CHAPTER

17

The Policy-Making Process

WHO GOVERNS?

1. Does some political elite dominate American politics?
2. Do powerful interest groups decide what policies our government should adopt?

TO WHAT ENDS?

1. Why are Social Security payments popular but welfare payments to unwed mothers unpopular?
2. Why were government regulations on certain industries repealed over the objection of those industries?

If all you wanted to know about American politics is how our leaders are chosen and the ways in which they operate, you could close this book now. But if you are interested in how our public policies get made, you should keep reading because not all policies are made the same way.

Of course, some people claim that big business, or top bureaucrats, or powerful interest groups decide everything. But the Marxist, the Weberian, and the pluralist views are only partially correct.

Consider some outcomes that need to be explained if we are to understand the political influence wielded by just one kind of institution—the business corporation. Certain oil companies were once able to persuade the government to restrict sharply the amount of foreign oil imported into the United States, to give them preferential tax treatment, and to permit them to drill for new oil just about anywhere they liked. Today the restrictions on foreign oil imports have ended, the tax breaks the oil companies enjoy have been reduced considerably (though they still exist), and their freedom to drill in certain places, particularly offshore locations, has been restricted.

Automobile manufacturers once faced virtually no federal controls on the products they manufactured; now they face many. In the past some corporations have been regulated in ways that have increased their profitability (the airlines), reduced it (the railroads), or had no appreciable effect one way or the other (electric utilities). These outcomes of government action or inaction are complicated. To understand why they happen, we need some theory of policy-making. This chapter will provide one; subsequent chapters will apply it.

★ Setting the Agenda

The most important decision that affects policy-making is also the least noticed one: deciding what to make policy *about,* or in the language of political science, deciding what belongs on the **political agenda.** We take for granted that politics is about certain familiar issues such as taxes, energy, welfare, and civil rights. We forget that there is nothing inevitable about having these issues—rather than some other ones—on the nation's agenda. At one time it was unconstitutional for the federal government to levy income taxes; energy was a nonissue because everybody (or at least everybody who could chop down trees for a fireplace) had enough; welfare was something for cities and towns to handle; and civil rights were supposed to be a matter of private choice rather than government action. Until the 1930s the national political agenda was quite short, and even in the 1950s many people would have been astonished or upset to be told that the federal government was supposed to worry about the environment, consumerism, or civil rights.

"He who decides what politics is about runs the country."[1] This is a statement of profound significance, though it exaggerates the extent to which somebody—some person—actually "decides" what politics is all about. The statement correctly suggests that at any given time certain shared beliefs determine what is legitimate (proper, right) for the government to do. This legitimacy is affected by several forces:

- Shared political values—for example, if many people believe that poverty is the result of individual failure rather than social forces, then there is no reason for a government program to combat poverty.
- The weight of custom and tradition—people will usually accept what the government has customarily done, even if they are leery of what it proposes to do.
- The impact of events—wars, depressions, and the like—alter our sense of the proper role of government.
- Changes in the way political elites think and talk about politics.

The Legitimate Scope of Government Action

Because many people believe that whatever the government now does it ought to continue doing, and because changes in attitudes and the impact of events tend to increase the number of things that government does, the scope of legitimate government action is always getting larger. As a result the scope of what is illegitimate for the government to do steadily gets smaller. This means that today we hear far fewer debates about the legitimacy of a proposed government policy than we heard in the 1920s or the 1930s. The existence of "big government" is sustained by these expanded beliefs about legitimacy and is not the consequence of some sinister power grab by politicians or bureaucrats. When President Gerald Ford, a Republican, ran for election in 1976, a favorite slogan of his was that a government big enough to give you everything you want is also big enough to take away everything you have. No doubt he thought that he was criticizing liberal Democrats. But it was his immediate predecessor, President Nixon, also a Republican, who had imposed peacetime wage and price controls and proposed a guaranteed annual income for every family, working or not working. It was another Republican president, Dwight Eisenhower, who had sent federal troops to Little Rock, Arkansas, to enforce a school-desegregation order. And it was yet another Republican president, Ronald Reagan, who was in office when federal payments to farmers grew to be six times larger than they had been in the 1970s. For better or worse, the expansion of government has been the result, fundamentally, of a nonpartisan process.

political agenda
Issues that people believe require governmental action.

Popular views on the legitimate scope of government action, and thus on the kinds of issues that ought to be on the political agenda, are changed by the impact of events. During wartime or after a terrorist attack on this country, the people expect the government to do whatever is necessary to win, whether or not such actions are clearly authorized by the Constitution. (As we saw in Chapter 15, the federal bureaucracy enjoys its most rapid growth in wartime.) A depression, such as the one that began in 1929, also leads people to expect the government to do something. As we shall see in Chapter 19, public opinion favored federal action to deal with the problems of the unemployed, the elderly, and the poor well in advance of the actual decisions of the government to take action. A coal mine disaster leads to an enlarged role for the government in promoting mine safety. A series of airplane hijackings leads to a change in public opinion so great that what once would have been unthinkable—requiring all passengers at airports to be searched before boarding their flights—becomes routine.

But sometimes the government enlarges its agenda of policy issues, often dramatically, without any crisis or widespread public demand. This may happen even at a time when the conditions at which a policy is directed are improving. There was no public demand for government action to make automobiles safer before 1966, when a law was passed imposing safety standards on cars. Though the number of auto fatalities (per 100 million miles driven) had gone up slightly just before the law was passed, the long-term trend in highway deaths had been more or less steadily downward. The Occupational Safety and Health Act was passed in 1970 at a time when the number of industrial deaths (per 100,000 workers) had been steadily dropping for almost twenty years.[2] Programs to combat urban poverty and unemployment were adopted in the mid-

1960s at a time when the number of persons, black as well as white, living below the poverty line was declining and when the adult unemployment rate—for blacks as well as whites—was lower than it had been at any time in the preceding ten years.[3] Affirmative action programs were introduced to increase the flow of minorities into jobs and colleges at a time when minorities were already making rapid progress.

It is not easy to explain why the government adds new issues to its agenda and adopts new programs when there is little public demand and when, in fact, there has been an improvement in the conditions to which the policies are addressed. In general the explanation may be found in the behavior of groups, the workings of institutions, the opinions of political elites, and the action of state governments.

On May Day, 2006, immigrants demonstrated in Las Vegas and many other cities to show their importance in the American economy.

Groups Many policies are the result of small groups of people enlarging the scope of government by their demands. Sometimes these are organized interests (for example, corporations or unions); sometimes they are intense but unorganized groups (urban minorities). The organized groups often work quietly, behind the scenes; the intense, unorganized ones may take their causes to the streets.

Organized labor favored a tough federal safety law governing factories and other workplaces not because it was unaware that factory conditions had been improving but because the standards by which union leaders and members judged working conditions had risen even faster. As people became better off, conditions that once were thought normal suddenly became intolerable. When Alexis de Tocqueville sought to explain the French Revolution, he observed that citizens are most restless and easily aroused not when they are living in abject poverty or under grinding repression but when they have started to become better off.[4] Social scientists sometime refer to this as a sense of "relative deprivation."

On occasion a group expresses in violent ways its dissatisfaction with what it judges to be intolerable conditions. The black riots in American cities during the mid-1960s had a variety of causes, and people participated out of a variety of motives. For many, rioting was a way of expressing pent-up anger at what they regarded as an unresponsive and unfair society. This sense of relative deprivation—of being worse off than one thinks one *ought* to be—helps explain why so large a proportion of the rioters were not uneducated, unemployed recent migrants to the city, but rather young men and women born in the North, educated in its schools, and employed in its factories.[5] Life under these conditions turned out to be not what they had come to expect or what they were prepared to tolerate.

The new demands of such groups need not result in an enlarged political agenda, and they do not when society and its governing institutions are confident of the rightness of the existing state of affairs. Unions could have been voted down on the occupational safety bill; rioting blacks could have been jailed and ignored. At one time exactly this would have happened. But society itself had changed: many people who were not workers sympathized with the plight of the injured worker and distrusted the good intentions of business in this matter. Many whites felt that a constructive as well as a punitive response to the urban riots was required and thus urged the formation of commissions to study—and the passage of laws to deal with—the problems of inner-city life. Such changes in the values and beliefs of people generally—or at least of people in key government positions—are an essential part of any explanation of why policies not demanded by public opinion nonetheless become part of the political agenda.

