

PART FOUR: The Politics of Public Policy

CHAPTER 17

The Policy-Making Process

OBJECTIVES

In this chapter, we move from the study of political and governmental institutions (president, Congress, courts, etc.) to the study of the policies that those institutions have produced. After reading and reviewing the material in this chapter, the student should be able to do each of the following:

1. Explain how certain issues at certain times are placed on the political agenda for action.
2. Define the terms “costs,” “benefits,” and “perceived” as used in this chapter.
3. Use the above terms to explain the four types of politics presented in the text: majoritarian, client, interest group, and entrepreneurial, giving examples of each.
4. Discuss the roles played in the process of public policy formation by people’s perceptions, beliefs, interests, and values.

OVERVIEW

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.

Decisionmaking 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 four 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.

CHAPTER OUTLINE WITH KEYED-IN RESOURCES

- I. Setting the agenda (THEME A: SETTING THE POLITICAL AGENDA)
 - A. The political agenda: deciding what to make policy about
 1. Current political agenda includes taxes, energy, welfare, and civil rights
 2. None of these issues is inevitably political
 - a) Was unconstitutional at one time for federal government to impose income taxes
 - b) Energy was a non-issue: trees were chopped for fireplace fuel
 - c) Welfare was handled by communities and wealthy individuals
 - d) Civil rights was about private behavior choice
 3. Shared beliefs determine what is legitimate for the government to do
 4. Forces affecting legitimacy
 - a) Shared political values
 - b) Weight of custom and tradition
 - c) Impact of events
 - d) Changes in the way that political elites think and talk about politics
 - B. The legitimate scope of government action
 1. Always gets larger
 - a) People generally believe that government should continue to do what it is doing now
 - b) Changes in attitudes and events tend to increase government activities
 - c) Government growth cannot be attributed to one political party
 2. May also be enlarged without public demand and even when conditions are improving
 - a) Groups
 - (1) May be organized (e.g., corporations) or disorganized (urban minorities)
 - (2) May react to a sense of relative deprivation
 - (a) Definition: people's feeling that they are worse off than they expected to be
 - (b) Examples: unions and factory regulation; the urban riots of the 1960s
 - (3) May change the values and beliefs of others; example: the white response to urban riots
 - b) Institutions
 - (1) Major institutions may influence the agenda
 - (2) Courts
 - (a) Make decisions that force action by other branches: school desegregation, abortion
 - (b) Change the political agenda and rearrange political forces
 - (c) Courts facilitate change when there is no popular majority
 - (3) Bureaucracy
 - (a) Source of political innovation
 - (b) Professionalization of reform
 - (c) Forms alliances, especially with senators and their staffs
 - (4) Senate
 - (a) More activists than ever
 - (b) Source of presidential candidates with new ideas
 - c) Media
 - (1) Helps place issues on political agenda
 - (2) Publicizes issues placed there by others, e.g., safety standards proposed by Senate
 - d) Action by the states

- (1) National government may later adopt ideas pioneered by the states
 - (2) Attorney general of a state may sue a business and settle the suit with an agreement that binds the industry throughout the country (e.g., tobacco settlement)
- II. Making a decision (THEME B: COSTS, BENEFITS, AND POLICY)
 - A. Nature of issue
 1. Affects the kind of groups that become politically active
 2. Affects the intensity of political conflict
 - B. Costs and benefits of a proposed policy provide a way to understand how an issue affects political power
 1. Cost: any burden, monetary or nonmonetary that some people must, or expect, to bear from the policy
 2. Benefit: any satisfaction, monetary or nonmonetary that some people must, or expect, to receive from the policy
 3. Two aspects of costs and benefits are important.
 - a) Perception of costs and benefits affects politics
 - b) People consider whether it is legitimate for a group to benefit
 4. 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
 5. People prefer programs that provide benefits to them at low cost
 6. Perceived distribution of costs and benefits shapes the kinds of political coalitions that form, but will not necessarily determine who wins
 - III. Majoritarian politics: distributed benefits, distributed costs
 - A. Gives benefits to large numbers
 - B. Distributes costs to large numbers
 - C. Involves appeals to large blocs of voters, to find a majority
 - D. Debate is conducted in ideological or cost terms, e.g., military budgets
 - IV. Interest-group politics: concentrated benefits, concentrated costs
 - A. Gives benefits to a relatively small and identifiable group
 - B. Costs are imposed on another small and identifiable group
 - C. Debate is carried on by interest groups with minimal involvement by the wider public (e.g., labor unions versus businesses)
 - V. Client politics: concentrated benefits, distributed costs
 - A. Relatively small group receives benefits; that group has an incentive to organize and build coalitions (logrolling)
 - B. Costs are distributed widely—so there is little incentive for the opposition to mobilize (e.g., pork barrel projects)
 - C. Beneficiaries become “clients” of the government, because the policy serves their needs
 - D. Not all groups that want something get it—welfare recipients, homeless receive few benefits, probably because they lack legitimacy in the public’s eye
 - VI. Entrepreneurial politics: distributed benefits, concentrated costs
 - A. Gives benefits to large numbers
 - B. Costs are imposed on a small and identifiable group
 - C. Success often depends on the people who work on behalf of unorganized majorities—policy entrepreneurs (e.g., Ralph Nader)
 - D. Or a large number of voters or legislators become disgruntled with another’s benefits or sees the need for a new policy
 - E. Legitimacy of client claims is important (e.g., Superfund)

