differed when the FOMC was chaired by Volcker versus Greenspan; and this difference reflected a ritual which was deeper than a simple meeting structure; this ritual was about the approach towards wording of the final policy directive. Specifically, under Volcker, crafting of directives’ wording was part of quite extensive regular policy discussion, where FOMC members carefully chose every word and deliberated on implications of using it in a public account of the meeting (announcements, statements, directive, etc.), as illustrated in the abstract below:

CHAIRMAN VOLCKER. Why don’t we just look at the wording … “Maintain the existing degree of pressure on reserve positions… consistent with growth in M2—“…… (discussion continues) We have this great choice of whether we say “about 8 percent or “7 to 9 percent.”… MR. ANGELL. This is splitting hairs over something that we know nothing about. CHAIRMAN VOLCKER. That’s right… (discussion continues)… If we wanted to make it a little more explicit I guess we could say something like “slightly greater” instead of “somewhat greater.” MR. MORRIS. I think we need an asymmetrical statement this time. CHAIRMAN VOLCKER. I made it non-symmetrical just by changing the “would: MR. JOHNSON. Changing the “would” and putting “might.” CHAIRMAN VOLCKER. We can do it all in one sentence which is what we have often done…. MR. JOHNSON. Split the two out… MR. ANGELL. I would suggest we add international credit and commodity markets. CHAIRMAN VOLCKER. I don’t want to get too many things in there… (discussion continues) CHAIRMAN VOLCKER. … Let’s change “somewhat” to “slightly” … I guess “slightly” should go after the would, too: “slightly greater reserve restraint would or slightly lesser reserve restraint might be acceptable depending upon the behavior of the aggregates and taking account of…” MR. MELZER. “Taking account of” probably does it… CHAIRMAN VOLCKER. …Your way without the “and”; comma, “taking into account the behavior…etc.” Is that all right? (September 23, 1986: 39-40).

During Greenspan’s leadership, in contrast, the meeting structure changed; the FOMC no longer had a separate extensive discussion of the wording, with only sporadic occurrences of members insisting on certain words to be retained or changed which they usually did during the roundtable turn-taking policy discussion. This awareness context started forming up at the first meeting presided by Greenspan. In his orchestrating move
announcing the beginning of the policy roundtable discussion, Greenspan asked members to indicate, in addition to policy preferences and tilt, their comments on the directive itself, which meant wording:\textsuperscript{xxiv}

CHAIRMAN GREENSPAN. ...I would like to open the floor now for a general policy discussion and some indications on the directive and borrowing requirements and any tilt that you would like to express as we go on... (August 18, 1987: 25).

The customary influence moves made during policy roundtable discussion contained prescriptive signals with respect to two dimensions, namely, for a move (easing, tightening, or status quo) and for a tilt (which is an indication of FOMC intention to change the short-term interest rates in the near future under certain agreed upon conditions). The examples below represent typical prescriptive influence moves during Greenspan-chaired FOMC:

MR. KEEHN. I would absolutely agree with your proposal as to both timing and methodology, which I would gather is alternative B asymmetric language now and an assumption that we may move next week with a continuation of asymmetric language. (October 2, 1990: 53).

MS. SEGER. I certainly support an easing move...My preference would be for something called maybe "A*," which would be an immediate 25 basis point cut reflecting those concerns, to be followed by another 25 (Ibid: 54).

Mr. STERN. ... And as I look at the alternatives, something like ..."B" would be acceptable to me. I could even imagine going a bit beyond that ...I'd be willing to contemplate an asymmetric directive and even a 1/4 point move in the funds rate... But I think I would want to stop there. (Ibid: 54).

MR. BOYKIN. Well, Mr. Chairman, as much as I would like to support what you're recommending, I have some difficulty doing it... I'm afraid we might lose sight of the inflation situation. I'm more concerned that the timing would be premature by several weeks if we did make a move... I would want to wait a while longer and let the economic data come through before doing what is being contemplated. So, I would not favor it. (Ibid: 54-55).

As can be seen from the aforementioned examples, the final policy deliberations of the Greenspan-led FOMC focused on actions, including timing and methodology, rather than the way of verbal presentation of these actions to the world. The deeper ritual underlying this particular change in the meeting structure was the shift in the FOMC
practice of crafting policy wording from free-style to more automatic pre-set nature, as was documented by Thornton and Wheelock’s (2000) in their account of the history of asymmetric directive:

Throughout much of the 1980s, operating instructions were crafted at each FOMC meeting, with phrases added, deleted, or modified from one meeting to the next. Eventually, the Committee settled on language that could be used in all directives, so that policy decisions could be conveyed simply by inserting the appropriate word or phrase into otherwise standard language. (Thornton and Wheelock, 2000: 3).

There was a shared understanding of the meaning of certain code words in relation to direction of policy tilt, and the policy makers had to state only the tilt of the preferred alternative which automatically translated into specific word combinations. Specifically, the “would” and “slightly” implied a symmetric directive (signifying respective intentions to maintain status quo), whereas the words “might” and “somewhat” were codes for asymmetric directive (indicating intention to move from the status quo in the future). And, as illustrated in the examples above, the awareness context about the scope of the wording discussion resulted in changes to both influence moves and structure of micro situations. Specifically, in the absence of a separate discussion on policy wording, FOMC members included any remarks about their preferred word combinations, in their influence moves during the roundtable policy discussion, as illustrated by Mr. Melzer’s and Mr. Forrestal’s prescriptive framing moves made during the policy roundtable discussions, where they, in addition to stating a favored policy, make references to wording they would like to see:

MR. MELZER. I would prefer alternative B on the short run, with a $250 million borrowings target… I don't think any more easing is called for at this stage… I wouldn't have language in there in terms of continued flexibility. If there were agreement about that, we might even must deal with that lead-in phrase "taking account of conditions in financial markets" on line 108. The other thing I would do in the directive is, in the lead-in I think we'd must say maintain--or whatever we're going to do-- maintain/increase/decrease "the degree of pressure sought in recent days" (February 9-10, 1988: 56-57).

MR. FORRESTAL. … I would opt for … alternative B-plus with borrowing at about the $600 million level…as far as the directive is concerned, I would suggest that we tilt slightly toward
f firming and keep an asymmetric directive … Also, *I would keep that sentence in the directive* that would allow for greater M2 and M3 growth—that we would tolerate that if it occurred. (August 18, 1987: 26).

From the examples above, one can see the importance of these ritualistic awareness contexts in developing and sustaining of the group-specific language which can be fully understood only the members of this group, and therefore, the crucial role these contexts are bound to play in interpretation of the meaning of any framing moves. While for an outsider, the difference between the words “somewhat” and “slightly” may be merely semantic, for the member of FOMC it represents a different policy altogether.

While it is impossible to cover all rituals important for FOMC decision making, awareness context pertaining to one specific ritual, namely, the choice of leading indicators and operating procedures, is of particular significance to this group. For instance, during 1970s, the Fed had been focused on what has become known as “pegging of interest rate,” which essentially meant that the emphasis of operating procedures was on targeting specified levels of interest rates. When Volcker became the FOMC Chairman, he led the committee to changing its operating procedures to target the so called “narrow M1” monetary aggregate, as opposed to interest rates. Later, when this indicator was showing more and more problems as the major thermometer of the economic conditions (due in part to structural changes in the financial makeup, such as introductions of interest-earning checking, or so-called NOW, accounts, and others), the FOMC changed its operating procedures again in October 1982 (Greider, 1987).