Institutions Among the institutions whose influence on agenda-setting has become especially important are the courts, the bureaucracy, and the Senate.

The courts can make decisions that force the hand of the other branches of government. When in 1954 the Supreme Court ordered schools desegregated, Congress and the White House could no longer ignore the issue. Local resistance to implementing the order led President Eisenhower to send troops to Little Rock, Arkansas, despite his dislike for using force against local governments. When the Supreme Court ruled in 1973 that the states could not ban abortions during the first trimester of pregnancy, abortion suddenly became a national political issue. Right-to-life activists campaigned to reverse the Court decision or, failing that, to prevent federal funds from being used to pay for abortions. Pro-choice activists fought to prevent the Court from changing its mind and to get federal funding for abortions. In these and many other cases the courts act like tripwires: when activated, they set off a chain reaction of events that alters the political agenda and creates a new constellation of political forces.

Indeed, they are more than tripwires. As the government agenda has expanded, the courts have become the favorite method for doing things for which there is no popular majority. There may be no electoral support for allowing abortion on demand, eliminating school prayer, creating affirmative action, ordering school busing, or attacking tobacco companies, but in the courts elections do not matter. The courts are the preferred vehicles for the advocates of unpopular causes.

The bureaucracy has acquired a new significance in American politics not simply because of its size or power but also because it is now a source of political innovation. At one time the federal government *reacted* to events in society and to demands from segments of society; ordinarily it did not itself propose changes and new ideas. Today the bureaucracy is so large, and includes within it so great a variety of experts and advocates, that it has become a *source* of policy proposals as well as an implementer of those that become law. Daniel Patrick Moynihan called this the "professionalization of reform," by which he meant, in part, that the government bureaucracy had begun to think up problems for government to solve rather than simply to respond to the problems identified by others.[6] In the 1930s many of the key elements of the New Deal—Social Security, unemployment compensation, public housing, old-age benefits—were ideas devised by nongovernment experts and intellectuals here and abroad and then, as the crisis of the depression deepened, taken up by the federal government. In the 1960s, by contrast, most of the measures that became known as part of Lyndon Johnson's "Great Society"—federal aid to education, manpower development and training, Medicare and Medicaid, the "War on Poverty," the "safe-streets" act providing federal aid to local law enforcement agencies—were developed, designed, and advocated by government officials, bureaucrats, and their political allies.

Chief among these political allies are U.S. senators and their staffs. Once the Senate was best described as a club that moved slowly, debated endlessly, and resisted, under the leadership of conservative southern Democrats, the plans of liberal presidents. With the collapse of the one-party South and the increase in the number of liberal activist senators, the Senate became in the 1960s an incubator for developing new policies and building national constituencies.[7] As the Senate became more conservative in the 1980s, it retained the initiative, but now on behalf of reversing some of the changes wrought earlier. The Senate has thus become one of the sources of political change rather than, as the Founders intended, a balance wheel designed to moderate change.[8]

Media The national press can either help place new matters on the agenda or publicize those matters placed there by others. There was a close correlation between the political attention given in the Senate to proposals for new safety standards for industry, coal mines, and automobiles and the amount of space devoted to these questions in the pages of the *New York Times*. Newspaper interest in the matter, low before the issue was placed on the agenda, peaked at about the time that the bill was passed.[9] It is hard, of course, to decide which is cause and which effect. The press may have stimulated congressional interest in the matter or merely reported on what Congress had already decided to pursue. Nonetheless, the press must choose which of thousands of proposals it will cover. The beliefs of editors and reporters led it to select the safety issue. In later chapters we shall discuss the kinds of issues for which the national press is important.

In short, the political agenda can change because of changes in popular attitudes, elite interest, critical events, or government actions. An overly simple but essentially correct generalization might be this: popular attitudes usually change slowly, often in response to critical events; elite attitudes and government actions are more volatile and interdependent and thus change more quickly, often in response to each other.

Action by the States

National policy is increasingly being made by the actions of state governments. You may wonder how.

After all, a state can only pass laws that affect its own people. Of course, the national government may later adopt ideas pioneered in the states, as it did when Congress passed a "Do Not Call" law to reduce how many phone calls you will get from salespeople while you are trying to eat dinner. The states had taken the lead in this.

But there is another way in which state governments can make national policy directly without Congress ever voting on the matter. The attorneys general of states may sue a business firm and settle the suit with an agreement that binds the industry throughout the country. The effect of that suit may be to raise prices for consumers and create a new set of regulations. This is what happened in 1998 with the tobacco agreement negotiated between cigarette companies and some state attorneys general. The companies agreed to raise their prices, pay more than $240 billion to state governments (to use as they wished) and several billion dollars to private lawyers, and to agree to a massive regulatory program.

★ Making a Decision

Once an issue is on the political agenda, its nature affects the kind of politicking that ensues. Some issues provoke intense interest group conflict; others allow one group to prevail almost unchallenged. Some issues involve ideological appeals to broad national constituencies; others involve quiet bargaining in congressional offices. We all know that private groups try to influence government policies; we often forget that the nature of the issues with which government is dealing influences the kinds of groups that become politically active.

One way to understand how an issue affects the distribution of political power among groups and institutions is to examine what appear to be the costs and benefits of the proposed policy. The **cost** is any burden, monetary or nonmonetary, that some people must bear, or think that they must bear, if the policy is adopted. The costs of a government spending program are the taxes that it entails; the cost of a foreign policy initiative may be the increased chance of having the nation drawn into war. The **benefit** is any satisfaction, monetary or nonmonetary, that people believe they will enjoy if the policy is adopted. The benefits of a government spending program are the payments, subsidies, or contracts received by some people; the benefits of a

cost *A burden that people believe they must bear if a policy is enacted.*

benefit *A satisfaction that people believe they will enjoy if a policy is adopted.*

Highway safety was always a problem, but it became a national issue after policy advocates, such as Mothers Against Drunk Driving (MADD), emphasized it.

foreign policy initiative may include the enhanced security of the nation, the protection of a valued ally, or the vindication of some important principle such as human rights.

Two aspects of these costs and benefits should be borne in mind. First, it is the *perception* of costs and benefits that affects politics. People may think that the cost of an auto emissions control system is paid by the manufacturer, when it is actually passed on to the consumer in the form of higher prices and reduced performance. Political conflict over pollution control will take one form when people think that Ford and GM pay the costs and another form when they think that the consumers pay.

Second, people take into account not only who benefits but also whether it is *legitimate* for that group to benefit. When programs providing financial assistance to women with dependent children were first developed in the early part of this century, they were relatively noncontroversial because people saw the money as going to widows and orphans who deserved such aid. Later on giving aid to mothers with dependent children became controversial because some people now perceived the recipients not as deserving widows but as sexually loose women who had never married. Whatever the truth of the matter, the program had lost some of its legitimacy because the beneficiaries were no longer seen as "deserving." By the same token, groups once thought undeserving, such as men out of work, were later thought to be entitled to aid, and thus the unemployment compensation program acquired a legitimacy that it once lacked.

Politics is in large measure a process of raising and settling disputes over who *will* benefit or pay for a program and who *ought* to benefit or pay. Since beliefs about the results of a program and the rightness of those results are matters of opinion, it is evident that ideas are at least as important as interests in shaping politics. In recent years ideas have become especially important with the rise of issues whose consequences are largely intangible, such as abortion, school prayer, and racial integration.

Though perceptions about costs and benefits change, most people most of the time prefer government programs that provide substantial benefits to them at low cost. This rather obvious fact can have important implications for how politics is carried out. In a political system based on some measure of popular rule, public officials have a strong incentive to offer programs that confer—or appear to confer—benefits on people with costs that are either small in amount, remote in time, or borne by "somebody else." Policies that seem to impose high, immediate costs in return for small or remote benefits will be avoided, enacted with a minimum of publicity, or proposed only in response to a real or apparent crisis.