- VII. The case of business regulation
- A. The relationship of wealth and power
 1. One view: economic power dominates political power
 - a) Wealth can buy political power
 - b) Politicians and business people have similar backgrounds and, thus, ideologies
 - c) Politicians must defer to business, to keep the economy healthy
 2. Another view: political power is a threat to a market economy
 3. Neither extreme is correct; business-government relationships depend on many things
 - B. Majoritarian politics
 1. Antitrust legislation in 1890s
 - a) Public indignation strong but unfocused
 - b) Legislation vague; no specific enforcement agency
 - c) Sherman Act (1890)
 2. Antitrust legislation was strengthened in the twentieth century
 - a) Presidents took the initiative in encouraging its enforcement
 - b) Politicians, business leaders were committed to a strong antitrust policy
 - c) Federal Trade Commission (created in 1914)
 - d) Clayton Act (1914)
 - e) Enforcement was determined primarily by the ideology and personal convictions of the current presidential administration
 - C. Interest-group politics
 1. Organized interest groups are powerful when regulatory policies confer benefits on one organized group and costs on another equally organized group
 2. Labor-management conflict
 - a) 1935: labor unions seek government protection for their rights; business firms in opposition
 - (1) Unions won
 - (2) Wagner Act created National Labor Relations Board (NLRB)
 - b) 1947: Taft-Hartley Act a victory for management
 - c) 1959: Landrum-Griffin Act another victory for management
 3. Politics affected outcomes
 - a) Highly publicized struggle
 - b) Winners and losers were determined by the partisan composition of Congress
 - c) Economic conditions (Depression in the 1930s) and revelations about racketeering affected public opinion
 - d) After enactment of laws, conflict continued in NLRB and courts
 4. Similar pattern found in Occupational Safety and Health Act of 1970
 - a) Labor victory because an agency is established
 - b) Appeals again made to courts about regulations
 - D. Client politics
 1. Agency capture likely when benefits are focused and costs are dispersed—agency created to serve a group's needs
 2. State and local licensing of attorneys, barbers, etc.
 - a) Restricts entry into the occupation or profession
 - (1) May prevent fraud, malpractice, safety hazards
 - (2) Allows members to charge higher prices
 - b) People not generally opposed
 - (1) Believe the regulations protect them
 - (2) Costs are not obvious, because they are spread over so many customers

