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# 7 INTEREST GROUPS

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## The Governmental Process: Political Interests and Public Opinion

David B. Truman

Men, wherever they are observed, are creatures participating in those established patterns of interaction that we call groups. Excepting perhaps the most casual and transitory, these continuing interactions, like all such interpersonal relationships, involve power. This power is exhibited in two closely interdependent ways. In the first place, the group exerts power over its members; an individual's group affiliations largely determine his attitudes, values, and the frames of reference in terms of which he interprets his experiences. For a measure of conformity to the norms of the group is the price of acceptance within it. Such power is exerted not only by an individual's present group relationships; it also may derive from past affiliations such as the childhood family as well as from groups to which the individual aspires to belong and whose characteristic shared attitudes he also holds. In the second place, the group, if it is or becomes an interest group, which any group in a society may be, exerts power over other groups in the society when it successfully imposes claims upon them.

Many interest groups, probably an increasing proportion in the United States, are politicized. That is, either from the outset or from time to time in the course of their development they make their claims through or upon the institutions of government. Both the forms and functions of government in turn are a reflection of the activities and claims of such groups. The constitution-writing proclivities of Americans clearly reveal the influence of demands from such sources, and the statutory creation of new functions reflects their continuing operation. Many of these forms and functions have received such widespread acceptance from the start or

in the course of time that they appear to be independent of the overt activities of organized interest groups. The judiciary is such a form. The building of city streets and the control of vehicular traffic are examples of such a function. However, if the judiciary or a segment of it operates in a fashion sharply contrary to the expectations of an appreciable portion of the community or if its role is strongly attacked, the group basis of its structure and powers is likely to become apparent. Similarly, if street construction greatly increases tax rates or if the control of traffic unnecessarily inconveniences either pedestrians or motorists, the exposure of these functions to the demands of competing interests will not be obscure. Interests that are widely held in the society may be reflected in government without their being organized in groups. They are what we have called potential groups. If the claims implied by the interests of these potential groups are quickly and adequately represented, interaction among those people who share the underlying interests or attitudes is unnecessary. But the interest base of accepted governmental forms and functions and their potential involvement in overt group activities are ever present even when not patently operative.

The institutions of government are centers of interest-based power; their connections with interest groups may be latent or overt and their activities range in political character from the routinized and widely accepted to the unstable and highly controversial. In order to make claims, political interest groups will seek access to the key points of decision within these institutions. Such points are scattered throughout the structure, including not only the formally established branches of government but also the political parties in their various forms and the relationships between governmental units and other interest groups.

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The extent to which a group achieves effective access to the institutions of government is the resultant of a complex of interdependent factors. For the sake of simplicity these may be classified in three somewhat overlapping categories: (1) factors relating to a group's strategic position in the society; (2) factors associated with the internal characteristics of the group; and (3) factors peculiar to the governmental institutions themselves. In the first category are: the group's status or prestige in the society, affecting the ease with which it commands deference from those outside its bounds; the standing it and its activities have when measured against the widely held but largely unorganized interests or "rules of the game;" the extent to which government officials are formally or informally "members" of the group; and the usefulness of the group as a source of technical and political knowledge. The second category includes: the degree and appropriateness of the group's organization; the degree of cohesion it can achieve in a given situation, especially in the light of competing group demands upon its membership; the skills of the leadership; and the group's resources in numbers and money. In the third category, are: the operating structure of the government institutions, since such established features involve relatively fixed advantages and handicaps; and the effects of the group life of particular units or branches of the government.

The product of effective access, of the claims of organized and unorganized interests that achieve access with varying degrees of effectiveness, is a governmental decision. Note that these interests that achieve effective access and guide decisions need not be "selfish," are not necessarily solidly unified, and may not be represented by organized groups. Governmental decisions are the resultant of effective access by various interests, of which organized groups may be only a segment. These decisions may be more or less stable depending on the strength of supporting interests and on the severity of disturbances in the society which affect that strength.