Ordinarily no president would propose a policy that would immediately raise the cost of fuel, even if he were convinced that future supplies of oil and gasoline were likely to be exhausted unless higher prices reduced current consumption. But when a crisis occurs, such as the Arab oil cartel's price increases beginning in 1973, it becomes possible for the president to offer such proposals—as did Nixon, Ford, and Carter in varying ways. Even then, however, people are reluctant to bear increased costs, and thus many are led to dispute the president's claim that an emergency actually exists.

These entirely human responses to the perceived costs and benefits of proposed policies can be organized into a simple theory of politics.[10] It is based on the observation that the costs and benefits of a policy may be *widely distributed* (spread over many, most, or even all citizens) or *narrowly concentrated* (limited to a relatively small number of citizens or to some identifiable, organized group). For instance, a widely distributed cost would include an income tax, a Social Security tax, or a high rate of crime; a widely distributed benefit might include retirement benefits for all citizens, clean air, national security, or low crime rates. Examples of narrowly concentrated costs include the expenditures by a factory to reduce its pollution, government regulations imposed on doctors and hospitals participating in the Medicare program, or restrictions on freedom of speech imposed on a dissident political group. Examples of narrowly concentrated benefits include subsidies to farmers or merchant ship companies, the enlarged freedom to speak and protest afforded a dissident group, or protection against competition given to an industry because of favorable government regulation.

The perceived distribution of costs and benefits shapes the *kinds of political coalitions that will form*—but it will not necessarily determine *who wins*. A given popular majority, interest group, client, or entrepreneur may win or lose depending on its influence and the temper of the times.

In the remainder of this chapter we shall describe the politics of four kinds of policies and then illustrate each kind with examples drawn from government efforts to regulate business.

★ Majoritarian Politics: Distributed Benefits, Distributed Costs

Some policies promise benefits to large numbers of people at a cost that large numbers of people will have to bear (see Figure 17.1). For example, almost everybody will sooner or later receive Social Security benefits, and almost everybody who works has to pay Social Security taxes. Similarly, defending the nation against military attack benefits everyone, and every taxpayer contributes to its cost. If government-sponsored research to find cures for cancer and heart disease is successful, a large proportion of the citizenry will benefit from a program that all taxpayers have been obliged to support.

Such **majoritarian politics** are usually not dominated by pulling and hauling among rival interest groups; instead they involve making appeals to large blocs of voters and their representatives in hopes of finding a majority. The reason why interest groups are not so important in majoritarian politics is that, as we saw in Chapter 11, citizens rarely will have much incentive to join an interest group if the policy that such a group supports will benefit everybody, whether or not they are members of the group. This is the "free-rider" problem. Why join the Committee to Increase (or Decrease) the Defense Budget when what you personally contribute to that committee makes little difference in the outcome and when you will enjoy the benefits of more (or less) national defense even if you have stayed on the sidelines?

Majoritarian politics may be controversial, but the controversy is usually over matters of cost or ideology, not between rival interest groups. When Congress passed three laws to reduce drug use, this was a majoritarian issue (that is, there were no interest groups active on behalf of drug dealers). The arguments were over matters such as the desirability of the death penalty for big traffickers. The military budget went up during the early 1980s, down in the late 1980s, and up again after 2001; the changes reflected different views on how much we should spend and the relationship between military spending and arms-control negotiations.

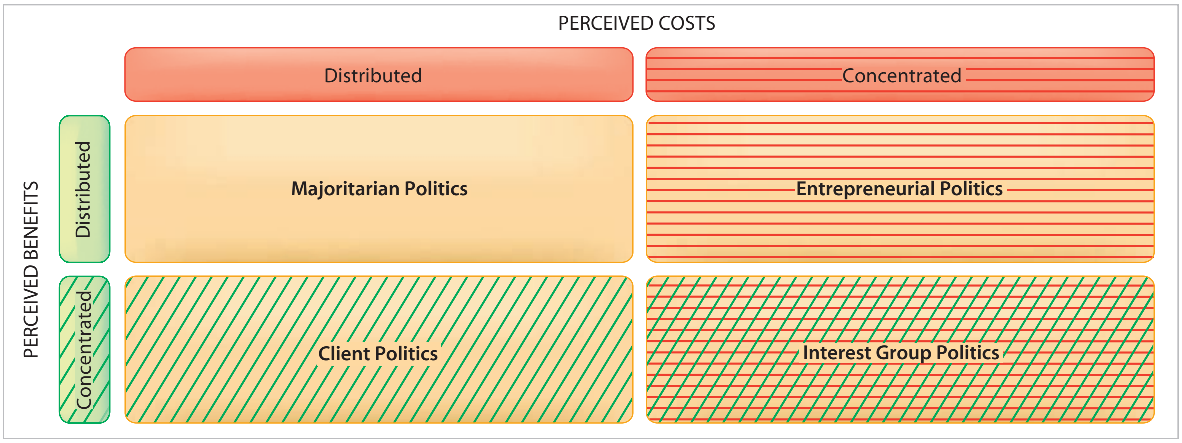
★ Interest Group Politics: Concentrated Benefits, Concentrated Costs

In **interest group politics,** a proposed policy will confer benefits on some relatively small, identifiable group and impose costs on another small, equally identifiable group. For example, when Congress passed a bill requiring companies to give sixty days' notice of

majoritarian politics *A policy in which almost everybody benefits and almost everybody pays.*

interest group politics *A policy in which one small group benefits and another small group pays.*

Figure 17.1 A Way of Classifying and Explaining the Politics of Different Policy Issues



During the Great Depression, depositors besiege a bank hoping to get their savings out.

a plant closing or a large-scale layoff, labor unions (whose members would benefit) backed the bill, and many business firms (which would pay the costs) opposed it.

Issues of this kind tend to be fought out by organized interest groups. Each side will be so powerfully affected by the outcome that it has a strong incentive to mobilize: union members who worry about layoffs will have a personal stake in favoring the notice bill; business leaders who fear government control of investment decisions will have an economic stake in opposing it.

Interest group politics often produces decisions about which the public is uninformed. The bitter debates between television broadcasters and cable companies over who may send what kind of signals to which homes hardly draws any public notice—until after a law is passed and people can see what their cable charges will be. Similarly, the long struggle to give banks the right to sell insurance involved not the public, but banks and insurance companies. In time the public will discover whether they like the results.

client politics *A policy in which one small group benefits and almost everybody pays.*

Though many issues of this type involve monetary costs and benefits, they can also involve intangible considerations. If the American Nazi party wants to march through a predominantly Jewish neighborhood carrying flags with swastikas on them, the community may organize itself to resist out of revulsion against the disgraceful treatment of Jews by Nazi Germany. Each side may hire lawyers to debate the issue before the city council and in the courts.

★ Client Politics: Concentrated Benefits, Distributed Costs

With **client politics** some identifiable, often small group will benefit, but everybody—or at least a large part of society—will pay the costs. Because the benefits are concentrated, the group that is to receive those benefits has an incentive to organize and work to get them. But because the costs are widely distributed, affecting many people only slightly, those who pay the costs may be either unaware of any costs or indifferent to them, because per capita they are so small.

This situation gives rise to client politics (sometimes called clientele politics); the beneficiary of the policy is the "client" of the government. For example,

Texas high school students protest against smoking during an event sponsored by Teens Against Tobacco Use, a peer-based tobacco use prevention program.

many farmers benefit substantially from agricultural price supports, but the far more numerous food consumers have no idea what these price supports cost them in taxes and higher food prices. In the same way, airlines for a long time benefited from the higher prices that they were able to charge on certain routes as a result of government regulations that restricted competition over prices. But the average passenger was either unaware that his or her costs were higher or did not think that the higher prices were worth making a fuss about.

Not all clients are economic interests. Localities can also benefit as clients when, for example, a city or county obtains a new dam, a better harbor, or an improved irrigation system. Some of these projects may be worthwhile, others may not; by custom, however, they are referred to as *pork-barrel projects.* Usually several pieces of "pork" are put into one barrel—that is, several projects are approved in a single piece of **pork-barrel legislation,** such as the "rivers and harbors" bill that Congress passes almost every year. Trading votes in this way attracts the support of members of Congress from each affected area; with enough projects a majority coalition is formed. This process is called **logrolling.**

Not every group that wants something from government at little cost to the average citizen will get it. Welfare recipients cost the typical taxpayer a small amount each year, yet there was great resistance to increasing these benefits. The homeless have not organized themselves to get benefits; indeed, most do not even vote. Yet benefits are being provided (albeit in modest amounts so far). These examples illustrate the importance of popular views concerning the legitimacy of client claims as a factor in determining the success of client demands. As we shall see in Chapter 19, welfare recipients have never enjoyed much legitimacy in the public's eye, and so programs to increase their benefits were hard to sell to Congress. The plight of the homeless, on the other hand, has aroused a good deal of sympathy and produced bipartisan agreement on a bill providing emergency aid. Moreover, that agreement seems to have persisted.