3. National regulation of milk industry, sugar production, merchant shipping
 - a) Prevents price competition and keeps prices high
 - b) Public is unaware of inflated prices
 4. Struggle to sustain benefits depends on insider politics—deal with key Washington decision makers, not the wider public
 5. Insider politics is particularly protracted with regulatory agencies, which issue regulations influencing business practices
- E. Entrepreneurial politics relies on entrepreneurs to galvanize public opinion and mobilize congressional support
1. 1906: Pure Food and Drug Act protected consumers
 2. 1960s and 1970s: large number of consumer and environmental protection statutes passed (e.g., Clean Air Act, Toxic Substance Control Act)
 3. Policy entrepreneur usually associated with such measures (e.g., Ralph Nader, Estes Kefauver, Edmund Muskie)
 - a) Often assisted by crisis or scandal, which focuses public attention on an issue
 - b) Debate becomes moralistic and extreme
 4. Risk of such programs: agency may be captured by the regulated industry
 5. Newer consumer and environmental protection agencies may be less vulnerable to capture
 - a) Standards specific, timetables strict so bureaucrats have relatively little discretion
 - b) Usually regulate many different industries; thus, they do not face a unified opposition
 - c) Their existence has strengthened the public-interest lobbies that sought their creation
 - d) Allies in the media may attack agencies for any pro-business bias
 - e) Public-interest groups can use courts to bring pressure on regulatory agencies
- VIII. Perceptions, beliefs, interests, and values
- A. Problem of definition
 1. Costs and benefits are not completely defined in money terms
 2. Cost or benefit is also a matter of perception
 3. Political conflict is largely a struggle to make one set of beliefs about costs and benefits prevail over another—a struggle to alter perceptions
 - B. Types of arguments used
 1. Here-and-now argument—people care more about the present than the distant future
 2. Cost argument—people react more strongly to costs than to benefits
 - C. Role of values
 1. Values: our conceptions of what is good for our community or our country
 2. Emphasis on self-interest leads to neglecting the power of ideas
 - D. Deregulation
 1. Example: airline fares, long distance telephoning, trucking
 2. A challenge to iron triangles and client politics
 3. Explanation: the power of ideas
 - a) Idea: governmental regulation was bad in industries that could be competitive
 - b) Notion started with academic economists, who were powerless but persuaded politicians
 - c) Politicians supported deregulation for various reasons.
 - (1) Had support of regulatory agencies and consumers
 - (2) Industries being deregulated had few political allies

4. Presidents since Gerald Ford have sought to review governmental regulation
5. Many groups oppose deregulation
 - a) Dispute focuses mostly on the results of deregulation
 - b) Process regulation (social regulation) can be supported, even when price deregulation is favored
6. The limits of ideas
 - a) Some conditions do not allow for mounting an effective case against certain clients
 - b) Trend is toward weaker client politics

WEB RESOURCES

The Brookings Institution (centrist liberal): <http://www.brookings.edu/>

Cato Foundation (conservative): <http://www.cato.org/>

Center for Public Policy (conservative): <http://www.public-policy.org/>

Council for Foreign Relations: <http://www.cfr.org/>

New Democrats Online: <http://www.ndol.org/>

Policy Action Network (moderate liberal): <http://www.movingideas.org/>

Social Security Reform Center: <http://www.socialsecurityreform.org/index.cfm>

Urban Policy Institution (liberal): <http://www.urban.org/>

U.S. Social Security Administration: <http://www.ssa.gov/>

RESEARCH AND DISCUSSION TOPICS

When I grow up. . . here is an old joke that no one aspires to be a lobbyist. And yet, political entrepreneurs are widely respected. Just how different are these roles? Ask students to compare and contrast these political actors, expanding on the entrepreneurial examples offered in the textbook.

What does a policy network look like? Ask students to “map” the relationships among organizations and individuals in a particular policy arena. What connections can be drawn to Wilson’s theory of costs and benefits? What modifications would students suggest in his theory? The careful use of search engines makes this exercise very feasible and students may find these maps useful in their own career planning. For an excellent search engine, see: <http://www.google.com/>

Perhaps all politics are majoritarian? Given that most bills pass the Congress with large majorities, is it possible to argue that majoritarian politics dominates the policy process? Encourage students to look behind the final votes, using the resources of the Library of Congress (<http://thomas.loc.gov/>) to explore the legislative process. Congressional Quarterly Press and *National Journal* also publish outstanding resources, which are listed in the Introduction to this *Manual*.

IMPORTANT TERMS

*benefit	A satisfaction that people believe they will enjoy if a policy is adopted.
*client politics	A policy in which one small group benefits and almost everybody pays.
*cost	A burden that people believe they must bear if a policy is enacted.
*entrepreneurial politics	A policy in which almost everybody benefits and a small group pays the cost.

