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POLICY-MAKING IN THE FEDERAL SYSTEM

Policy-making at the federal level is rarely accomplished consistently and routinely. An issue must first find its way to the political agenda, and then decisions must be made about how to address the issue. Coalitions are formed that struggle over the issue, and the policy that results depends on who gains, who loses, and the perceptions, beliefs, and values of key political actors.

KEY TERMS

client politics
costs and benefits
entrepreneurial politics
interest group politics
majoritarian politics
policy entrepreneurs
political agenda

KEY CONCEPTS

- The political agenda determines which issues will receive consideration in formulating new policy.
- Costs and benefits determine who supports a policy, who opposes it, and the coalitions that form to compete over a policy.
- Business regulation is an excellent case study of the different types of policies and policy-making.
- Perceptions, beliefs, interests, and values all play a critical role in the policy-making process.

For a full discussion of policy-making in the federal system, see *American Government,* 9th ed., Chapter 15 / 10th ed., Chapter 17.

SETTING THE POLITICAL AGENDA

AP Tip

The political agenda involves virtually all of the participants in the policy-making process and is a term likely to appear on the AP exam.

The most important decision affecting policy-making is determining what belongs on the political agenda—the issues about which public policy will be made. At any given time, certain shared beliefs determine what is legitimate for the government to do. This legitimacy is affected by shared political values, the weight of custom and tradition, the impact of events, and changes in the way that political elites think and talk about politics.

The legitimate scope of government action is constantly growing larger. Government activity is rarely scaled back because people have certain expectations of government that are difficult for politicians to change. Changes in the attitudes of the public and new events generally increase government activities. It is unfair to attribute government growth to one political party.

Three forces enlarge government activity, sometimes without public demand or even when conditions are improving:

- **Groups** Many policies are the result of small groups of people enlarging the scope of government by their demands. These may be organized interests—for example, corporations, unions—or unorganized yet intense groups—for example, urban minorities. Such groups may be reacting to a sense of relative deprivation.
- **Institutions** Major institutions such as the courts, bureaucracy, and Congress may add new issues to the political agenda. The courts make decisions that force action by other branches—for instance, school desegregation. They can facilitate change even when there is no popular majority for change. The bureaucracy has become a source of policy proposals. Congress, especially the Senate, produces potential presidential candidates who focus on activism as a means of gathering recognition.
- **Media** By publicizing issues the media help shape the political agenda. The public often becomes aware of issues through the media.

The political agenda can change because of shifts in popular attitudes, elite interest, critical events, or government actions. Popular attitudes tend to change slowly, often in response to critical events. Elite attitudes and government actions are far more volatile.

COSTS, BENEFITS, AND POLICY

The costs and benefits of a proposed policy provide a way to understand how an issue affects political power. A cost is any burden (monetary or nonmonetary) that people must bear from the policy. It might be a fee or higher taxes, but costs are often nonmonetary items, such as:

- requiring formal reports (for example, the number of team sports for boys and for girls in a school district)
- restricting activities (for example, farming on land that is a protected wetland or discriminating in hiring on the basis of gender)
- performing functions for the government (for example, collecting income and FICA taxes)

A benefit is any satisfaction (monetary or nonmonetary) that people expect to receive from the policy. It might be a tangible reward, but benefits are often intangible items, such as:

- restricting competition (for example, ownership restrictions on television stations or monopolies allowed in professional sports)
- accessing resources owned by the public (for example, mining rights on public land or use of patents developed by government-sponsored research)
- coordinating actions by government agencies (for example, amber alert procedures)

The perception of costs and benefits is also vital in the policy-making process as people consider whether the group to benefit and the costs incurred are legitimate. Political coalitions form over the distribution of costs and benefits.

The politics of policy-making can be illustrated by four kinds of policies:

- **Majoritarian politics** Some policies promise benefits to large numbers of people at a cost that large numbers of people will have to bear (for example, Social Security or military defense). The debate over such policies is generally conducted in ideological or cost terms, not as a rivalry among interest groups. Majoritarian issues are usually resolved in public debate and public votes on bills.
- **Interest group politics** 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, bills requiring business firms to give benefits to labor unions). Interest groups generally carry on the debate over these policies with minimal involvement by the wider public.
- **Client politics** With client politics, some identifiable, often small, group will benefit, but a large part of society will pay the costs (for example, regulated milk prices benefit dairy farmers but increase the cost of milk to consumers). Because the benefits are concentrated, the group that will receive those

benefits has an incentive to organize and work to get them. The costs are widely distributed, affecting many people only slightly, and those who pay the costs may be either unaware of any costs or indifferent to them.