By the same token, groups can lose legitimacy that they once had. People who grow tobacco once were supported simply because they were farmers, and were thus seen as both "deserving" and politically important. But when people began worrying about the health risks associated with using tobacco, farmers who produce tobacco lost some legitimacy compared to those who produce corn or cotton. As a result it became harder to get votes for maintaining tobacco price supports and easier to slap higher taxes on cigarettes.

A Superfund site in Houston, Texas, where bacteria were used to clean up harmful industrial waste.

★ Entrepreneurial Politics: Distributed Benefits, Concentrated Costs

In **entrepreneurial politics** society as a whole or some large part of it benefits from a policy that imposes substantial costs on some small, identifiable segment of society. The antipollution and safety requirements for automobiles were proposed as ways of improving the health and well-being of all people at the expense (at least initially) of automobile manufacturers. Similarly, Congress enacted the Brady bill, which requires a background check on gun buyers before they can purchase a firearm.

It is remarkable that policies of this sort are ever adopted, and in fact many are not. After all, the American political system creates many opportunities for checking and blocking the actions of others. The Founders deliberately arranged things so that it would be difficult to pass a new law; a

pork-barrel legislation *Legislation that gives tangible benefits to constituents in several districts or states in the hope of winning their votes in return.*

logrolling *A legislator supports a proposal favored by another in return for support of his or hers.*

entrepreneurial politics *A policy in which almost everybody benefits and a small group pays the cost.*

determined minority therefore has an excellent chance of blocking a new policy. And any organized group that fears the loss of some privilege or the imposition of some burden will become a very determined minority indeed. The opponent has every incentive to work hard; the large group of prospective beneficiaries may be unconvinced of the benefit or regard it as too small to be worth fighting for.

Nonetheless, policies with distributed benefits and concentrated costs are in fact adopted, and in recent decades they have been adopted with increasing frequency. A key element in the adoption of such policies has been the work of people who act on behalf of the unorganized or indifferent majority. Such people, called **policy entrepreneurs,** are those both in and out of government who find ways of pulling together a legislative majority on behalf of interests that are not well represented in the government.

These policy entrepreneurs may or may not represent the interests and wishes of the public at large, but they do have the ability to dramatize an issue in a convincing manner. Ralph Nader is perhaps the best-known example of a policy entrepreneur, or as he might describe himself, a "consumer advocate." But there are other examples from both ends of the political spectrum, conservative as well as liberal.

Entrepreneurial politics can occur without the leadership of a policy entrepreneur if voters or legislators in large numbers suddenly become disgruntled by the high cost of some benefit that a group is receiving (or become convinced of the urgent need for a new policy to impose such costs). For example, voters may not care about government programs that benefit the oil industry when gasoline costs only one dollar a gallon, but they might care very much when the price rises to three dollars a gallon, even if the government benefits had nothing to do with the price increase. By the same token, legislators may not worry much about the effects of smog in the air until a lot of people develop burning eyes and runny noses during an especially severe smog attack.

policy entrepreneurs
Activists in or out of government who pull together a political majority on behalf of unorganized interests.

Likewise, most legislators did not worry very much about toxic or hazardous wastes until 1977, when the Love Canal dump site near Buffalo, New York, spilled some of its toxic waste into the backyards of an adjacent residential neighborhood and people were forced to leave their homes. Five years later anyone who had forgotten about Love Canal was reminded of it when the town of Times Beach, Missouri, had to be permanently evacuated because it had become contaminated with the chemical dioxin. Only then did it become widely known that there were more than thirty thousand toxic waste sites nationwide that posed public safety risks. Although researchers have yet to find any conclusive evidence of health damage at either site, the Superfund program was born in 1980 of the political pressure that developed in the wake of these and other highly publicized tales of toxic waste dangers. Superfund was intended to force industries to clean up their own toxic waste sites. It also authorized the Environmental Protection Agency (EPA) to act speedily, with or without cooperation from industries, in identifying and cleaning up any sites that posed a large or imminent danger.

Superfund has suffered a number of political and administrative problems, and only a few of the 1,300 sites initially targeted by the EPA have actually been cleaned up since the program went into effect.[11] However, Superfund is a good illustration of entrepreneurial politics in action. Special taxes on once largely unregulated oil and chemical companies have funded the program. Previously these companies enjoyed special tax privileges as beneficiaries of client politics; today they face special tax burdens as the targets of entrepreneurial politics.

For many reasons—including the enlarged political role of the media, the decentralization of Congress, and a change in the attitudes of many citizens—entrepreneurial politics has become more common and policy entrepreneurs more visible in recent decades.

★ The Case of Business Regulation

Efforts by government to regulate business not only illustrate these four kinds of policy-making processes, but also shed light on an issue that many people think is central to the study of politics—namely, the relationship between wealth and power.

To some observers the very existence of large corporations is a threat to popular rule. Economic power will dominate political power, they believe, for one or more of three reasons: first, because wealth can be used to buy influence; second, because politicians and business leaders have similar class backgrounds and thus similar beliefs about public policy; and third, because elected officials must defer to the preferences of business so as to induce corporations to keep the economy healthy and growing. Karl Marx, of course, proposed the most sweeping version of the view that economics controls politics; for him the state in a capitalist society was nothing more than the executive committee of the propertied classes.[12] But there are other non-Marxist or neo-Marxist versions of the same concern.[13]

To other observers politics, far from being subordinate to economic power, is a threat to the very existence of a market economy and the values—economic growth, private property, personal freedom—that they believe such an economy protects. In this view politicians will find it in their interest, in their struggle for votes, to take the side of the nonbusiness majority against that of the business minority. The heads of large corporations, few in number but great in wealth, fear that they will be portrayed as a sinister elite on whom politicians can blame war, inflation, unemployment, and pollution. Defenders of business worry that corporations will be taxed excessively to pay for social programs that in turn will produce more votes for politicians. Just as bad, in this view, is the tendency of universities (on which corporations must rely for technical experts) to inculcate antibusiness values in their students.[14]

The theory of the policy-making process presented earlier in this chapter should suggest that neither of these two extreme views of business-government relations is entirely correct. These relations depend on many things, including the *kind* of policy being proposed. Instead of clenching our fists and shouting probusiness or antibusiness slogans at each other, we should be able, after applying this theory to the available facts, to make more careful and exact statements of the following sort: "If certain conditions exist, then business-government relations will take certain forms."

Majoritarian Politics

Not all efforts to regulate business pit one group against another. From time to time laws are passed that reflect the views of a majority of voters that is neither imposing its will on a hostile business community nor acceding to the desires of a privileged industry.

Much of the antitrust legislation passed in this country, including the Sherman Act (1890) and parts of the Federal Trade Commission Act (1914) and the Clayton Act (1914), has been the result of majoritarian politics. Toward the end of the nineteenth century there arose a broadly based criticism of business monopolies (then called trusts) and, to a lesser extent, of large corporations, whether or not they monopolized trade. The Grange, an organization of farmers, was especially outspoken in its criticism, and popular opinion generally—insofar as we can know it in an era without pollsters—seems to have been indignant about trusts and in favor of "trustbusting." Newspaper editorials and magazine articles frequently dwelt on the problem.[15]

But though antitrust feeling was strong, it was also relatively unfocused: no single industry was the special target of this criticism (the oil industry, and especially the Standard Oil Company, came as close as any), and no specific regulation was proposed. In fact there was no general agreement about how to define the problem: for some it was monopoly; for others sheer bigness; and for still others the legal basis of the modern corporation. The bill proposed by Senator John Sherman did not clarify matters much: while it made it a crime to "restrain" or "monopolize" trade, it did not define these terms, nor did it create any new regulatory agency charged with enforcing the law.[16]

No doubt some large corporations worried about what all this would mean for them, but few felt sufficiently threatened to try very hard to defeat the bill. It passed the Senate by a voice vote and the House by a vote of 242 to 0.