* interest-group politics	A policy in which one small group benefits and another small group pays.
* logrolling	A legislator supports a proposal favored by another in return for support of his or her proposal.
* majoritarian politics	A policy in which almost everybody benefits and almost everybody pays.
* policy entrepreneurs	Activists in or out of government who pull together a political majority on behalf of unorganized interests.
* political agenda	Issues that people believe require governmental action.
* pork barrel legislation	Legislation that give tangible benefits to constituents in several districts or states in the hope of winning their votes in return.
* process regulation	Rules governing commercial actions designed to improve consumer, worker, or environmental conditions. Also called social regulation .

THEME A: SETTING THE POLITICAL AGENDA

Instructor Resources

Steven M. Cahn and Tziporah Kasachkoff, *Morality and Public Policy*. Upper Saddle River, NJ: Prentice Hall, 2002.

Randall Clemons and Mark McBeth, *Public Policy Praxis, Theory and Pragmatism*. Upper Saddle River, NJ: Prentice Hall, 2000.

John Dunn, *The Cunning of Unreason: Making Sense of Politics*. New York: Basic Books, 2000.

Thomas Dye, *Public Policy From the Top Down*. Seven Bridges Press, 2000.

Carolyn J. Heinrich and Laurence E. Lynn, eds., *Governance and Performance: New Perspectives*. Washington, D.C.: Georgetown University Press, 2000.

Charles O. Jones, *Introduction to the Study of Public Policy*. New York: Harcourt Brace Jovanovich, 2000.

John Kingdon, *Agendas, Alternatives and Public Policies*, 2nd ed. New York: Longman, 2002.

Jeff Manza, Fay Lomax Cook, and Benjamin I. Page, *Navigating Public Opinion: Polls, Policy, and the Future of American Democracy*. New York: Oxford University Press, 2002.

Michael Mintrom, *Policy Entrepreneurs and School Choice*. Washington, D.C.: Georgetown University Press, 2000.

Ralph Nader, *The Ralph Nader Reader*. Seven Stories Press, 2000.

Deborah Stone, *Policy Paradox: The Art of Political Decisionmaking*, revised edition. New York: W.W. Norton, 2001.

Summary

The most important factor affecting policy-making is what goes on the political agenda. At any given time, there exist beliefs about what is legitimate for the government to do. Over the seventy years, the scope of what is considered legitimate government activity has vastly increased: Politics is now about nearly everything. There have been several reasons for this increase: First, whatever government now does is generally accepted as legitimate; programs, once enacted, do not again have to overcome the presumption that something is “none of government’s business.” Events—a war, depression, or coal mine disaster—seem to require that government do something about the problem. Sometimes the scope

of government is expanded in the absence of any public demand, and even when the problem may be resolving itself without government intervention. The Occupational Health and Safety Act (OSHA), passed in 1970, and the antipoverty programs of the 1960s are two examples. Often, interest groups promote these policies: The AFL-CIO lobbied for OSHA and African-American riots in the cities gave impetus to the War on Poverty.

Several institutions have a particularly important role in the agenda-setting process. The courts, by issuing far-reaching decisions, may force the hands of other political institutions. Court orders outlawing southern school segregation are a good example. The bureaucracy now often devises and advocates new government initiatives. The 1960s Great Society programs, for example, were largely the product of the professionalization of reform. In the 1960s the Senate became an incubator for new policies and an instrument for building national constituencies for liberal causes. In the 1980s the Senate retained its initiative but became more likely to promote conservative causes. Finally, the national press determines which issues to publicize and which to ignore.

Discussion Questions

1. Who sets the agenda? Look over the following list of individuals and rank them, starting with the one who has the most ability to put an item on the public agenda and ending with the one who has the least power to put an issue on the agenda. Explain your judgments, which will be revealing of your views of who has power and to what ends they are exercising it.
 - a. The president of General Motors
 - b. The president of CBS
 - c. A U.S. senator
 - d. A homeless person
 - e. An average blue-collar worker
 - f. A member of the House of Representatives
 - g. A millionaire
 - h. A federal district judge
 - i. A white parent who resents having a child bused
 - j. Ralph Nader
 - k. An aide to a U.S. senator
 - l. An editor of the *New York Times*
2. Would any of the individuals listed have the power to keep an item off the agenda? If no single person has this power, might a group be able to do so?
3. Is it true, as the text says, that “many people believe that whatever the government now does it ought to do”? Can you think of counterexamples—areas of government activity that a majority oppose and demand be eliminated?
4. What about the issues that aren’t on the political agenda? List some concerns that are not being addressed by the government. What are the consequences of keeping these issues off the political agenda?
5. If the general public benefits from entrepreneurial politics, why aren’t their policies fueled by a social movement or other mass form of political activism?