There are no laws guiding which operating procedures (e.g., targeting interest rates versus reserves) to follow, or which indicators to pay closer attention to while assessing economic conditions. Instead, these practices are based on shared agreements developed over the history of interactions and upheld in the form of awareness contexts.
during the FOMC deliberations. To illustrate the existence of these awareness contexts and their relationship to influence moves, compare the following two discussions which took place years apart, namely, in the summer of 1982 when narrow monetary aggregate M1 was primary policy indicator, and in the summer of 1986, when it was de-emphasized in favor of broader monetary aggregates, such as M2 and M3.

The first abstract refers to FOMC discussion that took place at a time when for quite a while, FOMC had been puzzled about the behavior of their main measure of monetary aggregate (M1), relative to their expectations. During the roundtable discussion of long-term policy ranges, Mr. Morris made a prescriptive framing move suggesting de-emphasizing the M1 monetary aggregate as the primary indicator of economic health and abandoning it in favor of other measures:

Mr. MORRIS. We've been describing the M1 box into which we have woven ourselves rather tightly here …It has cleared my mind considerably to have arrived at a conclusion that M1 is no longer a reliable guide to policy and I would recommend that view to all of you… [Discussion continues] If we're going to get out of the M1 box sometime--and I think ultimately we're going to--why not now? So, I propose a range for this year of 8 to 11 percent in total liquid assets. (June 30 – July 1, 1982: 15).

The shared understanding of the ritualistic awareness context is reflected in the words “guide to policy,” since M1 is not just an indicator, but rather, the main policy tool. In the discussion that followed, the policy makers clearly indicated that they were not yet ready for the shift in policy:

CHAIRMAN VOLCKER. You have the statistical data to back that up, so we can all look at it carefully?
MR. MORRIS. Yes.
MR. PARTEE. What is that? Is that L?
MR. MORRIS. Yes.
MS. TEETERS. And how are you going to construct reserve paths on that basis?
CHAIRMAN VOLCKER. It has the great advantage that we don't know the figure for three months!
MR. MORRIS. Well, I think we could know the figure if we set out to get it. If we decided it was an important number, we could get it fairly currently.
CHAIRMAN VOLCKER. How has L been doing?
VICE CHAIRMAN SOLOMON. That's a cheap advantage of it: That we don't know the figures. (June 30 – July 1, 1982).
This discussion further illustrates the shared understanding that at the core of their deliberation now is exactly a change in a paradigm, not a metric itself. This interpretation follows from the timing of this discussion – it occurs during the round table turn-taking, where usually the group members wait for their turn, and indicate their positions via respective influence moves, such as positioning, positioning with framing or piggy backing. In this instance, however, their reaction to Mr. Morris’s prescriptive influence move is immediate and strong, implying that they all understand the significance of his suggestion, and therefore, share a tacit understanding of the awareness context of M1 currently representing a policy course.

Hence, one could conclude that the awareness context accompanying the policy deliberations of summer 1982 was that despite the declining confidence of FOMC in reliability of M1 as a primary measure, and even discord about its use in setting the policy, it remained the official policy beacon.

In contrast, the July 1986 meeting took place in the period when the primary policy indicator was no longer M1, and the respective awareness context underlying policy discussion allowed Volcker to suggest abandoning it as one of viable options regarding long-term policy ranges in his prescriptive framing move:

CHAIRMAN VOLCKER. Maybe we can, if not resolve it, at least begin to form some consensus on what we want to do with M1 in these long-range targets. …Do we choose a new target for this year? Do we have one for next year? Do we rebase this year, do we keep what we have, or do we say we are going to be over it and eliminate what we have? Of the various choices Mr. Kohn gave you, what appeals? (July 8-9, 1986: 11).

The awareness context vis-à-vis which monetary indicators should be leading indicators in interpreting the economic situation, and the degree of support for these
indicators is very crucial for this policy making group. Specifically, they play an important part in interpretation of and as a guide for making prescriptive influence moves. Irrespective of what the main indicator is at a given moment, the committee members are aware of it, and will frame their prescriptive influence moves in the context of this indicator, whether they agree with it or not, as was illustrated in Mr. Morris’s influence move.

The class of awareness contexts reflecting rituals and routines constitutes a distinct category which plays an important part in shaping influence moves of FOMC members, as well as structures of micro situations. Specifically, as illustrated in Table B, awareness context about the meeting structure shapes the type and timing of the influence moves, making some moves more appropriate for a given meeting stage and others, and serving as a prerequisite for certain influence moves, such as adjusting final consensus or black-and-white conversion altogether. At the same time, these ritualistic awareness contexts play a vital role for interpretation of the meaning of any descriptive and prescriptive framing moves because they underlie the group-specific language. Finally, the ritualistic awareness context pertaining to the main policy indicator at any given time, serve as a guide for policy maker’s prescriptive framing moves, since the group members have a tacit understanding with respect to the relative weight of various measures and indicators in setting the policy.

Awareness of Chairman’s Factor
The Chair is undeniably a very important figure of the committee: whether weak or powerful, democratic or authoritative, possessing strong or poor expertise, the characteristics of the Chairman shape the negotiations of the committee. This affect of the Chairman’s factor on negotiation necessitates a separate class of awareness context, which encompasses broad range of examples, starting from the group’s understanding of Chair’s views on the specific policy aspect to his/her communication techniques (e.g., abrupt, soft, etc.). Depending on the contents, some awareness contexts could stretch across many FOMC meetings, while others may refer to a single meeting or even a part of it. Let us turn to specific examples of this class.

The first example pertains to the awareness context about the level of the Chairman’s expertise. Most FOMC Chairmen were portrayed as experts in matters of economic and monetary policy (Greider, 1987; Kettl, 1986). Chairman Miller, who lasted in this position just over a year and a half (from January 1978 until August 1979) was considered an exception to the rule. The awareness context about his reliance on the group’s expertise and lack of confidence in his own was generated at the first meeting presided by Miller. Specifically, Mr. Miller asked the committee members to independently and anonymously write down their personal views forecasting the major economic indicators (e.g., GNP, prices and unemployment) and give their notes to him before the break. Later, in prescriptive framing move, he explained that the main reason for this so-called experiment was that he felt “not so well qualified” to give his “personal views of the quantitative figures” in his testimony before the Congressional Committees and, as a result, he needed “help from the Committee,” a “backup”:

CHAIRMAN MILLER. [O]ne of the reasons I wanted to experiment…is that the issue I’m facing is as follows: For some time the Congressional Committees who have oversight … now require us to testify quarterly on the monetary aggregates have also been pushing for more quantitative
figures on prices, on unemployment, and on GNP. … The solution that has been used is that the Chairman has been giving personal views of the quantitative figures. I feel a little uncomfortable [with that] and I’d like to have help from the Committee. If I’m going to give personal views, I would prefer to have this sort of backup or something like it—or even see if the Committee might want to develop a consensus and authorize me to use this consensus figure so that we use something that the Committee has developed…I’m not too happy with using just the Chairman’s personal estimates. Maybe that’s because I’m not so well qualified to make them or maybe it’s because I feel that more input would be a healthier situation. (March 21, 1978: 46).

