

OVERVIEW

Policymaking 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 the formation of a majority coalition. 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 four distinctive political processes: majoritarian, client, interest-group, and entrepreneurial.

Government regulation of business illustrates the relationship among 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.

CHAPTER OUTLINE

I. Introduction

- This section will focus on the theory of policymaking

II. Setting the Agenda (THEME A: SETTING THE POLITICAL AGENDA)

- The political agenda: Deciding what to make policy about
 - Current political agenda includes taxes, energy, welfare, and civil rights.
 - None of these issues is inevitably political.
 - Was unconstitutional at one time for federal government to impose income taxes
 - Energy was a nonissue: Trees were chopped down for fireplace fuel.
 - Welfare was handled by communities and wealthy individuals.
 - Civil rights were about private behavior choice.
 - Shared beliefs determine what is legitimate for the government to do.
 - Forces affecting legitimacy:
 - shared political values;
 - weight of custom and tradition;
 - impact of events; and
 - changes in the way that political elites think and talk about politics.

A. THE LEGITIMATE SCOPE OF GOVERNMENT ACTION

- Always gets larger
 - People generally believe that government should continue to do what it is doing now.
 - Changes in attitudes and events tend to increase government activities.

- Government growth cannot be attributed to one political party.
- May also be enlarged without public demand and even when conditions are improving

1. GROUPS

- May be organized (corporations) or disorganized (urban minorities)
- May react to a sense of relative deprivation
 - *Groups*: people's feeling that they are worse off than they expected to be.
 - Examples: Unions and factory regulation; the urban riots of the 1960s
- May change the values and beliefs of others; example: the white response to urban riots

2. INSTITUTIONS

- Major institutions may influence the agenda.
- Courts
 - Make decisions that force action by other branches: School desegregation, abortion
 - Change the political agenda and rearrange political forces
 - Courts facilitate change when there is no popular majority.
- Bureaucracy
 - Source of political innovation
 - Professionalization of reform
 - Forms alliances, especially with senators and their staffs
- Senate
 - More activist than ever
 - Source of presidential candidates with new ideas

3. MEDIA

- Helps place issues on political agenda
- Publicizes issues placed there by others, for example, safety standards proposed by Senate

B. ACTION BY THE STATES

- National government may later adopt ideas pioneered by the states.
- Attorney general of a state may sue a business and settle the suit with an agreement that binds the industry throughout the country (tobacco settlement: Family Smoking Prevention Tobacco Control Act of 2009).

III. Making a Decision (THEME B: COSTS, BENEFITS, AND POLICY)

- Nature of issue
 - Affects the kind of groups that become politically active
 - Affects the intensity of political conflict
- Costs and benefits of a proposed policy provide a way to understand how an issue affects political power.

- *Cost*: Any burden, monetary or nonmonetary, that some people must bear or expect to bear from the policy.
- *Benefit*: Any satisfaction, monetary or nonmonetary, that some people must receive or expect to receive from the policy.
- Two important aspects of costs and benefits:
 - perception of costs and benefits affects politics; and
 - people consider whether it is legitimate for a group to benefit.
- Politics is a process of settling disputes over who benefits/pays and who ought to benefit/pay, so ideas and values are as important as interests.
- People prefer programs that provide benefits to them at low cost.
- Perceived distribution of costs and benefits shapes the kinds of political coalitions that form, but will not necessarily determine who wins.

IV. Majoritarian Politics: Distributed Benefits, Distributed Costs

- Gives benefits to large numbers
- Distributes costs to large numbers
- Involves appeals to large blocs of voters, to find a majority
- Debate is conducted in ideological or cost terms.
 - Military budgets
 - National health plan debate over impact on public interest

V. Interest Group Politics: Concentrated Benefits, Concentrated Costs

- Gives benefits to a relatively small and identifiable group
- Costs are imposed on another small and identifiable group.
- Debate is carried on by interest groups with minimal involvement by the wider public (labor unions versus businesses).

VI. Client Politics: Concentrated Benefits, Distributed Costs

- Relatively small group receives benefits; that group has an incentive to organize and build coalitions (logrolling).
- Costs are distributed widely, so there is little incentive for the opposition to mobilize (pork-barrel projects).
- Beneficiaries become clients of the government, because the policy serves their needs.
- Not all groups that want something get it; welfare recipients and tobacco farmers receive few benefits, probably because they lack legitimacy in the public's eye.

VII Entrepreneurial Politics: Distributed Benefits, Concentrated Costs

- Gives benefits to large numbers
- Costs are imposed on a small and identifiable group.
- Success often depends on the people who work on behalf of unorganized majorities, or so-called policy entrepreneurs (Ralph Nader).
- Change can also occur when a large number of voters or legislators become disgruntled with another's benefits or see the need for a new policy.
- Legitimacy of client claims is important (Superfund)

VIII The Case of Business Regulation

- The relationship of wealth and power
 - One view: Economic power dominates political power.
 - Wealth can buy political power.
 - Politicians and business people have similar backgrounds and, thus, ideologies.
 - Politicians must defer to business to keep the economy healthy.
 - Another view: political power is a threat to a market economy.
 - Politicians will side with the nonbusiness majority in order to increase votes.
 - Politicians will blame corporate chiefs for war, inflation, unemployment, and pollution.
 - Corporations will be taxed excessively to pay for popular social programs.
 - Universities will inculcate antibusiness values in their students.
 - Neither extreme is correct; business-government relationships depend on many things.