Laws are not self-executing, and vague laws are especially likely to lie dormant unless political leaders work hard at bringing them to life. For the first decade or so after 1890, only one or two antitrust cases a year were filed in the courts. In 1904 President Theodore Roosevelt persuaded Congress to provide enough money to hire five full-time lawyers, and soon the number of prosecutions increased to about seven a year. Then in 1938 President Franklin Roosevelt appointed as head of the Antitrust Division of the Justice Department a vigorous lawyer named Thurman Arnold, who began bringing an average of fifty cases a year.[17] Today over four hundred lawyers in the division sift through complaints alleging monopolistic or other unfair business practices. Though controversy exists over the kinds of cases that should be brought, there is no serious effort among either politicians or business leaders to abandon the commitment to a firm antitrust policy, the strongest such policy to be found in any industrial nation.

The antitrust laws were strengthened in 1914 by bills that created the Federal Trade Commission and made (via the Clayton Act) certain specific practices, such as price discrimination, illegal. As with the earlier Sherman Act, the advocates of these measures had a variety of motives. Some proponents favored these laws because they would presumably help consumers (by preventing unfair business practices); other proponents supported them because they might help business (by protecting firms against certain tactics that competitors might employ).

President Woodrow Wilson endorsed both of these bills and helped create a broad coalition on behalf of the legislation; the Federal Trade Commission Act and the Clayton Act passed Congress by lopsided majorities.[18]

As with the Sherman Act, there has been continual controversy about how these laws should be administered. But this controversy, like the debate over the initial passage of the laws, has not been dominated by interest groups.[19] The reason for the relative absence of interest group activity is that these laws do not divide society into permanent and identifiable blocs of proponents and opponents. Any given business firm can be either helped or hurt by the enforcement of the antitrust laws. One year the XYZ Widget Company may be sued by the government to prevent it from unfairly advertising its widgets, and the next year the same XYZ Company may ask the government to prosecute its competitor for trying to drive XYZ out of business by selling widgets at prices below cost.

The amount of money that the federal government devotes to antitrust enforcement and the direction that those enforcement efforts take are determined more by the political ideology and personal convictions of the administration in power than by interest group pressures. For example, the Reagan administration decided that the benefits of trying to break up IBM were not worth the costs, and thus it ended its antitrust prosecution of the giant computer firm. At the same time, however, it decided that it was desirable to break up American Telephone and Telegraph (AT&T), making the local phone companies independent of AT&T and forcing AT&T to compete with other long-distance service providers. In the 1990s the Clinton administration brought an antitrust suit against computer software giant Microsoft.

In sum, as with most majoritarian policies, antitrust regulation tends to reflect broad philosophies of governance more than interest group activity.

The Grange sought to warn farmers of the dangers of a railroad monopoly.

Interest Group Politics

Organized interest groups are very powerful, however, when the regulatory policies confer benefits on a particular group and costs on another, equally distinct group.

In 1935 labor unions sought government protection for their right to organize, to bargain collectively with industry, and to compel workers in unionized industries to join the unions. Business firms opposed these plans. The struggle was fought out in Congress, where the unions won. The Wagner Act, passed that year, created the National Labor Relations Board (NLRB) to regulate the conduct of union organizing drives and to hear complaints of unfair labor practices brought by workers against management.

But the struggle was far from over. In 1947 management sought to reverse some of the gains won by unions by pressing for a law (the Taft-Hartley Act) that would make illegal certain union practices (such as the closed shop and secondary boycotts) and would authorize the president to obtain a court order blocking for up to eighty days any strike that imperiled the "national health or safety." Business won.

Business and labor fought round three in 1959 over a bill (the Landrum-Griffin Act) intended to prevent corruption in unions, to change the way in which organizing drives were carried out, and to prohibit certain kinds of strikes and picketing. Business won.

In each of these cases the struggle was highly publicized. The winners and losers were determined by the partisan composition of Congress (Republicans and southern Democrats tended to support business, northern Democrats to support labor) and by the existence of economic conditions (a depression in 1935, revelations of labor racketeering in 1959) that affected public opinion on the issue.

But the interest group struggle did not end with the passage of the laws; it continued throughout their administration. The National Labor Relations Board, composed of five members appointed by the president, had to adjudicate countless disputes between labor and management over the interpretation of these laws. The losing party often appealed the NLRB decision to the courts, where the issue was fought out again. Moreover, each president has sought to tilt the NLRB in one direction or another by means of whom he appoints to it. Democratic presidents favor labor and thus tend to appoint prounion board members; Republican presidents favor business and thus tend to appoint promanagement members. Since NLRB members serve five-year terms, a new president cannot immediately appoint all of the board's members; thus there is often a split on the board between two factions.

A similar pattern of interest group influence is revealed by the history of the Occupational Safety and Health Act, passed in 1970. Labor unions wanted a strict bill with tough standards set by a single administrator; business organizations wanted a more flexible bill with standards set by a commission that would include some business representatives. After a long struggle labor won, and the Occupational Safety and Health Administration (OSHA), headed by a single administrator, was set up inside the Department of Labor.

As with the NLRB, conflict did not end with the passage of the law, and OSHA decisions were frequently appealed to the courts. The politics swirling about OSHA were all the more contentious because of the vast mandate of the agency: it is supposed to determine the safe limits for worker exposure to hundreds of chemicals and to inspect tens of thousands of workplaces to see whether they should be cited for violating any standards. During the Carter administration an OSHA administrator was appointed who was sympathetic to the labor view and thus set many standards and issued many citations; during the Reagan administration an administrator was selected who was admired by business because he set fewer standards and issued fewer citations.

Client Politics

Many people suppose that when government sets out to regulate business, the firms that are supposed to be regulated will in fact "capture" the agency that is supposed to do the regulating. But as we have already seen, certain kinds of policies—those that give rise to majoritarian and interest group politics—do not usually lead to capture, because the agency either faces no well-organized, enduring opponent (as with majoritarian politics) or is caught in a crossfire of competing forces (as with interest group politics).

But when a policy confers a benefit on one group at the expense of many other people, client politics arises, and so agency "capture" is likely. More precisely, nothing needs to be captured at all, since the agency will have been created from the outset to serve the interests of the favored group. We sometimes think that regulations are always resisted. But a regulation need not be a burden; it can be a great benefit.

How this works can be seen close to home. State and city laws regulate the practice of law and medicine as well as a host of other occupations—barbers, beauticians, plumbers, dry cleaners, taxi drivers, and undertakers. These regulations are sometimes designed and always defended as ways of preventing fraud, malpractice, and safety hazards. But they also have the effect of restricting entry into the regulated occupation, thereby enabling its members to charge higher prices than they otherwise might.[20] Ordinarily citizens do not object to this, in part because they believe, rightly or wrongly, that the regulations in fact protect them, and in part because the higher prices are spread over so many customers as to be unnoticed.

Much the same thing can be found at the national level. In the early 1930s the American dairy industry was suffering from rapidly declining prices for milk. As the farmers' incomes fell, many could no longer pay their bills and were forced out of business. Congress responded with the Agricultural Adjustment Act, which authorized an agency of the Department of Agriculture to regulate the milk industry. This agency, the Dairy Division of the Agricultural Marketing Service, would issue "market orders" that had the effect of preventing price competition among dairy farmers and thus kept the price of milk up. If this guaranteed minimum price leads to the production of more milk than people want to drink, then another part of the Agriculture Department—the Commodity Credit Corporation—stands ready to buy up the surplus with tax dollars.[21]

Consumers wind up paying more for milk than they otherwise would, but they have no way of knowing the difference between the regulated and unregulated price of milk (economists estimate that it amounts to between five and twenty-one cents per gallon).[22] Consumers have little incentive to organize politically to do much about it. The total cost, however, can be very high; in 2006 it was over $4 billion. Although consumers are not helped by high prices, not every dairy farmer is helped either. More milk is produced than people will buy, and so many dairy farmers have gone out of business.