A characteristic feature of the governmental system in the United States is that it contains a multiplicity of points of access. The federal system establishes decentralized and more or less independent centers of power, vantage points from which to secure privileged access to the national government. Both a sign and a cause of the strength of the constituent units in the federal scheme is the peculiar character of our party system, which has strengthened parochial relationships, especially those of national legislators. National parties, and to a lesser degree those in the States, tend to be poorly cohesive leagues of locally based organizations rather than unified and inclusive structures. Staggered terms for executive officials and various types of legislators accentuate differences in the effective electorates that participate in choosing these officers. Each of these different, often opposite, localized patterns (constituencies) is a channel of independent access to the larger party aggregation and to the formal government. Thus, especially at the national level, the party is an electing-device and only in limited measure an integrated means of policy determination. Within the Congress, furthermore, controls are diffused among committee chairmen and other leaders in both chambers. The variety of these points of access is further supported by relationships stemming from the constitutional doctrine of the separation of powers, from related checks and balances, and at the State and local level from the common practice of choosing an array of executive officials by popular election. At the Federal level the formal simplicity of the executive branch has been complicated by a Supreme Court decision that has placed a number of administrative agencies beyond the removal power of the president. The position of these units, however, differs only in degree from that of many that are constitutionally within the executive branch. In consequence of alternative lines of access available through the legislature and the executive and of divided channels for the control of administrative policy, many nominally

executive agencies are at various times virtually independent of the chief executive.

Although some of these lines of access may operate in series, they are not arranged in a stable and integrated hierarchy. Depending upon the whole political context in a given period and upon the relative strength of contending interests, one or another of the centers of power in the formal government or in the parties may become the apex of a hierarchy of controls. Only the highly routinized governmental activities show any stability in this respect, and these may as easily be subordinated to elements in the legislature as to the chief executive. Within limits, therefore, organized interest groups, gravitating toward responsive points of decision, may play one segment of the structure against another as circumstances and strategic considerations permit. The total pattern of government over a period of time thus presents a protean complex of crisscrossing relationships that change in strength and direction with alterations in the power and standing of interests, organized and unorganized.

There are two elements in this conception of the political process in the United States that are of crucial significance and that require special emphasis. These are, first, the notion of multiple or overlapping membership and, second, the function of unorganized interests, or potential interest groups.

The idea of overlapping membership stems from the conception of a group as a standardized pattern of interactions rather than as a collection of human units. Although the former may appear to be a rather misty abstraction, it is actually far closer to complex reality than the latter notion. The view of a group as an aggregation of individuals abstracts from the observable fact that in any society, and especially a complex one, no single group affiliation accounts for all of the attitudes or interests of any individual except a fanatic or a compulsive neurotic. No tolerably normal person is totally absorbed in any group in which he participates. The diversity of an

individual's activities and his attendant interests involve him in a variety of actual and potential groups. Moreover, the fact that the genetic experiences of no two individuals are identical and the consequent fact that the spectra of their attitudes are in varying degrees dissimilar means that the members of a single group will perceive the group's claims in terms of a diversity of frames of reference. Such heterogeneity may be of little significance until such time as these multiple memberships conflict. Then the cohesion and influence of the affected group depend upon the incorporation or accommodation of the conflicting loyalties of any significant segment of the group, an accommodation that may result in altering the original claims. Thus the leaders of a Parent-Teacher Association must take some account of the fact that their proposals must be acceptable to members who also belong to the local taxpayers' league, to the local chamber of commerce, and to the Catholic Church.

The notion of overlapping membership bears directly upon the problems allegedly created by the appearance of a multiplicity of interest groups. Yet the fact of such overlapping is frequently overlooked or neglected in discussions of the political role of groups. James Madison, whose brilliant analysis in the tenth essay in *The Federalist* we have frequently quoted, relied primarily upon diversity of groups and difficulty of communication to protect the new government from the tyranny of a factious majority. He barely touched on the notion of multiple membership when he observed, almost parenthetically: "Besides other impediments, it may be remarked that, where there is a consciousness of unjust or dishonorable purposes, communication is always checked by distrust in proportion to the number whose concurrence is necessary." John C. Calhoun's idea of the concurrent majority, developed in his posthumously published work, *A Disquisition on Government* (1851), assumed the unified, monolithic character of the groups whose liberties he was so anxious to protect.