A. MAJORITARIAN POLITICS

- Antitrust legislation in 1890s
 - Public indignation strong but unfocused
 - Legislation vague; no specific enforcement agency
 - Sherman Act (1890)
- Antitrust legislation was strengthened in the twentieth century.
 - Presidents took the initiative in encouraging its enforcement.
 - Politicians and business leaders were committed to a strong antitrust policy.
 - Federal Trade Commission (created in 1914)
 - Clayton Act (1914)
 - Enforcement was determined primarily by the ideology and personal convictions of the current presidential administration.
 - In the 1990s Clinton administration brought antitrust action against Microsoft.
 - During the Bush administration (2001–2009) fewer antitrust actions were brought.
 - The Obama administration, faced with a major economic crisis, has sought to centralize and more vigorously enforce antitrust policy.

B. INTEREST GROUP POLITICS

- Organized interest groups are powerful when regulatory policies confer benefits on one organized group and costs on another equally organized group.
- Labor-management conflict
 - In 1935, labor unions sought government protection for their rights; business firms were in opposition.
 - Unions won
 - Wagner Act created National Labor Relations Board (NLRB).
 - Taft-Hartley Act (1947) a victory for management
 - Landrum-Griffin Act (1959) another victory for management
- Politics affected outcomes.
 - Highly publicized struggle

- Winners and losers were determined by the partisan composition of Congress.
- Economic conditions (Depression in the 1930s) and revelations about racketeering affected public opinion.
- After enactment of laws, conflict continued in NLRB and courts
- NLRB membership can affect decisions such as the Boeing plant being prohibited from moving from unionized Washington state to Right to work state, South Carolina.
- Similar pattern found in Occupational Safety and Health Act of 1970.
 - Labor victory because an agency is established
 - Again, appeals made to courts about regulations.

C. CLIENT POLITICS

- Agency capture likely when benefits are focused and costs are dispersed; agency created to serve a group's needs.
- State and local licensing of attorneys, barbers, and so on
 - Restricts entry into the occupation or profession
 - May prevent fraud, malpractice, safety hazards
 - Allows members to charge higher prices
 - People not generally opposed.
 - Believe the regulations protect them
 - Costs are not obvious, because they are spread over so many customers.
- National regulation of milk industry, sugar production, merchant shipping
 - Prevents price competition and keeps prices high
 - Public is unaware of inflated prices.
- Struggle to sustain benefits depends on insider politics; groups must deal with key Washington decision makers, not the wider public.
- Insider politics is particularly protracted with regulatory agencies, which issue regulations influencing business practices.

D ENTREPRENEURIAL POLITICS

- Entrepreneurial politics relies on entrepreneurs to galvanize public opinion and mobilize congressional support.
- Pure Food and Drug Act (1906) protected consumers.
- During 1960s and 1970s, large number of consumer and environmental protection statutes passed (Clean Air Act, Toxic Substance Control Act).
- Policy entrepreneurs usually associated with such measures (Ralph Nader, Estes Kefauver, Edmund Muskie).
 - Often assisted by crisis or scandal, which focuses public attention on an issue
 - Debate becomes moralistic and extreme.
- Risk of such programs: Agency may be captured by the regulated industry.
- Newer consumer and environmental protection agencies may be less vulnerable to capture.
 - Standards specific, timetables strict so bureaucrats have relatively little discretion.
 - Usually regulate many different industries; thus, they do not face a unified opposition.

- Their existence has strengthened the public-interest lobbies that sought their creation.
- Allies in the media may attack agencies for any probusiness bias.
- Public-interest groups can use courts to bring pressure on regulatory agencies.

IX. Perceptions, Beliefs, Interests, and Values

- Problem of definition
 - Costs and benefits are not defined only in money terms.
 - Cost or benefit is also a matter of perception.
 - Political conflict is largely either a struggle to make one set of beliefs about costs and benefits prevail over another or a struggle to alter perceptions.
- Types of arguments used
 - Here-and-now argument: People care more about the present than the distant future.
 - Cost argument: People react more strongly to costs than to benefits.
- Role of values
 - *Values*: Conceptions of what is good for the community or the country
 - Emphasis on self-interest leads to neglecting the power of ideas.

A. DEREGULATION

- Example: Airline fares, long-distance telephoning, trucking
- A challenge to iron triangles and client politics
- Explanation: The power of ideas
 - Idea: Governmental regulation was bad in industries that could be competitive.
 - Notion started with academic economists, who were powerless but persuaded politicians.
 - Politicians supported deregulation for various reasons.
 - Had support of regulatory agencies and consumers
 - Industries being deregulated had few political allies.
- Presidents since Gerald Ford have sought to review governmental regulation.
- Many groups oppose deregulation.
 - Dispute focuses mostly on the results of deregulation
 - Process regulation (social regulation) can be supported, even when price deregulation is favored.
 - Many critics blame the recent financial meltdown of 2008 on the SEC (Securities and Exchange Commission) and other federal regulatory agencies for exempting banks and brokerage firms from limiting the amount and types of debt that banks and brokerage firms could take on (the so-called mortgage-backed securities and credit derivatives).
 - Similarly, in 2008 and 2009, public has expressed concerns about weak federal regulation of drugs by the FDA (Food and Drug Administration) and safety concerns about imported products not adequately inspected by the Consumer Product Safety Commission.

B. THE LIMITS OF IDEAS

- Some conditions do not allow for mounting an effective case against certain clients.

- Trend is toward weaker client politics.