A similar system works with sugar. Sugar produced abroad, in countries such as Brazil and the Philippines, costs much less than sugar produced here, in states such as Louisiana. To keep the incomes of U.S. sugar producers high, Congress decided to restrict the importation of cheap foreign sugar by imposing quotas. This costs the consumer money—maybe as much as $3 billion a year—but the extra cost per pound of sugar is not noticeable.[23]

From time to time various officials attempt to change the regulations that benefit a client group. But they must confront some sobering political facts. Dairy farmers are found scattered through scores of congressional districts; sugar beet growers are concentrated in southern states that are important in any presidential election. Efforts have been made in Congress to cut milk subsidies and sugar quotas, but with only limited success.

In 1996 Congress passed and President Clinton signed a bill that began, at least for wheat and corn crops, to phase out the practice of paying farmers the difference between what they can sell their crops for and what the government thinks the crops ought to be worth. It replaced these crop subsidies with direct cash payments to farmers that they can use for anything, including not farming.

But the 1996 plan to lure farmers into a free-market economy did not last. Between 1996 and 2001, the subsidies they got increased rather than decreased. In 2002 President Bush signed a new farm bill that did away with the 1996 law and authorized paying farmers $171 billion in new subsidies by 2012. Though defended as a way of protecting "the little farmer," most of the money will go to big farmers who produce wheat, corn, rice, cotton, and soybeans (but not to those who produce cattle, hogs, poultry, fruits, or vegetables).

Farm subsidies are justified by the fact that the prices farmers earn swing wildly, but subsidies don't go to people who make computer chips or raise cattle even though they also experience big swings in the prices they can charge. The existence of farm subsidies is the result of history (a legacy of the time, during the Great Depression, when the government wanted to help nearly one-fourth of all employed Americans who then worked on farms) and politics (farmers are key and changeable voters in many important states).

Client politics has become harder to practice in this country unless a group is widely thought to be a "deserving" client. Dairy farmers, sugar producers, and tobacco growers struggle (sometimes successfully, sometimes unsuccessfully) to keep their benefits, but the struggle relies on "insider politics"—that is, on dealing with key Washington decision-makers and not on building widespread public support. By contrast, when a devastating flood, tornado, earthquake, or hurricane strikes a community, the victims are thought to be eminently deserving of help. After all, people say, it was not their fault that their homes were destroyed. (In fact in some cases it was, because they built homes in areas they knew were at high risk for hurricanes or floods.) They receive client benefits.

Dairy farmers get government subsidies for their milk production.

Although client politics for "special interests" seems to be on the decline, that is true mostly for programs that actually send certain groups money. Pietro Nivola reminds us of a different form of client politics: using regulations instead of cash to help groups. For example, regulations encourage the use of ethanol (a kind of alcohol made from corn) in gasoline, which benefits corn farmers and ethanol manufacturers. Clients that might not be thought legitimate increasingly get their way by means of regulations rather than subsidies.[24]

But regulation that starts out by trying to serve a client can end up hurting it. Radio broadcasters supported the creation of the Federal Communications Commission (FCC), which would, broadcasters and telephone companies thought, bring order and stability to their industries. It did. But then it started doing a bit more than the industries had hoped for. It began reviewing efforts by companies to merge. When one telephone company tried to merge with another, the FCC said that it would have to review the consolidation even though the law did not give it the power to do so. After long (and secret) negotiations, it extracted concessions from the companies as a condition of their merger. Because there was no law requiring such concessions, the firms accepted them "voluntarily." But if they had not agreed, they would have been in deep trouble with the FCC in the future.

Regulatory agencies created to help clients can become burdens to those clients when the laws the agencies enforce are sufficiently vague so as to provide freedom of action for the people who run them. For a long time most of these laws were hopelessly vague. The FCC, for example, was told to award licenses as "the public interest, convenience, and necessity" required. In time such language can give an agency wide, undefined powers.

Entrepreneurial Politics

During the 1960s and 1970s some two dozen consumer- and environmental-protection laws were passed, including laws that regulated the automobile industry, oil companies, toy manufacturers, poultry producers, the chemical industry, and pharmaceutical companies.*

When measures such as these become law, it is often because a policy entrepreneur has dramatized an issue, galvanized public opinion, and mobilized congressional support. Sometimes that entrepreneur is in the government (a senator or an outspoken bureaucrat); sometimes that entrepreneur is a private person (the best known, of course, is Ralph Nader). The motives of such entrepreneurs can be either self-serving or public-spirited; the policies that they embrace may be either good or bad. (Just because someone succeeds in regulating business does not mean that the public will necessarily benefit; by the same token, just because business claims that a new regulation will be excessively costly does not mean that business will in fact have to pay those costs.)

An early example of a policy entrepreneur inside the government was Dr. Harvey Wiley, a chemist in the Department of Agriculture, who actively campaigned for what was to become the Pure Food and Drug Act of 1906. Later Senator Estes Kefauver held hearings that built support for the 1962 drug laws (and incidentally for his presidential bid), and Senator Edmund Muskie called attention to the need for air and water pollution control legislation (and incidentally to his own 1972 presidential aspirations).

When a policy entrepreneur is outside the government, he or she will need a sympathetic ear within it. Occasionally the policy needs of the entrepreneur and the political needs of an elected official coincide. When Ralph Nader was walking the corridors of the Capitol looking for someone interested in auto safety, he found Senators Abraham Ribicoff and Warren Magnuson, who themselves were looking for an issue with which they could be identified.

The task of the policy entrepreneur is made easier when a crisis or scandal focuses public attention on a problem. Upton Sinclair's book *The Jungle*[25] dramatized the frightful conditions in meatpacking plants at the turn of the century and helped pave the way for the Meat Inspection Act of 1906. The stock market collapse of 1929 helped develop support for the Securities and Exchange Act. When some people who had taken a patent medicine (elixir of sulfanilamide) died as a result, the passage of the 1938 drug laws became easier. Oil spilled on the beaches of Santa Barbara, California, drew attention to problems addressed by the Water Quality Improvement Act of 1970.

*The Motor Vehicle Air Pollution Control Act of 1965, the National Traffic and Motor Vehicle Safety Act of 1966, the Clean Air Act of 1970, the Water Quality Improvement Act of 1970, the Children's Protection and Toy Safety Act of 1969, the Wholesome Poultry Act of 1968, the Toxic Substances Control Act of 1976, and the 1962 amendments to the Pure Food and Drug Act.

The dramatic event need not be an actual crisis; in some cases a political scandal will do. Highway fatalities were not a matter of great concern to most citizens when Congress began considering the auto-safety act in 1965–1966, but support for the bill grew when it was revealed that General Motors had hired a private detective who made a clumsy effort to collect (or manufacture) gossip harmful to Ralph Nader, whose book *Unsafe at Any Speed* had criticized the safety of certain GM cars.

In some cases no dramatic event at all is required for entrepreneurial politics to succeed. Most of the air and water pollution control bills were passed despite the absence of any environmental catastrophe.[26] Support for such measures was developed by holding carefully planned committee hearings that were closely followed by the media. For example, by drawing attention to the profits of the pharmaceutical companies, Senator Kefauver was able to convince many people that these firms were insensitive to public needs. By drawing on information made available to him by environmentalists, Senator Muskie was able to capitalize on and help further a growing perception in the country during the early 1970s that nature was in danger.

Because political resistance must be overcome without the aid of a powerful economic interest group, policy entrepreneurs seeking to regulate an industry often adopt a moralistic tone, with their opponents portrayed as devils, their allies viewed with suspicion, and compromises fiercely resisted. When Senator Muskie was drafting an air pollution bill, Ralph Nader issued a highly publicized report *attacking* Muskie, his nominal ally, for not being tough enough. This strategy forced Muskie—who wanted acclaim, not criticism, for his efforts—to revise the bill so that it imposed even more stringent standards.[27] Other allies of Nader, such as Dr. William Haddon, Jr., and Joan Claybrook, got the same treatment when they later became administrators of the National Highway Traffic Safety Administration. They came under attack not only from the auto industry, for designing rules that the companies thought were too strict, but also from Nader, for devising rules that he thought were not strict enough.