6. How does a crisis often aid the policy entrepreneur? Why must entrepreneurial politics take on a moralistic tone? What problems afflict entrepreneurial politics? Are all issues equally likely to be exploited by a policy entrepreneur? Or can some be exploited more than others? Are the most exploitable issues usually those objectively most in need of public scrutiny and action? Give examples.
7. In 1996 and again in 2000, Ralph Nader was the presidential candidate of the Green Party. He campaigned extensively but received almost no press coverage, as was true for other third party candidates in this race. As a policy entrepreneur, what advantages would Nader see in making such an effort? What link does this suggest between third party politics and policy-making processes?

Abstract for Theme A

Ralph Nader as Policy Entrepreneur

Ralph Nader is probably the most eminent consumer rights advocate in America. His career began in the 1960s when he accused General Motors of manufacturing automobiles which were “unsafe at any speed.” After General Motors hired detectives to investigate his private life, Nader promptly sued the corporate giant. He won the court judgment and used the settlement to create a consumer empire of public-interest research, lobbying, and litigating organizations: the Center for the Study of Responsive Law; a Health Research Group; the Tax Reform Research Group; and Public Interest Research Groups (PIRGs), located in a number of states and on college campuses across the country. In addition, his Congress Watch analyzes congressional actions on consumer and environmental issues. Nader’s interest in protecting the public has run the gamut from automobile safety to antismoking regulations to nuclear power plants to congressional reforms (not an exhaustive list!).

An insight into Nader’s philosophy was provided by Thomas Whiteside’s thoughtful *New Yorker* article of October 15, 1973, exploring Nader’s basic belief that “new styles of violence” were being directed at the American people, for which existing laws provided few remedies. Nader revealed the following to Whiteside:

Air pollution alone is a devastating form of violence. It takes far more lives and maims far more victims each year than street crime, and destroys more property each year than all the bank robbers’ hauls a thousand times over. According to government figures, bank robbers have gotten away with more than twenty million dollars a year in recent years—their biggest ever—but the cost of air pollution alone in one recent year ran to more than sixteen billion dollars.

Nader went on to explain the importance of the law vis-à-vis business.

The law has to be made to develop definitions of violence that correspond to the conditions we face. In terms of the violence it is currently committing, industry is largely beyond the law... The law has developed to punish certain positive acts, not certain kinds of inaction. As matters stand, institutions are structured in such a way that corporations can achieve their economic objectives by inaction—for example, by reducing their costs through not taking steps to reduce the pollution they create. When you couple this deficiency of the law with the new style of violence that doesn’t provoke an image of a criminal act, such as a common street crime, you have a combination of the power to devastate increasingly large sections of humanity and a decreasing degree of personal accountability. That is a prescription for social suicide. The president of a chemical company knows that no matter what his company does *he* won’t go to jail, as long as he *personally* does not act, or instruct his subordinates to act, in violation of the law.

Whiteside notes how dedicated Nader is to alerting the American people to these new forms of violence, his ability to use the congressional process effectively, and his appeal to the media (at least

during the 1970s). However, Nader's successes of the late 1960s and early 1970s did meet resistance. Lewis F. Powell, Jr., before he became a member of the U.S. Supreme Court, charged that Nader was assaulting the free-enterprise system and that corporate power was the target of his hatred. Powell urged that business galvanize its political resources in an aggressive way against the Naders of the world, for "there should not be the slightest hesitation to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it."