The implication of this awareness context for influence processes is that in interpreting the meaning of and in making influence moves at this and subsequent meetings, the policy makers would be guided by a specific awareness context about this Chairman, namely, that he has low confidence in himself as an expert, and that he needs the back up and authorization of the group to formulate his own position.

Contrast Chairman Miller’s approach with Alan Greenspan’s, based on the following example. At one of the meetings which took place only six months after Greenspan assumed the leadership over the FOMC, some committee members questioned his actions as overstepping his line of authority. Specifically, acting on an asymmetric directive issued at a previous meeting, Greenspan had instructed the Desk on an easing action without a prior consultation with FOMC over the teleconference. When the time came to ratify the transactions of the Desk at the following meeting, President Hoskins opened the theme by asking “I’d like to know what the procedure is for formally changing the borrowings target.” “Well – Mr. Strenlight replied - …[I]t came out of discussions and communications between our domestic Desk and the Chairman, essentially.” Later, Mr. Hoskins’ point was picked up by President Guffey, who now openly questioned the Chairman’s decision to take action without consultation with FOMC as overstepping the boundaries in this influence move which is both prescriptive framing and status structuring:
MR. GUFFEY. Mr. Chairman, with regard to Lee Hoskins’ question about changing the borrowing target...I am concerned that it was done in such a way that it did not take into consideration the
decision made by this Committee and the directive that was issued [when the Committee
consulted in early January]. There are four kinds of developments in that directive that permit you
[as Chairman] to move the borrowing target and I think that decision is left principally in your
hands. I think there was no evidence...for the borrowing target to be adjusted down ... It seems
to me that decision was outside the confines of the directive itself. I raise this without trying to
make any other issue out of it. But it seems to me it is an important issue that we must keep in
mind. (February 9-10, 1988: 50).

In the explanation that followed, Greenspan shows his confidence as an expert by
making it clear that his decision resulted from his assessment of the data that came after
the preceding FOMC meeting and in his mind, justified action:

CHAIRMAN GREENSPAN. Yes, I'm responsible; and let me tell you my reasons and why I
thought it was within the scope of the directive. First of all, there was increasing evidence from
the initial claims figures that the economy was slowing down very dramatically... Secondly, and of
considerable significance, was increasing evidence that the exchange rate was being stabilized.
Thirdly, the markets were coming down on their own at that particular time--clearly trying to seek
a somewhat lower market rate level. The combination of those three factors, coupled with the
nature of the directive, made it important in my judgment that we move ... (Ibid: 50-51)

In conclusion, Greenspan added, that if the consensus of this group would be that
in the future, teleconference call should be a necessary step in similar situations, he
would “find it, as a result of your request, [appropriate] to do so.” This example
demonstrates the polar differences between the two Chairmen with respect to their level
of confidence in their own skills and knowledge and reliance on the FOMC for expertise.
These differences will generate respective awareness contexts within the policy-making
group which will be crucial for ascribing meaning to any Chairman’s framing influence
moves. That is, whether the Chairman makes a descriptive or prescriptive framing
influence move, its weight in the eyes of the committee’s views will depend on the tacit
understanding of his expertise and his level of confidence. Furthermore, if the latter is
low, then the group members may assign a different weight to the framing influence
moves made by other policy makers who are considered subject matter experts. For
example, according to Greider (1987), Chairman Miller heavily relied on expertise of the Fed’s chief economist Axelrod. If this is the case, then Axilrod’s framing influence moves during FOMC meetings would have been interpreted with a shared understanding that the Chair identifies with this expert.

Such commonly accepted construct as “leadership style” represents another awareness context, which is created by accumulation of influence moves and micro situations across various settings and meetings. For example, the policy and historic literature on the Fed portrays Chairman Burns as domineering and authoritative (Kettl, 1986); Volcker, too, described him as “a very forceful Chairman” (July, 1987 FOMC transcript: 1). Such interpretation of the leadership style was born out of accumulations of micro situations as the one described below, and is accompanying group decision making in the form of an awareness context. This abstract refers to the question and answer period following the presentation of the economists’ report; Mr. Truman’s answer to Mr. Wallich is met with a commanding remark from Chairman Burns, whose manner of interaction with the economist is rather unceremonious and forceful:

CHAIRMAN BURNS. Well, we've had Mr. Truman’s report. Are there any questions or comments? Mr. Wallich, please.

MR. WALLICH. The judgment that you expressed, Ted, does that imply that there will be a cessation of or substantial reduction of official intervention from the $36 billion … and, if so, that the financing of the current account deficit would must be partly or wholly by private capital?

MR. TRUMAN. Well, that of course is one of the uncertainties… Certainly, one of the questions is if such official financing does cease … will private financing be available at an unchanged … exchange rate? … it does seem possible … But, I don’t think we have any assurance …. CHAIRMAN BURNS. I don’t understand that statement. If official financing ceases, it will must be private financing. The only question is at what exchange rate.

MR. TRUMAN. Right. I tried to insert that--

CHAIRMAN BURNS. Yes, but the question is: At what exchange rate?

MR. TRUMAN. Right. I agree.

CHAIRMAN BURNS. And what opinion are you expressing, if any?

MR. TRUMAN. Agnosticism.

CHAIRMAN BURNS. Well, I’m not an agnostic. I think that if official financing ceased in the absence of some highly significant new actions on the part of this government, private financing would be available at a significantly lower dollar exchange rate. (January 17, 1978: 3).
The significance of the awareness context about the Chairman’s style for the sense-making process is that once policy makers have certain awareness about the general manner of behavior, they will be incorporating that awareness into the interpretation of the social dynamics in specific micro situations and influence moves. To illustrate this implication, imagine what would happen if Chairman Burns’ usual communicative style was very soft-spoken and humble. Then his influence moves in the aforementioned micro situation could be interpreted in a totally different way: namely, not as a “normal” line of behavior, but rather, as Mr. Burns being frustrated, upset or stressed about something specific in a given micro situation. Furthermore, the awareness context about Chairman’s Burns’ domineering style is also taken into account by policy makers in ascribing meaning to the Chair’s influence framing and positioning influence moves, as in the following example.

This abstract refers to FOMC deliberations about factors contributing to depreciation of a dollar. Mr. Roos uses a highlighting influence move to probe Chairman Burns about his position with respect to the power of the Federal Reserve to deal with the problem. Despite the emphasis on the Fed’s role in fighting depreciation of the dollar, evident in the question’s frame, Burns uses conversion to shift attention from the Fed to other “fundamental corrective actions,” none of which are within the FOMC’s direct control:

MR. ROOS. [T]he second question, if I may, [relates to] signaling to the world our determination to take actions that will in the long run reduce the inflationary trend of our economy …. If we from a monetary policy point of view signaled in … a dramatic way, corrective action in terms of reducing money growth or something like that, is that a major factor that could affect the value of the dollar? Or is that just one of many factors that are equally important in terms of establishing the dollar’s value?