Once a policy entrepreneur manages to defeat an industry that is resisting regulation, he or she creates—at least for a while—a strong impetus for additional legislation of the same kind. A successful innovator produces imitators, in politics as in rock music. After the auto safety law was passed in 1966, it became easier to pass a coal mine safety bill in 1969 and an occupational safety and health bill in 1970.

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Entrepreneurial politics: Upton Sinclair's book *The Jungle,* published in 1906, shocked readers with its description of conditions in the meatpacking industry and helped bring about passage of the Meat Inspection Act of 1906.

The great risk faced by policy entrepreneurs is not that their hard-won legislative victories will later be reversed but that the agency created to do the regulating will be captured by the industry that it is supposed to regulate. The Food and Drug Administration (FDA), which regulates the pharmaceutical industry, has fallen victim during much of its history to precisely this kind of capture. Once the enthusiasm of its founders had waned and public attention had turned elsewhere, the FDA seemed to develop a cozy and rather uncritical attitude toward the drug companies. (In 1958 the head of the FDA received an award from the Pharmaceutical Manufacturers' Association.)[28] In the mid-1960s, under the spur of renewed congressional and White House attention, the agency was revitalized. During the Reagan administration environmentalists worried that the leadership of the Environmental Protection Agency had been turned over to persons who were unduly sympathetic to polluters.

There are at least five reasons, however, why the newer consumer and environmental protection agencies may not be as vulnerable to capture as some critics contend. First, these agencies often enforce laws that impose specific standards in accordance with strict timetables, and so they have relatively little discretion. (The Environmental Protection Agency, for example, is required by law to reduce certain pollutants by a fixed percentage within a stated number of years.) Second, the newer agencies, unlike the FDA, usually regulate many different industries and so do not confront a single, unified opponent. The Occupational Safety and Health Administration, for example, deals with virtually every industry. Third, the very existence of these agencies has helped strengthen the hand of the "public interest" lobbies that initially demanded their creation. Fourth, these lobbies can now call upon many sympathetic allies in the media who will attack agencies that are thought to have a probusiness bias.

Finally, as explained in Chapter 16, it has become easier for groups to use the federal courts to put pressure on the regulatory agencies. These groups do not have to be large or broadly representative of the public; all they need are the services of one or two able lawyers. If the Environmental Protection Agency (EPA) issues a rule disliked by a chemical company, the company will promptly sue the EPA; if it issues a ruling that pleases the company, the Environmental Defense Fund will sue.

Though many economists question the value of the Small Business Administration, it remains popular because it loans money to a lot of voters.

★ Perceptions, Beliefs, Interests, and Values

The politics of business regulation provides a good illustration of the theory of policy-making offered in this book, but the reader should not be misled by a discussion of costs and benefits into thinking that all or even most of politics is about getting or losing money or that it is an easy matter to classify the costs and benefits of a policy and thus put it into the correct pigeonhole.

For one thing, what constitutes a cost or a benefit is a matter of opinion, and opinions change. We have already said that it is the *perception* of costs and benefits that affects politics. If people think that laws requiring factories to install devices to remove from their smokestacks chemicals that contribute to acid rain can be implemented in ways that make the companies but not the consumers pay the bills, they will favor such measures, and the affected industries will oppose them. But if people believe that the cost of preventing acid rain will be borne by them—in the form of fewer jobs or higher prices—then these citizens may be less enthusiastic about such measures.

Some people favor having the government regulate the price of natural gas, and others oppose it. One reason for the conflict, obviously, is that people who use natural gas in their homes want to buy it cheaply, whereas people who work in the natural gas industry want gas prices to go up so that they can earn more. Interests are clearly in conflict.

Yet some users may oppose regulating the price of gas because they believe that keeping the price of gas artificially low now will discourage exploration for new gas fields, thereby creating shortages—and much higher prices—in the future. Thus *beliefs* are also in conflict; in this case some users believe that it is more important to take the long view and worry about gas shortages ten years from now, while others believe that what counts is how much you have to pay for natural gas today.

A political conflict is in large measure a struggle to make one definition of the costs and benefits of a proposal prevail over others; that is, it is a struggle to alter perceptions and beliefs. Material interests do play a part in all this: the more you stand to gain or lose in hard cash from a proposal, the harder it will be for someone else to change your mind about your position. But many, perhaps most, government proposals will not have an immediate, unambiguous impact on your pocketbook, and so your perceptions and beliefs about what will happen in the future become the prize for which political activists compete.

In that competition certain arguments enjoy a natural advantage over others. One might be called the *here-and-now* argument. What happens now or in the near future is more important to most people than what happens in the distant future. (Economists refer to this as the human tendency to "discount the future.") Thus most users of natural gas probably care more about present prices than future shortages, and so many will tend to favor price regulation today.

Another political tactic that enjoys a natural advantage might be called the *cost* argument. People seem to react more sharply to what they will lose if a policy is adopted than to what they may gain. Thus there will usually be strong opposition to putting a tax on imported oil, even if the benefit gained will be to reduce our dependence on foreign oil.

Politicians know the value of the here-and-now and the cost arguments and so try to present their proposals in ways that take advantage of these sentiments. Regulations aimed at new drugs, for example, will emphasize the harm that will be prevented now from keeping dangerous drugs off the market, not the harm that may come later if lifesaving drugs with some dangerous side effects are kept off the market. Plans to solve the problems of our Social Security system stress keeping intact the benefits now received by people already retired, postponing into the future the tax increases necessary to pay for these benefits.

Policies are affected not only by our perceptions and beliefs about where our interests lie but also by our *values*—that is, by our conceptions of what is good for the country or for our community. Many whites, for example, want to see opportunities increased for minorities, not because such opportunities will make whites better off but because they think that it is the right thing to do. Many citizens worry about political conditions in the Middle East, not because they fear having to fight a war there or because they work for a company that does business there but because they wish a better life for people who live in that region and want them to be free of terrorists and dictatorships. Some citizens oppose restrictions on the sale of obscene magazines and others favor those restrictions; neither group stands to benefit—those who oppose censorship usually don't plan to read the publications, and those who favor it would not thereby have their own lives improved—yet both groups often advocate their opposing views with great passion.

All this may seem obvious, but the reader should recall how often he or she assumes that people are only "looking out for themselves" and so politics is only about "who gets what." We all have a tendency to be a bit cynical about government—that is, to impute self-seeking motives to whoever is involved. Since there is plenty of self-interest in politics, this assumption is often a pretty good one. But following it blindly can lead us to ignore those cases in which ideas—beliefs, perceptions, and values—are the decisive forces in political conflict.

Deregulation

In the 1980s several industries were deregulated over the objections of those industries. Airline fares were once set by the Civil Aeronautics Board. The airlines liked it that way—it kept competition down and prices up. But today airline fares are set by the market, with the result that in some (but not all) areas fares are lower than they once were. Not only did most airlines fight tooth and nail to prevent this deregulation from occurring, but some couldn't adjust to the new era of competition and, like Eastern Airlines, went bankrupt.

Long-distance telephone services were once provided on a monopoly basis by AT&T; its prices were set by the Federal Communications Commission. Today there are several long-distance telephone systems—MCI, Sprint, AT&T—and prices are heavily influenced by competition. AT&T was not eager to have this happen, but it couldn't prevent it.

Once, the number of trucking companies and the prices they charged were set by the Interstate Commerce Commission (ICC). The trucking companies and the Teamsters Union favored this pattern of regulation—as with the airlines, the system kept competition down and prices up. But then Congress changed the law, and in January 1996 the ICC was abolished.

People who think that politics is simply the result of deals struck between certain favored industries and friendly or "captured" agencies would have a hard time explaining this period of deregulation. Client politics—the cozy relationship (or "iron triangle") between a private client, a government agency, and a supportive Congress—was ended. How did it happen?

Martha Derthick and Paul Quirk, two political scientists, answered the question in their book *The Politics of Deregulation*.[29] The key to that answer is the power of ideas. Academic economists were in agreement that regulating prices in industries that were competitive, or could easily be made so, was a bad idea; the regulations hurt consumers by keeping prices artificially high. But academic ideas by themselves are powerless. In the three cases described above, key political leaders—Presidents Carter, Ford, and Reagan, and Senators Edward Kennedy and Howard Cannon—accepted and acted on these ideas, albeit for very different reasons. The regulatory commissions—the Civil Aeronatics Board (CAB), the Federal Communications Commission (FCC), the ICC—were led by people who wanted to deregulate. In one case, the breakup of AT&T, a federal judge made many of the key decisions. The public did not support deregulation, but it was concerned about inflation, and deregulation could be defended as a way of bringing prices down. Finally, the industries that fought to save their client relationships with government—the airlines, the trucking companies, the phone company—were not wildly popular businesses; once they were subjected to political criticism, they found that they had relatively few allies.