Nader's crusading anti-business approach was not especially welcome during the Reagan era of deregulation, and his popularity with the public dimmed somewhat. However, his successful sponsorship of past legislation in the areas of highway safety, federal meat inspection standards, environmental protection (EPA), freedom of information, OSHA, and air bags must not be taken for granted. Despite criticism from the media and in Congress, which saw Nader as frequently unwilling to compromise on consumer policies, Nader's consumer groups initiated investigations into the nuclear power industry, the Educational Testing Service, the postal service, and the insurance industry. Nader continued to target the giant corporations as well, arguing that the Reagan administration was a tool of General Motors, Exxon, and Du Pont. Finally, Nader continued to organize citizens' groups at the local level, for example, Citizen Utility Boards (to monitor public utility rates) and Buyers Up (to lower home heating fuel costs through citizen-small business cooperative arrangements). In short, Nader remained true to his self-concept of a citizen who wished to achieve justice in society.

More information about Nader and about the Green Party can be found on the web. For the Green Party in the United States, see: <http://www.greens.org/na.html>. For information on Ralph Nader, see The Nader Page: <http://www.nader.org/>.

Discussion Questions

1. If the general public benefits from entrepreneurial politics, why aren't their policies fueled by a social movement or other mass form of political activism?
2. What political skills distinguish a successful policy entrepreneur? How has Nader demonstrated these skills? What policy entrepreneurs have you encountered?
3. In 1996 and again in 2000, Ralph Nader was the presidential candidate of the Green Party. He campaigned extensively but received almost no press coverage, as was true for other third party candidates in this race. As a policy entrepreneur, what advantages would Nader see in making such an effort? What link does this suggest between third party politics and policy-making processes?

THEME B: COSTS, BENEFITS, AND POLICY

Instructor Resources

Anatole Anton, Milton Fisk, and Nancy Holstrom, eds., *Not For Sale: In Defense of Public Goods*. Boulder, CO; Westview Press, 2000.

Eugene Bardach, *A Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving*. Washington, D.C.: CQ Press, 2004.

Eugene Bardach and Robert A. Kagan, *Going By the Book: The Problem of Regulatory Unreasonableness*. Transaction Publishers, 2002.

William Paul Browne, *The Failure of National Rural Policy: Institutions and Interest*. Washington, D.C.: Georgetown University Press, 2001.

George M. Guess and Paul G. Farnham, *Cases in Public Policy Analysis*. 2nd ed. Washington, D.C.: Georgetown University Press, 2000.

Kenneth J. Meier and Jeff Gill, *What Works: A New Approach to Program and Policy Analysis*. Boulder, CO: Westview Press, 2000.

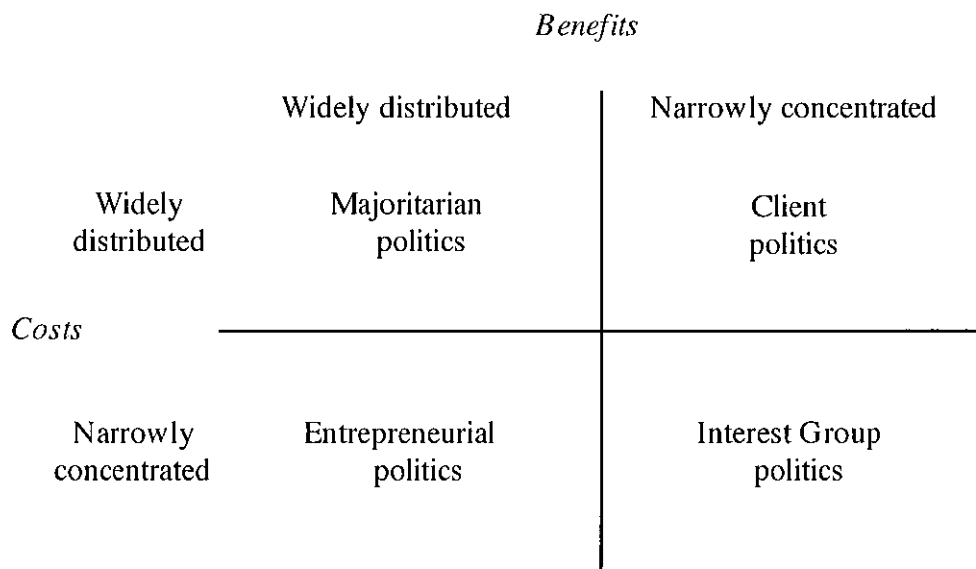
Sally C. Morton and John E. Rolph, eds., *Public Policy and Statistics: Cases from RAND*. Springer Verlag, 2000.