CHAIRMAN BURNS… As for fundamental corrective actions, I can see only four paths. One is the passage of an energy bill… Second, I think we need an anti-inflation policy on the part of the Administration, something we don’t have at the present time. Third, we need tax legislation that is
designed to stimulate foreign investment in this country...Now, these three roads to a fundamental cure are available to us; they are within our power in this country. The fourth avenue is outside of our power--namely, faster economic expansion in the economies in the rest of the world…. (January 17, 1978: 5).

This micro situation generates the following awareness context about the Chairman’s views on both general role of monetary policy and the FOMC actions at that particular meeting. First, Chairman Burns sees remedies for economy, inflation and dollar depreciation in “fundamental corrective actions” that are outside of the FOMC responsibility. Secondly, his diversion of attention away from Mr. Roos’ original emphasis on Fed’s “dramatic…corrective action in terms of reducing money growth” signals that Burns will not support any drastic increases in interest rates. These views of the “forceful” and “domineering” Chairman will be taken into account in policy makers’ formulation of their own policy views.

Given the nature of this awareness context, its implications for the status structuring moves are likely to be important as well, in that the group will ascribe more weight to the status structuring moves made by the Chair they consider strong, compared to a week one. This proposition, however, is not easily verified from the group members’ responding influence moves. Given that this group consists of very confident individuals who are all experts in the subject matter, they are capable of responding to the Chairman’s status structuring moves in a manner that could potentially be interpreted as dismissal of his moves, as in the example below. Yet, at the same time, since they are also polite, they may not respond to the status structuring remarks of the Chairman they perceive as weak in a dismissive manner. Therefore, based on the archival data and the nature of this group, inferring the effect of this awareness context on status structuring influence moves from responses to them, may not be a useful way. However, this effect is
reflected in the Chairman’s initiating status structuring moves themselves. That is, a strong Chair who is confident in his authority, would not hesitate to send a very strong status structuring message, as illustrated in the following example.

In the opening of one of the meetings, Volcker started off with a comment that there had potentially been a leak from the last meeting. “I don’t know where this stuff came from – he added, - maybe no place. But it presents an occasion to say again that we cannot operate, or at least I cannot operate effectively in this room, if I have the sense that there are going to be any leaks.” Then he intensified his status structuring move even further: “There is only one recourse which is obvious… There are a lot of people in this room and we could make it quite a few fewer; we can't make it less than the FOMC members.” When a couple of FOMC members responded with jokes, trying to soften the situation, Volcker sent an even sterner status structuring move, accompanied with an orchestrating signal ensuring that the last word on this topic remains with him, and that the seriousness of his position is very clear: “I don't mean to make light of this because I don't think it is light … It's still very stultifying in any event. I will say nothing more. We can go to the agenda …” (June 30-July 1, 1982: 3).

Although Volcker’s position in this specific situation is strengthen by the fact that he also upholds a very important ritual of the FOMC (i.e., confidentiality of the meetings), it nevertheless, make it clear, that he did not hesitate to speak with authority, reflecting a shared understanding among the FOMC members that he did have a weight in this group.

The existing models of influence tactics were developed in a dyadic, rather than group setting. Transferring the focus to a group introduces changes in the set of factors
shaping influence attempts, and the “Chairman’s factor” is an example of such changes. This section demonstrated that the role of the Chairman for the influence processes is translated into an existence of a distinct class of awareness context. Irrespective of whether the Chair is weak or strong, whether s/he supports or opposes a particular issue, a corresponding awareness context is created, which is taken into account during the sense-making process in ascribing meaning to influence moves. Specifically, the awareness context regarding the Chairman’s level of expertise in the subject matter will have an effect on the weight of his descriptive or prescriptive framing influence moves, as well as the status structuring moves. Likewise, the policy makers’ shared understanding about the Chairman’s style will be incorporated in the interpretation of the social dynamics in specific micro situations and, as well as the tenor of influence moves.

Awareness Context of Larger Environment

One of the most profound differences between the scenarios used for the development of influence tactics models in the management literature and the current setting is the importance of the larger environment. While responsible for the conduct of monetary policy, FOMC is a part of a very complex economic and socio-political system, and policy makers must take all possible elements of that system into account. In addition to influence moves, describing specific features of external environment (e.g., other US organizations or countries, fiscal policy, oil prices, etc.), the FOMC members also recognize that the Fed is embedded in a larger system by creating awareness contexts about the larger environment. These contexts persist throughout micro-situational chains of the whole or at times even multiple meetings.
For example, a commonly dichotomized condition of the economy as recession versus recovery is a simplified version of the awareness context accompanying a series of meetings taking place during a specific time period and shaping the overall direction of the FOMC final alternative. For instance, as a general rule, the Fed is expected to ease if economy is in recession, and tighten during the periods of high economic growth. Certainly, there are many caveats to this generalization, especially when it comes to the timing (when the easing/tightening should start) and extent of corrective actions (when it should stop), but few would expect the correlation between the economic state and Fed’s response to run in the opposite direction. Consequently, when policy makers walk into a meeting in the midst of a recognized (e.g. in the preceding meetings) deep recession, the awareness context underlying the discussion would be that further tightening would unlikely be a position preferred by the majority.

The validation of this awareness context occurs throughout the meeting. It starts during the Q&A session following presentation of economists’ reports, and firms up as policy makers take turns to comment on the national outlook and local economies. Below is a series of descriptive framing influence moves made at May 1989 meeting which create an awareness context of a slowing down economy:

MR. BOEHNE. There has been some definite slowing in the Philadelphia District... Housing is clearly weak; retail sales and manufacturing are flat. Capital spending is slower … As far as the nation … My sense is that the risks between recession and inflation have shifted. Until fairly recently…the risks were clearly on the side of more inflation. I think the risks are more even than they were. (May 16, 1989: 16).

MR. BLACK. … So far as the outlook is concerned ..[t]his means essentially a soft landing. Like Ed Boehne, up until recently I've been thinking that the risk of error was on the up side and now I think it has become more balanced between the up side and the down side... (Ibid: 19-20).

MR. KEEHN. Mr. Chairman, I think there is increasing evidence that the economy is moderating … [these trends]... are becoming much more tangible [than two months ago] (pp.20-21).
MR. PARRY. ... Recent information from the Twelfth District suggests that the growth may be slowing... [On the national economy] The slowdown appears to be more convincing now than it looked when we had our last meeting. ... (p.21).

MR. FORRESTAL. With respect to the national economy, I was somewhat skeptical about the degree of the slowdown in the economy, but my skepticism has been converted to some degree by the latest data (p.22).

MR. MELZER. ... with virtually no M1 growth since July of last year...the risks of recession ...are becoming considerably greater... I have the same impression ... of the soft landing that's in the Board staff's forecast. (p.23).  
MR. SYRON. First of all, I think the New England economy, like most of the Northeast, is slowing markedly... There is some more evidence that the slowing reflects a big system with national kinds of trends...As far as the national economy goes I'm inclined to think that there is more slowing going on than I would have thought a month ago. (p.24).