- **Entrepreneurial politics** In entrepreneurial politics a large part of society benefits from a policy that imposes substantial costs on some small, identifiable segment of society (for example, antipollution and safety requirements for automobiles, proposed as ways of improving the health and well-being of all people but at the expense of automobile manufacturers). A key element in the adoption of such policies is often the work of a policy entrepreneur, who acts on behalf of the unorganized or indifferent majority. Entrepreneurial politics can also occur 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, cleaning up toxic waste sites).

BUSINESS REGULATION: A CASE STUDY

Efforts by government to regulate business illustrate not only the four kinds of policy-making processes but also the relationship between wealth and power. Some observers believe that economic power dominates political power. In this view wealthy Americans have great access to political power. Politicians and business people with similar backgrounds and ideologies often form mutually beneficial relationships. At times, economic power allows individuals or groups to buy political power. Politicians must defer to business in order to keep the economy healthy. Other observers view political power as a threat to a market economy. Neither extreme is correct. Business and government relations depend on many variables.

Not all efforts to regulate business pit one group against another. Some laws have reflected majoritarian politics, in which the majority of voters were in favor of some form of regulation. For instance, antitrust legislation in the 1890s (for example, the Sherman Act and the Federal Trade Commission Act) was sparked by public support. By the early twentieth century, presidents were taking the initiative in encouraging the enforcement of antitrust laws. Support for antitrust laws came mainly from the ideological convictions of the public and were not the result of interest group activism.

Labor-management conflict in the twentieth century is a good example of interest group politics. Labor unions sought government protection for their rights to strike and engage in other forms of collective action. Business firms opposed labor vigorously. Labor won a victory with the creation of the National Labor Relations Board in the mid- 1930s. Management won victories in the 1940s and 1950s (for example, the Taft-Hartley Act and the Landrum-Griffin Act). In those decades winners and losers were determined by economic conditions and the partisan composition of Congress. Costs and benefits involved specific groups, not the general public.

Client politics is also evident in business regulation. State licensing of occupations such as law and medicine are justified as ways of preventing fraud, malpractice, and safety hazards, and they no doubt serve these purposes. 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. Citizens generally do not object to this because they believe that the regulations protect them and that the higher prices are spread over so many customers as to be unnoticed.

Entrepreneurial politics have often been evident in regulating businesses. The 1906 Pure Food and Drug Act, an early example, forced meatpacking plants to sanitize their conditions following revelations of frightful practices in the widely read novel *The Jungle*. The 1960s and 1970s brought a large number of consumer and environmental protection statutes aimed at specific industries and businesses (for example, the Clean Air Act and the Toxic Substance Control Act). Ralph Nader is an excellent example of a policy entrepreneur, associating himself with many consumer and environmental interests.

PERCEPTIONS, BELIEFS, INTERESTS, AND VALUES

The perception of costs and benefits affects politics. For instance, if people think that laws fighting pollution will be expensive for companies but not for consumers, they will generally favor such measures. However, if they believe that they will pay for the laws in the form of fewer jobs or higher prices, they will not be as supportive.

Individuals and groups attempt to frame and define issues in ways that work to their advantage. Interest groups try to give the impression that their issue is vital to the welfare of the entire country and should be thought of in majoritarian terms. Likewise, opponents will try to frame an issue in client-politics terms so that the self-interest of the original group is emphasized. Political conflicts are a struggle to make one definition of the costs and benefits of a proposal prevail over others.

Values also play a vital role in policy-making. Concepts of what is good for the community or the country vary widely. What happens now or in the near future is more important to most people than what happens in the distant future—economists label this the short-term/long-term disconnect. Most people seem to react more sharply to what they will lose if a policy is adopted than to what they may gain.

The way people think makes a difference, even in the case of policies where money interests are at stake. Deregulation during the 1980s of industries such as the airlines, long-distance telephone companies, and trucking is a good example. The idea emerged among academic economists that governmental regulations were inefficient in industries that could be competitive. Politicians from both major parties embraced the idea of deregulation because they had the support of regulatory agencies and consumers, even though the industries themselves opposed deregulation. The affected industries feared more competition, lower prices, and fewer profits. The enactment of deregulation signaled the weakening of client politics and the power of ideas in policy-making.