Stuart S. Nagel, *Creativity and Public Policy: Generating Super-Optimum Solutions*. Ashgate Publishing Company, 2000.

Carmen Siranni and Lewis Friedland, *Civic Innovation in America: Community Empowerment, Public Policy, and the Movement for Civic Renewal*. Berkeley: University of California Press, 2001.

Summary

A Theory of Politics



Once an issue gets on the agenda, examining the costs and benefits that the proposed policies generate can help us understand the politics that the associated policies will generate. A *cost* is any burden, monetary or nonmonetary, that people must bear, or think they must bear, if a policy is adopted. A *benefit* is any satisfaction, monetary or nonmonetary, that people believe they will enjoy. It is people's perceptions of costs and benefits that matter; people unaware of costs will not mobilize. Furthermore, ideas about whether it is legitimate for a particular group to receive a benefit or bear a cost matter, and these ideas sometimes change over time. Aid to Families with Dependent Children (AFDC) was once a noncontroversial program; it became increasingly controversial when its beneficiaries were perceived by many to be undeserving.

People prefer government programs that give them substantial benefits at low cost. Politicians thus have an incentive to impose programs with costs that are small, far off, or borne by "someone else."

In cases where both costs and benefits are widely distributed, *majoritarian politics* prevails. Social Security and national defense are examples of this sort of politics. The outcome tends to be decided by majority opinion, debates are carried on in ideological terms, and interest groups are not so important. Once this new policy is adopted and the proposed benefits become real and cost-effective, debate ends and the program usually prospers.

When both costs and benefits are narrowly concentrated, *interest-group politics* prevails. Here, highly organized groups represent both sides. The decisions of the National Labor Relations Board, the question of whether Nazi party members can march in a Jewish community (the Skokie case), and whether the Federal Communications Commission (FCC) should allow cable broadcasts in competition with the networks represent these kinds of issues.

When benefits are concentrated and costs are distributed, *client politics* prevails. Farm price supports and government controls aiding the airline industry are examples. If the benefits are to go to localities, they are referred to as pork-barrel projects. (Combining pork-barrel projects attracts a majority coalition through the process of logrolling.) Here those receiving the benefits tend to be well organized and politically vocal, whereas those bearing the costs are unorganized, because each individual must pay so little. In recent years, greater effort has been made to help people become more aware of these facts about client politics.

Finally, in cases where benefits are distributed and costs are concentrated, *entrepreneurial politics* prevails. Anti-pollution and safety requirements for automobiles and the California taxpayers' revolt, which slashed property taxes, are examples. It is remarkable that such policies ever pass, because the United States political system allows so many opportunities for organized interests to block action. Yet entrepreneurial politics has increased in frequency because of the presence of many policy entrepreneurs, such as Ralph Nader, who represent themselves as acting in the public interest and who manage to pull together a legislative majority in favor of the policy. The leadership of a policy entrepreneur is not always necessary if significant numbers of voters or legislators become angry at the high cost of a particular group benefit.

However, not every policy issue fits into one of these four categories. Environmental protection issues illustrate how all four forms of politics can surface in the same policy area.

The federal government has typically been the pacesetter in environmental policy, not state and local governments. Congress has established uniform, national standards with strict compliance deadlines. Such firmness has created an adversarial relationships between the government and the country's chief polluters:-business. And, because Congress has allowed its policies to be implemented at the local level, there has also been conflict between the Congress, the states and the localities; states and localities have also fought one another over the standards. Thus, issues associated with pesticides in farming have been characterized by client politics; factory pollution with entrepreneurial politics; acid rain with interest-group politics; and automobile pollution with majoritarian politics.

Discussion Questions

1. Why is it important to consider people's perceptions of costs and benefits? Would it not be better to look at who really pays and who really benefits, regardless of the perception?
2. Of the four types of politics outlined in this chapter, which are exemplified in each of the following cases?
 - a. Homosexuals convince a city council to pass an ordinance outlawing discrimination against them in jobs and housing.
 - b. A presidential candidate promises to cut the size and power of the federal bureaucracy.
 - c. Congress considers the military situation in Europe and decides to appropriate money to increase troop strength there.
 - d. The Massachusetts congressional delegation seeks to have the F-18 fighter plane built because its jet engines are built in that state.
 - e. A civil rights group sues for a city-wide desegregation program involving busing.