While the aforementioned description of the awareness context as “slowing down economy” with respect to economic conditions may be a reasonable one, it is oversimplified. First, there are variations among the FOMC about their perceptions of the national, as well as local, economies. They may not necessarily be extremes (i.e. one member sees a totally booming economy while the other sees a deep recession – though the local economies may in fact display a wide range) but they can be substantial to warrant different policy responses. That is, there are variations in both statistical and anecdotal evidence across regions showing divergent patterns from the national economy. For instance, Presidents Boykin, Guffey and Forrestal reported no signs of slowing down in their districts. Variations also exist in interpretations of the national economic outlook. Since the FOMC tries to make sense of the indicators far before public announcements of recession (or other trends) it does not have the luxury of relying on an agreed upon picture. Thus, President Guffey did not share the views of the majority about slowing down and had “a little problem... with respect to the current stats of this weakening or not weakening” (May 16, 1989: 17-19). President Melzer, in contrast, saw risks of recession greater than the others.
While these differences in interpretation among policy makers may change the meaning of this awareness context slightly, they do not change its mere existence or overall connotation. Specifically, one can modify this awareness context of “slowing down” economy by saying that “with a few exceptions, the majority of policy makers saw signs of slowing down economy,” and that in some districts, the economic conditions continued to improve. Furthermore, the degree of consensus over interpretation of the economic outlook constitutes integral part of this awareness context. The lack of agreement on interpretation of the economy can result in a more cautious policy response, that the case would be if the consensus was strong. The lack of agreement on interpretation of economy may also imply difficulties in arriving at consensus about an appropriate policy response.

The second source of oversimplifying or labeling of this type of awareness context (i.e. context reflecting the economic conditions) as “recession,” slowing down,” “recovery” is that in reality, it includes far more than anticipated trend in economic growth; it covers timing and extent of recessions and expansions, the group’s memory about their corrective actions at preceding meetings taken to mitigate the economic trends, as well as political factors that come into play, affect the economy and as a result, must be considered.

For instance, a better representation of the awareness context during May 1989 meeting could be described as follows. By May 1989, the Fed has been trying to slow the economic growth and kept interest rates tight. At the previous meeting (judging by remarks of FOMC during round table discussion of economy) the committee had seen some signs of slowing down but they were not convinced. At May meeting, it became
clear to the policy makers that economy had started slowing down (in some regions more than others) but without signs of severe recession; and they were satisfied at the effect of the policy on economy. This specific economic awareness context could be labeled as soft landing, which is a *desired* rate of economic slowdown that the Fed *had been expecting* to achieve. In contrast, one can look at the awareness context of the June 30-July 1, 1982 deliberations, which could be described as continued recession, accompanied with the monetary aggregates exceeding the predicted ranges, *despite* the Fed’s tight grip on the interest rates.

Awareness of external actions and political events, such as oil embargos, wars, US elections, actions of the Administration with implications for economic outlook, are also part of the awareness context. Although the Fed is an independent institution with a very specific mandate (e.g., monetary policy, overseeing banks, etc.), FOMC members understand that events and actions of political leaders, parties and other national and international organizations have implications on the economy and the market psychology. Consequently, the committee often tries to foresee these actions and implications, and craft the monetary policy in a way that they believe would buffer the effects.

The awareness context underlying the October 2, 1990 meeting, for example, took into account the situation in Kuwait and the negotiation between the Bush Administration and the Congress regarding the budget resolution. With respect to the war in Kuwait, one could easily see the effect on economy from both oil price changes and the US direct participation in the war. Greenspan had indicated the importance of the FOMC to serve as an anchor of stability even at the preceding meeting, right after the Iraq invasion of Kuwait: “We are in a sense in economic-political turmoil, and in that type of
environment, it is crucial that there be some stable anchor in the economic system. It’s clearly not going to be on the budget side; it must be the central bank. It’s got to be we!...
The greatest positive force that we could add to this particular state of turmoil is …to be perceived as providing a degree of stability” (FOMC meeting, August 21, 1990).

The upcoming Budget resolution, on the other hand, was important because as the FOMC agreed, it had potential contractionary implications on the economy, which had to be anticipated and mitigated by the appropriate actions on the monetary side. Consequently, the awareness context surrounding the whole meeting was that the committee would be more inclined to ease if and when Budget resolution is approved, as was summarized by Greenspan in the end of the meeting: “If the Congress passes the budget bill, I would intend to implement the easing” (FOMC meeting, October 2, 1990).

The awareness context about the external environment undoubtedly has a powerful effect on influence moves. First, policy makers are guided by the awareness context about the economic environment that was created in the preceding meetings, to select frames for their descriptive framing influence moves they use during the turn taking discussion of the economic outlook, as well as during the Q&A session after presentation of staff economists’ reports. That is, their descriptive framing moves during the discussion of economic outlook are framed in the context of the awareness contexts about economic environment developed in the past series of meetings. If, for instance, someone’s influence move describes a reversal of a trend, or its persistence, it is in comparison to the state of the measure developed in earlier meetings.

Second, awareness contexts about external environment are vital for interpretation of the meaning of any conceptual issues negotiated through prescriptive and descriptive
framing influence moves. For example, as was explained earlier, the interpretation of the state of the economy, including statistics and market psychology, would have different meaning, if it is made in the context of an upcoming budget resolution with contractionary implications, or the beginning of a war with implications for oil prices. Even the meaning of the policy alternatives negotiated during the meeting through prescriptive framing moves, is defined not by a number, but by the context. The step that could be interpreted as a “no action” at one meeting, could mean easing or tightening at another, depending on the awareness context of the larger environment.

Yet, the most crucial role of this type of awareness contexts is that they are used as a guide for prescriptive influence moves. As mentioned earlier, few would expect the Fed to ease in the context of an increasingly booming economy, and tighten during the recession. Even though the nature of awareness contexts about the external environment is richer and more complex than this dichotomy, and even though the consensus over the interpretation of the state of the economy is not always easily reached, and sometimes, is not reached at all, the respective awareness contexts would shape the policy makers’ prescriptive framing influence moves.

The social psychological models of influence tactics were developed in middle-management settings with an assumption of a controlled external environment. For instance, the state of the economy, the politics of competing firms were not considered as important in the scenario where the changes in the production line were advocated by the manager (see p. 141). The policy-making world is different, and undoubtedly, the economic and political environments are vital for FOMC. Yet, rather than portraying the environment effect in the form of a cluster of variables, determining the behavior of
policy makers, the micro-situational model of influence tactics pictures it in the shape of awareness contexts, penetrating interactional chains at every step of committee’s negotiations and shaping the general direction of the policy. This allows the analyst to fine-tune environmental effects according to each micro situation.

**Summary**

The concept of awareness contexts provides an enhancement of the micro-situational model of influence tactics by accounting for the characteristics of the broader context of discussion, be it political, economic, related to leadership or to the extent of disclosure of policy preferences. Awareness context were defined as a shared understanding of the group about the nature and general attributes of the negotiation trajectory, or unifying dimension, which encompasses a series of micro situations and is taken into account in the interpretive process within that series of micro-situational chains. While functionally similar to the notion of macro variables, awareness contexts represent a significant departure from the standard view of such variables due to their interpretive nature, emphasis on social rather than cognitive side of sense-making and the overarching effects on the micro-situational, finer-grained process of policy making, as opposed to just outcomes.