Since the mid-1970s every president has put in place machinery to bring government regulation of industry under more central review. President Ford in 1974 ordered all regulatory agencies to assess the inflationary impact of their decisions. President Carter in 1978 directed each agency to consider alternative ways of achieving the goals of regulation. President Reagan in 1981 created the Task Force on Regulatory Relief and instructed those agencies under his control not to issue a regulation if, in the judgment of the Office of Management and Budget, its potential benefits to society did not outweigh its costs.[30] President Bush the elder essentially continued the Reagan system.

Deregulation is opposed, of course, by groups that benefit from it. But it is controversial in at least two other ways. First, some members of the public do not like the results, especially if the world becomes more complicated as a result of relying on the market. Many people liked CAB control of the airlines, for example, because the higher prices kept the number of air travelers down, and so airports were less congested. Second, some people who favor deregulating *prices* oppose deregulating *processes*. **Process regulation** (sometimes called social regulation) includes rules aimed at improving consumer or worker safety and reducing environmental damage. There are good and bad ways of achieving these goals, and much of the dispute about regulation concerns the question of means, not ends. The intensity of that dispute shows how important perceptions and beliefs are even when economic interests are at stake.

The Limits of Ideas

Ideas can be powerful, but there are limits to their power. There are many forms of client politics that persist—some because people agree that the client deserves to benefit, others because the conditions do not exist for mounting an effective challenge to the client.

Dairy, sugar, and other agricultural price supports are paid for by tax payers. Regulations that increased above market levels the prices charged by airlines and trucking companies were successfully challenged; regulations that increased above market levels the prices charged by oceangoing freighters were not. The wages paid to airline pilots and truck drivers are no longer protected by federal rules; the wages paid to merchant seamen and construction workers employed on federal projects still are.

It is not entirely clear why it is easier to challenge client politics in some industries and occupations than in others. We can say, however, why it is generally harder to maintain client politics free of challenge today than once was the case.

process regulation *Rules governing commercial activities designed to improve consumer, worker, or environmental conditions. Also called social regulation.*

WHAT WOULD YOU DO?

MEMORANDUM

To: *J. Peter, assistant to the president*
From: *Daniel Gilbert, special assistant to the president*
Subject: *Department of Energy Nuclear Waste Plan*

Congress Approves Plan to Store Nuclear Waste in Nevada

July 23 LAS VEGAS, NEVADA

Yesterday the U.S. Congress approved a bill allowing the U.S. Department of Energy to proceed with a plan to site 70,000 tons of highly radioactive nuclear waste in Nevada. Under the plan, beginning in 2010, irradiated fuel from nuclear reactors would be shipped to Nevada from cities all over the country . . .

The president must decide whether to sign the bill allowing the department to establish a safe repository for the nation's nuclear waste beneath mountains in Nevada. The waste is produced mainly by 131 commercial nuclear reactors and by national defense weapons programs. It is presently stored at 126 sites in over three dozen states.

Arguments for:

1. For over fifty years, radioactive waste that remains deadly to humans for ten thousand years has been accumulating in cities and towns throughout the country.
2. According to many experts, encasing the waste in well-engineered tunnels beneath mountains in remote locations is both safer and more cost-effective than such alternatives as storing it in ocean tunnels or propelling it into space.
3. The bill achieved a bipartisan majority. Polls find that most people know little about the problem but believe that something should be done to increase safety.

Arguments against:

1. The department admits that transporting nuclear waste to the Nevada site through dozens of states on trucks, trains, and barges would take decades and pose safety risks.
2. Some experts argue that constructing a hundred-mile network of tunnels that safely stores nuclear waste in disposal canisters for ten thousand years will prove technologically difficult and financially burdensome.
3. The plan is strongly opposed by many elected officials in Nevada and surrounding states, and a coalition of environmental groups is threatening to challenge it in court.

Your decision:

Advise president to sign ________ Advise president not to sign ________

★ SUMMARY ★

Policy-making involves two stages—placing an issue on the governmental agenda and deciding what to do about that issue once it is on the agenda. The agenda steadily expands as the result of historical crises, interest group activity, the competition for votes, and the operation of key institutions, especially the courts, the bureaucracy, and the mass media.

Decision-making requires that a majority coalition be formed. The kinds of coalitions that form will depend in large measure on the nature of the issue, especially the perceived distribution of costs and benefits. We have identified four kinds of coalitions, or distinctive political processes: majoritarian, client, interest group, and entrepreneurial.

Government regulation of business illustrates the relationship between these four kinds of policies and the sorts of coalitions that will form in each instance. These case studies make clear that there is no single, simple answer to the question of how much influence business has over government (or vice versa).

The outcome of these political struggles will depend not only on who gains and who loses but also on the perceptions, beliefs, and values of key political actors. The example of airline deregulation shows that changes in how people think can make a big difference even in the case of policies where money interests are at stake.

RECONSIDERING WHO GOVERNS?

1. ***Does some political elite dominate American politics?***
   People active in politics are an elite in the sense that they play a larger role than most citizens. But there are so many American elections and so many places where political action can be blocked that no single elite can dominate. Business corporations, for example, are an important interest group, but they only dominate client politics, and even then their influences can be overcome by entrepreneurial politics.

2. ***Do powerful interest groups decide what policies our government should adopt?***
   Over the last half century, there has been a sharp increase in the number and variety of interest groups so that in interest group politics there are always rival organizations competing for influence. In client politics, one interest group can dominate decision-making, but client politics is becoming rarer as new interest groups emerge.

RECONSIDERING TO WHAT ENDS?

1. ***Why are Social Security payments popular but welfare payments to unwed mothers unpopular?***
   For two reasons: First, people who get retirement benefits have paid money into the program, while those who get welfare benefits have not. Second, many people think elderly people who have retired are legitimate recipients of payments but that unwed mothers are not.

2. ***Why were government regulations on certain industries repealed over the objection of those industries?***
   There were several reasons, but the most important were new ideas. When enough political leaders became convinced that government-regulated airfares, bank interest rates, and trucking charges made people pay more money than would fares, rates, and charges set by the market, government regulation was abandoned.

WORLD WIDE WEB RESOURCES

Nonpartisan reviews of public policy issues:
www.policy.com
www.publicagenda.org

For partisan discussion of issues, use the World Wide Web addresses of the Washington, D.C., think tanks listed in Chapter 11.

SUGGESTED READINGS

Derthick, Martha. *Up in Smoke.* Washington, D.C.: Congressional Quarterly Press, 2002. Fascinating account of how lawyers and tobacco companies created a private regulation of smoking.

Derthick, Martha, and Paul J. Quirk. *The Politics of Deregulation*. Washington, D.C.: Brookings Institution, 1985. A brilliant analysis of how three industries—airlines, trucking, and telecommunications—were deregulated, often in the teeth of industry opposition.

Kingdon, John W. *Agendas, Alternatives, and Public Policies*. Boston: Little, Brown, 1984. An insightful account of how issues, especially those involving health and transportation, get on (or drop off) the federal agenda.

Lowi, Theodore J. "American Business, Public Policy, Case Studies, and Political Theory." *World Politics* 16 (July 1964). A theory of policy-making somewhat different from that offered in this book.

Nadel, Mark V. *The Politics of Consumer Protection*. 2d ed. Indianapolis: Bobbs-Merrill, 1975. An analysis of the sources and uses of political influence in consumer legislation.

Polsby, Nelson W. *Political Innovation in America*. New Haven, Conn.: Yale University Press, 1984. Explains how eight policy innovations were adopted by the federal government.

Wilson, James Q., ed. *The Politics of Regulation*. New York: Basic Books, 1980. Analyzes regulatory politics in nine agencies and provides a more detailed statement of the theory presented in this text.