- f. A governor creates a commission on the status of women and appoints several members of the feminist movement to it.
 - g. A campaign is mounted to have a nuclear weapons freeze.
3. Do you believe that one or another of the four types of politics is better than the others? Why? Do you think that some are more likely to produce bad outcomes? Which, and why?
 4. Do some of the four types of politics tend to benefit liberals and others conservatives, or are liberals and conservatives equally likely to benefit for each?
 5. Why do those who bear the costs not oppose client politics?
 6. Does the government agency administering economic controls have more power when the controls are the result of client politics or when they are the result of interest-group politics? Why?
 7. Why didn't Congress or the president invite business leaders to assist in devising environmental regulations, as politicians did in Great Britain?
 8. What values drive the policy process?

Abstract for Theme B

Regulatory Effectiveness and Deregulation

In Michael Parenti's *Democracy for the Few*, 6th ed. (New York: St. Martin's Press, 1995), charges are leveled against regulatory agencies for being generally ineffective. Deregulation is viewed in a negative light as well. Parenti asserts the following:

1. "The Office of Surface Mining (OSM) allowed widespread mining without environmental controls, resulting in thousands of miles of landslides and polluted streams. More than half the mine owners who were directed to halt illegal operations ignored the order. Some \$200 million in fines imposed on the owners went uncollected." (p. 275)
2. "Often, agencies are not sufficiently staffed to handle the enormous tasks that confront them. The federal government has twenty-five inspectors to monitor the transportation of hazardous wastes over the entire country" (p. 276).
3. Reform-minded administrative agencies run into deep opposition from corporate America. Industries can challenge the jurisdiction of agencies in court or use their influence on key members in Congress to weaken an agency's power. Parenti notes that this has happened to the FTC (p. 279).
4. "Given a desire to survive and advance, bureaucrats tend to equivocate in the face of controversial decisions, moving away from dangerous areas and toward positions favored by the strongest of the pressure groups. With time, the reform-minded agency loses its crusading spirit and settles down to serving the needs of the industry it is supposed to regulate" (p. 280).
5. "Many career administrators eventually leave government service to accept higher-paying jobs in companies whose interests they favored while in office. This promise of a lucrative post with a private firm can exercise a considerable influence on the judgments of the ambitious public administrator" (p. 280).

6. Independent regulatory commissions “frequently become protectors of the industries they are supposed to regulate, granting monopoly privileges to big companies that cost the public billions a year.” Parenti mentions that the telephone companies and media networks control the FCC, the food and drug companies handle the FDA, and energy producers direct the efforts of the FERC (p. 281).
7. “Deregulation in the public-service realm does not make business more productive or even more competitive; if anything it removes a set of competing interests—those of the public—and simply leaves business freer to pursue profits without incurring any obligation for the social effects of that pursuit” (p. 286).
8. “Business is not really committed to some abstract “free market” principle. Regulations that enhance profits are supported and those that cut into profits are denounced. It is only in the latter case that the cry for deregulation is heard throughout America’s boardrooms” (p. 287).
9. “Government agencies more vigorously pursue their enforcement efforts against small companies because—unlike the big firms—they have less influence in Congress and can less afford to defend themselves in drawn-out litigation” (p. 287).

Discussion Questions

1. Parenti’s critiques are based on an understanding of what he describes as the “political economy” of governmental policy-making. This perspective seeks to explain why the government reaches certain decisions. It weighs the strength of the government compared to private corporations and considers the incentive structures that confront government officials. Given the conclusions described above, what conclusions can you reach about the comparative strength of the government and the subsequent concerns of government bureaucrats?
2. Parenti’s points suggest the extraordinary difficulties that confront political entrepreneurs. What are the principal barriers to the effective implementation of entrepreneurial policies? How can those barriers be avoided or circumvented?
3. What values appear to drive governmental decision making as it is presented above? What values are evident in Nader’s actions as an entrepreneurial political activist? What support for each set of ideals can be found in our political system? Is one perspective more legitimate than another?