Unlike traditional representation of macro factors as neatly and clearly defined, be it through sets of questions or numeric indicators, awareness contexts, like micro situations, are interpretive. While the origin of an awareness context can be traced to a specific influence move or a micro situation, it is usually not explicitly referred to in every move throughout the micro-situational chain it underlies. It is defined through interpretation of group dynamics, sometimes, through its effects on moves and micro-
situations, rather than hard measures, like chairman’s name or public account of the state of the economy. Yet, once identified, it cannot but be regarded as an important guide for creation of meaning, shape and type of influence moves and structures of micro situations, because of its evident effect on the influence moves and micro-situational chains.

Another important difference between the traditional and current view of mezzo and macro variables is that the former assumes them to be a product of cognitive activity alone: individuals’ perceptions of culture or leadership style affect their choice of influence tactics. Awareness contexts, in contrast, are socially constructed and are based on tacit understanding of the group, and represent the social side of the sense-making. For example, the awareness of the present state of the economy during which a specific FOMC meeting takes place is the result of collective sense-making, shared by the group. It is the group’s comparison of the current situation with past scenarios in which it was the group, not individual members, who came to a conclusion about the previous economic conditions.

Finally, according to the standard models of influence tactics, mezzo and macro variables deterministically affect outcomes. Whether the effect of these variables is direct or indirect (e.g., as mediators or moderators), the focus is on the outcome of the model, and the relationship is understood in “if X – then Y” terms. Awareness contexts, in contrast, shape the whole process of negotiation of meanings, micro-situational chains and influence moves. For example, awareness contexts of such political event as, US participation in the Kuwait war, affect interpretation of conceptual issues across all micro-situational chains, including major economic indicators (e.g., the overarching
effect of the oil prices), fiscal policy, budget estimates, as well as market psychology (e.g., consumer attitudes about the war effect on economy).

Awareness contexts emerge out of interaction, be it a single influence move, a micro situation, or their accumulation. At the same time, awareness contexts shape influence moves and micro situations by modifying type and timing of influence moves, and structures of micro situations. For instance, awareness of the distribution of policy preferences and awareness context about the meeting structure both set the stage and serve as prerequisites for some influence moves. As well, awareness context about the meeting structure shapes the type and timing of the influence moves, making some moves more appropriate for a given meeting stage and others. Any class of awareness context contributes to the interpretation of the meaning of the influence moves, above and beyond the micro-situational context, and the information within the influence move itself.

Finally, awareness contexts of rituals and routines and of the external environment are vital as guides for policy maker’s prescriptive framing moves.
Conclusion

The main objective of the current study was to understand how members of elite ongoing policy-making groups in organizations influence each other in the process of making policy. As a starting point, existing classifications and models of influence tactics were reviewed. Given that these classifications originated in the management literature based on experimental design, their application to the present setting was not optimal for a number of reasons outlined in detail in the opening chapters. Some of these reasons include differences in the range of tactics used by elite policy makers compared to the middle-level managers in earlier studies, incompatibility of the experimentally operationalized tactics and models’ variables to the archival data, and complexity of the environment characterizing the natural setting and controlled for in experimental designs.

Review of the other literature streams showed that whereas the studies in group dynamics, policy, and linguistics offered some useful insights into the present research, none of them focused on influence tactics per se. The gap then was identified as the need to develop a descriptively accurate model of influence tactics in policy-making groups, which could be applicable for natural setting and archival data, and could potentially be generalized onto other settings.

The outcome of this endeavor turned out to be a micro-situational model of influence tactics rooted in the sociological literature. Built on the foundations of symbolic interactionism and strategic interaction, it combines together the concepts of a move as a building block of influence behaviors in interactions, micro situation as a contextual background necessary for interpretation of influence moves’ meaning and an element in
the collective sense-making process, and an awareness context as embodiment of macro-situational factors.

According to this model, policy discussions represent chains of micro situations, or mini-discussions of issues, where the group’s attention constantly shifts from one conceptual issue to another, and the subset of speakers contributing to the interpretation of this issue changes as well. At any moment in time, policy makers constantly assess the immediate situation and ascribe meaning to verbal statements, gestures and cues coming from others, aided in this process by the characteristics of the interactional moments. In this interpretive process, each policy maker will interpret what is being said from the perspective of his/her own interests. S/he then would take advantage of opportunities embedded in the specific micro situation to advance his/her interests through small incremental steps, or influence moves. These moves contribute to the interpretation of the conceptual issue but at the same time incorporate the speakers’ interests in the way that is natural for the specific situation. In doing so, s/he refocusses the group’s attention to the next conceptual issue and incrementally changes the situation, opening new opportunities for influence for other members of the group to interpret the new situation from the perspective of their respective interests. Thus, this process continues, and the micro-situational characteristics shaping the influence moves of individuals change from one moment to the next.

This model represents a departure from the traditional psychological models offered by the management literature along several dimensions. Where the previous theory emphasized the cognitive components of influence portraying them as the product of individual rational calculation, the micro-situational model focuses on the social,
communicative, sense-making side of the process. Unlike traditional view of influence tactics as the product of interests, deterministically driving behaviors of social actors through the tunnel of infrequently changing macro-situational settings, the micro-situational model portrays the influence tactics as small incremental moves emerging from the interplay of in-situ interests and opportunities, constantly re-shaping the interactional moments. This interplay is an integral part of an intensely social, collective sense-making process where the participants of interaction are so focused on the conceptual issue at the center of joint negotiation that they are able to instantaneously grasp the meaning of each other’s moves from the perspective of their own interests, and respond to them protecting their interests, if the latter are being threatened, and advancing them if an opportunity is presented to do so.

Another difference between the traditional and current models of influence tactics is the role ascribed to the situation. Even though the social psychological models did take into account situational variables, such as the direction of influence attempts, amount of anticipated resistance, and others, their ultimate attention was on individuals, their interests and beliefs, and their individual choices of influence tactics. The micro-situational model, in contrast, emphasizes the importance of the situation, portraying influence tactics as embedded in and shaped by micro situations, and underscoring the adaptive nature of the social actors, their flexibility to be in tune with the situation. The policy makers do pursue their interests, but they do so in a manner shaped by the micro situation – they make influence moves that emerge from the situation. The factors shaping influence moves change from one micro situation to another, and the choice of an influence move becomes an attribute of a micro-situation. In sum, using Goffman’s
terminology (1967) to illustrate the contrast of the two approaches along this dimension, the traditional view takes the perspective of “men and their moments,” whereas the micro-situational model focuses on “moments and their men.”

The third crucial difference between the social psychological and micro-situational models of influence tactics is the role attributed to language and the process of meaning creation. The former ascribed little part to this aspect, and linguistic variations in operationalization of influence tactics and situational variables were controlled for in experimental designs. In the natural setting, any specific verbal expression is likely to have different meanings, depending on the situation, and these meanings will shape behaviors of individuals.

Yet another departure of the current model from the previous research on influence tactics is the view of interests, as well as their role. The former looked at the interests strictly as an attribute of individuals, as transparent (certainly to researchers designing the studies), and as deterministically guiding behaviors of social actors. The current model, in contrast, portrays interests as shaped by micro situation, as characterized by varying degree of transparency (not only to the subjects, but to researchers themselves), and as shaping interpretation of meanings, in addition to actions. Indeed, according to the traditional social psychological model, the interest of an influencing agent (person trying to influence) determines his/her line of actions and choice of interest tactics; and the assumption is frequently made that interests of social actors are clear. According to the micro-situational model, interests behind a particular influence move made by a participant in an interaction process, are often not explicitly stated, and therefore, unknown. Furthermore, compared to the standard views, they are
not rigidly pursued throughout the interaction process, but rather, continually re-interpreted in the context of the changing situation.

Finally, the mechanism through which interests shape the behavior of individuals in interaction is viewed differently by the micro-situational model, compared to the social psychological models. Namely, interests guide interpretation of meanings. Although there is a high degree of convergence on interpretation of the situation among all participants of interaction, each individual will be interpreting it from the standpoint of what this situation means to him/her, given his/her interests, and whether this situation is conducive to pursue the interests at this time. Thus, the relationship between the interest and the influence move is not direct and linear, but rather, it is mediated and moderated at the same time through the prism of the meaning.

The model developed in this study enhances our understanding of influence behaviors in several ways. First, it focuses on an elite policy-making setting, so far overlooked by the literature on influence tactics. The importance of such groups in general, and the FOMC in particular, has been at the centre of public and research attention for many years (increasingly so in the last two decades); but the influence tactics has not been the focus of attention. The micro-situational model teaches us that influence in a policy making setting takes place at the finer grained level of details, the level of negotiation of nuances which matter for interpretation of the “big picture” of environment and setting of the policy. It portrays the process of influence as interaction is comprised not of high-level abstractions, but from compilation of micro situations and influence moves. It also teaches us that the influence is an integral part of the process of policy making, not just the outcomes, such as voting procedure.
Second, unlike preceding models of influence tactics which were developed in a dyadic setting, the micro-situational model is developed for studying groups. Here, it teaches us that human behavior in social interaction is relatively spontaneous, as tactics are constantly re-shaped by ongoing flow of events and adjusted to the present situations. In contrast to the standard view of behavior adopted by social psychological models, as linear (unchanging) across micro situations, micro-situational model portrays it as incremental and prompted by in-situ interactional opportunities shaping the types and frames of influence moves. Furthermore, the micro-situational model teaches us that influence tactics is a broader phenomenon than assumed by the traditional view, because in addition to the calculative and manipulative component which is captured by the social psychological models, it now includes an interactional component which can be captured by the concept of influence moves.

Last but not least, the micro-situational model allows researcher to study influence tactics in a natural setting, including but not limited to the elite policy making arena. It provides researchers with a mechanism for incorporating the nuances and complexity of the language and the meanings of the verbal expressions, which is crucial for studying behaviors in the natural settings. By the same token, this model allows studying policy making processes at a finer-grained level, reflecting the way they take place in reality: not from one macro structure to another, but from one micro situation to another. It shows that policy making is a micro-situational process carried out at the level of negotiation of myriad of particulars and fine points, as opposed to being driven by a few grand concepts. At the same time, through the concept of awareness contexts, the
model allows incorporation of a myriad of macro factors in a way compatible with the natural setting.

Apart from the question of implications from extrapolation of the current model onto settings other than group and/or elite policy making (which is, of course, valid, and can certainly be regarded as a direction for future research), a couple of limitations of the current research should be noted at this point. The first pertains to the nature of the data. Specifically, the data in this study came from verbatim transcripts, and therefore, are constrained to verbal cues. While no information exists with respect to facial expressions, gestures and other non-verbal methods of communication used by the policy makers during the meetings, it does not diminish the validity of the model, including its elements and conclusions. That is, though the precise meaning of a specific move, or micro situation, or an awareness context could be slightly changed (or rather, re-negotiated), were more information available on non-verbal cues, the general concepts themselves would not change, nor their explanatory power would weaken. Their meaning, albeit re-negotiated, would still be shared among and shape the behaviors of social actors, and the model’s mechanism would still be applicable.

Another limitation stemming from the archival nature of the data is that the only information available is what happens at the meetings, plus the supplementary materials used by policy makers in preparation for their discussions. Here again, the same argument applies as before. The additional information may re-shape the meaning of specific moves or micro-situational chains, but would not weaken the explanatory power of the model itself.
The final point that could be regarded by some as a limitation of the current study would be the element of subjectivity accompanied the design of the model, and this issue was addressed throughout the research. For example, the introduction of the concept of a micro situation was accompanied with explanation that despite a certain degree of subjectivity embedded in its interpretation, there is a clear shared understanding of conceptual issues under discussion that allow group members to understand each other, and consequently, this discussion to happen. The subjectivity of the interpretive approach is no more of a concern for advancing theory than the objectivity of the hard (and usually, deductively derived) numbers, socially constructed and collectively negotiated.

In sum, the model developed in this study represents a descriptive template which could be applied to studying influence tactics in other groups in natural settings. Arguably, it could also be applied to studying other social processes in their natural settings, as it is appropriate for archival data and poses none of the restrictions implied in the experimental designs, including but not limited to the complexity of the environment, importance of the meaning creation and sense-making processes, and others.
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“Enacted” here does not mean that it is never challenged. Rather, it means that it is not “given” to group members by any external body. Although it could be argued that formal structure is determined externally, it still must be maintained by internal agreement of group members in order to be of any significance. Formal structures determine general guidelines and distribution of responsibilities resulting in formation of expectations. Yet, formal structures do not determine actual behavior of group members. It is through this enactment of actual behavior that structures are maintained (Weick, 1979).

This argument is prompted by strategic choice theory, namely its emphasis on past performance as one of the explanatory variables of the present performance of organizations (Child, 1972). The original classification consisted of five bases (French and Raven, 1959); the “information” base was added later (Raven, 1992).

Although grouped in this literature stream for the purpose of this review, Irving Janis was a social psychologist, not a political scientist.

Within the field of linguistics, scholars distinguish between discourse and conversation analysis. Compared to discourse analysis, conversation analysis pays more attention to contextual variables (Billig and Schegloff, 1999), and takes subjects’ point of view as opposed to researchers (subjectivity versus objectivity). Therefore, this distinction will be maintained in this study. However, both trends share the same basic assumptions and show many similarities with regard to our question. Thus, both conversation and discourse analyses study the structure and organization of language and its use. Similarly, they share the same approach to research, namely, aggregation of simple linguistic units and finding out patterns of use of these units.

The shift from “influence strategies” to “power” is inevitable since no study was found which would look at “influence strategies” per se. Even the concept of “power” is, in Cartwright’s terms, a “neglected variable” in conversation analysis so far. Very few studies so far have been done on “power” as reflected in verbal interaction.

More specifically, the choice of linguistic forms was dependent on the individual’s perception of the seriousness of the situation which included a “sociological variable” of power:

\[ W_x = D(S, H) + P(H, S) + R_x \]

\( W_x \) - the numerical value that measures the weightiness of the face threatening act (seriousness of the situation); \( D(S, H) \) – value that measures the social distance between individuals \( H \) and \( S \); \( P(H, S) \) – measure of power of \( H \) over \( S \); \( R \) – variable reflecting cultural differences.

Originally part of a Freedom Information Act request for a larger study of FOMC decision making (Abolafia, 2005), the transcripts are presently available on the Federal Reserve System website (www.federalreserve.gov)

The word-for-word transcribing of the meetings did not start until 1978, and the transcripts are only released five years after the actual meetings occur.

An earlier paper (Abolafia 2005) identified three stages of framing in the data: retrospective, projective, and practical.

There exists yet another option, which is refraining from saying anything at all, but it is very rare. For instance, In May 1989, the FOMC was voting on an increase of the limit in the Foreign Currency Authorization, and Governor Laware did not say a single word during the discussion, but was the only one to dissent. Even though such refusals to make moves are rare, they are important indicators that first, members do have an option not to make a move, and second, they understand that by making or not making moves, they do influence the situation. The Chair, on the other hand, sometimes entertain his status position and induce a member to express his/her opinion. This was exactly the case in the example presented above, where Mr. Keehn gave his estimate of the consensus center and joined the majority. His move was in fact “induced”: the FOMC’s discussion of the issue was almost over, and Greenspan asked Mr. Keehn, from who he had not heard yet, to express his opinion on the issue.

Here, a question may arise as to the extent of influence of staff economists who prepare reports and seemingly define the choices for the Committee. I will return to this issue in the next chapter, where I will show the leading role of the Committee in defining the range of policy options. At this point, I will confine
the answer to the following: staff economists summarize policy options based on the FOMC’s previous discussions rather than “make up” the range of alternatives based on their own preferences.

While this interpretive understanding required for defining “central conceptual issues” and consequently, micro situations may at first sound disconcerting, it does not refute the usefulness of the micro-situational approach to understand social dynamics, nor does it impede the use of the "central conceptual issue” as a defining parameter of a micro-situation. The logic, in fact, is analogous to the reasoning implied in the measures of reliability of latent concepts (e.g. Chronbach's alpha) - one would not expect, for instance, Chronbach alpha to be equal to "1".

Controlling for “time” in statistical modeling is usually done for a different purpose, namely, to avoid violation of model’s assumptions, such as autocorrelation in time series.

According to Ornstein (1997: 22-23) “one Indian culture uses the time to boil rice as its ‘basic unit.’” Ferrarotti (1990) gives examples of cultures using quite broad (by Western standards) time pointers (e.g., “from dawn to dusk”) without any confusion in understanding and interpretation of the meaning of the time.

The adherence to monetarism by these three members of the FOMC is well documented in the literature, see Greider, 1987; need to add from economic articles), and is indicated in the transcripts, as a specific example taken from the same meeting demonstrates:

MR. ROOS. Well, I would opt for alternative A with a borrowing assumption of $900 million or something like that. But I am concerned about the implication of some of the opinions that I've heard. I don't think it's necessary to repeat that everybody around this table would like to see lower interest rates. But these interest rates are quite obviously affected by how the financial markets view the signals that we send or the signals that we are imagined to send. And I think any change of wording in the directive that could be interpreted as signaling even temporarily a return to placing primary emphasis on controlling interest rates—placing a cap on interest rates, or anything like that--would be disastrous because people would say, after they've seen the effect on inflation of our 1979 change of emphasis, that we're going back to the old way of doing things. In an historical perspective I think the last thing the markets want to see —and this goes for this business of flexibility--is a return to a fine-tuning, interest-rate-control-oriented method of conducting policy. I think everybody always must be flexible. On the other hand, I'd hate like the devil to go on the open seas and know that the captain did not set a course before we left port and that he changed signals every day. We'd be going around in circles. And I honestly believe that for almost 15 years—and I was part of it, although I disagreed with it—the Federal Open Market Committee went around in gigantic circles, which led to our present predicament and resulted in high interest rates. With that speech, I will hush up, Mr. Chairman, and opt for alternative A and a borrowing assumption of $900 million. (6/30-7/1/82: 51).

There are several reasons prompting Volcker to react quickly. First, as the Fed’s Chairman, he is accountable for the FOMC position on the long-term ranges to external bodies, such as the Administration, Congress and the like. Second, based on past interactions in and outside of FOMC meetings, he (as much as Ms. Teeters herself), is likely to be aware of at least some members of the committee to be sympathetic with Ms. Teeters’ view (Later on, several other members indicated that they actually agreed with Teeters’ position.). Finally, given the lack of FOMC control over the issue, he sees the discussion pointless, and as the Chair of a meeting, tries to keep the meeting in order.

This example will be used to illustrate several roles of micro situations summarized in the opening paragraph, although other examples will be added as well.

For instance, at June-July 1982 meeting, FOMC agreed on changing the method for calculation of seasonal adjustments for rate of growth of the money supply indicator (40-42).

In the original context, Glazer and Strauss (1964) explained the relationship between awareness contexts and interaction as follows: “The successive interactions occurring within each type of context tend
to transform the context… a closed context can be shattered by arousing suspicions; but if suspicions are quelled, the closed context is reinstituted. If suspicions are validated, the context may change to either pretense or open awareness…” (Ibid, p. 671). With respect to the relationship between awareness contexts and structural conditions, Glazer and Strauss pointed out that the closed awareness context was determined by “at least four major structural conditions,” such as lack of experience in patients to recognize “the signs of impeding death,” hospital’s “magnificent organization” for “hiding the medical truth from the patient,” professional support for physician’s withholding information, and lack of support for the patient to access the correct information (671-672). Any change in the structural conditions may lead to the change in the awareness context. For example, patient can realize that “the hospital is organized not to give him all information about his condition but rather to withhold most information,” and as a result, take all information coming from the hospital personnel with a suspicion (Ibid: 672).

Since the example presented in this paper represents the middle, rather than the end of the policy wording discussion, the final directive’s wording was further modified and in the published directive, the relevant section reads as follows: “The members also decided that somewhat greater or lesser reserve restraint might be acceptable depending on the behavior of the aggregates, the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. (FOMC transcripts, Record of Policy Actions, 9/23/1986: 4-5).

Some studies which followed traditional social psychological approach to influence tactics, distinguished between the settings where influencing agents had “hidden” agendas from those situations where interests were explicit to both the agent, as well as the target of influence (e.g. Spiro & Perreault, 1979; Chakrabarty, 2010). However, the solution to this differentiation was to group the subset of influence tactics used in the former type of scenarios, into their own class of “closed” tactics, which included ingratiation and manipulation. The perspective pursued in the current research is that, though some moves do in fact apply to situations where interests are revealed to all parties (e.g., declaring limits of tolerance), a wide range of moves (e.g. framing, orchestrating, status-structuring) is applicable to all stages of the meetings, that is, before and after the policy makers make their policy positions known to each other.

Later in the discussion, Greenspan reinforced the emerging awareness context again, by referring to specific wording of the directive in his prescriptive influence move during the round table discussion, and thus indicating that this is appropriate timing for this topic:

CHAIRMAN GREENSPAN. Well, I am referring to the sentence "Somewhat faster growth in the broader aggregates would be acceptable in the absence of indications …" … we are not going to learn a great deal more about what those aggregates are doing between now and the termination of the time frame to which this directive applies. So, I am not quite certain whether the directive has any operational significance because of the shortness of the time frame. (8/18/87: 26).

A distinction should be made here between the notions of model’s development and its application. The typologies of influence tactics that were originally developed with dyadic setting in mind, were subsequently applied to group settings as well (e.g., see Jensen, 2007); but that application transferred all assumptions associated with the original classification of influence tactics, such as experimental design, controlled environment, focus on outcomes, and others, to the group setting. The micro-situational model is originally developed, based on a group setting.