When his present-day followers unearth his doctrines, moreover, they usually make the same assumption, although implicitly.<sup>4</sup> Others, seeking a satisfactory means of accounting for the continued existence of the political system, sometimes assume that it is the nonparticipant citizens, aroused to unwonted activity, who act as a kind of counterbalance to the solid masses that constitute organized interest groups.<sup>5</sup> Although this phenomenon may occur in times of crisis, reliance upon it reckons insufficiently with the established observation that citizens who are nonparticipant in one aspect of the governmental process, such as voting, rarely show much concern for any phase of political activity. Multiple membership is more important as a restraint upon the activities of organized groups than the rarely aroused protests of chronic nonparticipants.

Organized interest groups are never solid and monolithic, though the consequences of their overlapping memberships may be handled with sufficient skill to give the organizations a maximum of cohesion. It is the competing claims of other groups *within* a given interest group that threaten its cohesion and force it to reconcile its claims with those of other groups active on the political scene. The claims within the American Medical Association of specialists and teaching doctors who support group practice, compulsory health insurance, and preventive medicine offer an illustration. The presence within the American Legion of public-housing enthusiasts and labor unionists as well as private homebuilders and labor opponents provides another example. Potential conflicts within the Farm Bureau between farmers who must buy supplementary feed and those who produce excess feed grains for the market, between soybean growers and dairymen,

even between traditional Republicans and loyal Democrats, create serious political problems for the interest group. Instances of the way in which such cleavages impose restraints upon an organized group's activities are infinitely numerous, almost as numerous as cases of multiple membership. Given the problems of cohesion and internal group politics that result from overlapping membership, the emergence of a multiplicity of interest groups in itself contains no dangers for the political system, especially since such overlapping affects not only private but also governmental "members" of the organized group.

But multiple membership in organized groups is not sufficiently extensive to obviate the possibility of irreconcilable conflict. There is little overlapping in the memberships of the National Association of Manufacturers and the United Steelworkers of America, or of the American Farm Bureau Federation and the United Automobile Workers. Overlapping membership among relatively cohesive organized interest groups provides an insufficient basis upon which to account for the relative stability of an operating political system. That system is a fact. An adequate conception of the group process must reckon with it. To paraphrase the famous words of John Marshall, we must never forget that it is a going polity we are explaining.

We cannot account for an established American political system without the second crucial element in our conception of the political process, the concept of the unorganized interest, or potential interest group. Despite the tremendous number of interest groups existing in the United States, not all interests are organized. If we recall the definition of an interest as a shared attitude, it becomes obvious that continuing interaction resulting in claims upon other groups does not take place on the basis of all such attitudes. One of the commonest interest group forms, the association, emerges out of severe or prolonged disturbances in the expected relationships of individuals in similar institutionalized groups. An association continues to function as long as it

4. Cf. John Fischer: "Unwritten Rules of American Politics," *Harper's Magazine* (November, 1948), pp. 27-36.

5. Cf. Herring: *The Politics of Democracy*, [New York: W. W. Norton, 1940,] p. 32.

succeeds in ordering these disturbed relationships, as a labor union orders the relationships between management and workers. Not all such expected relationships are simultaneously or in a given short period sufficiently disturbed to produce organization. Therefore only a portion of the interests or attitudes involved in such expectations are represented by organized groups. Similarly, many organized groups—families, businesses, or churches, for example—do not operate continuously as interest groups or as political interest groups.

Any mutual interest, however, any shared attitude, is a potential group. A disturbance in established relationships and expectations anywhere in the society may produce new patterns of interaction aimed at restricting or eliminating the disturbance. Sometimes it may be this possibility of organization that alone gives the potential group a minimum of influence in the political process. Thus Key notes that the Delta planters in Mississippi “must speak for their Negroes in such programs as health and education,” although the latter are virtually unorganized and are denied the means of active political participation.<sup>6</sup> It is in this sense that Bentley speaks of a difference in degree between the politics of despotism and that of other “forms” of government. He notes that there is “a process of representation in despotisms which is inevitable in all democracies, and which may be distinguished by quantities and by elaboration of technique, but not in any deeper ‘qualitative’ way.” He speaks of the despot as “representative of his own class, and to a smaller, but none the less real, extent of the ruled class as well.”<sup>7</sup> Obstacles to the development of organized groups from potential ones may be presented by inertia or by the activities of opposed groups, but the possi-

bility that severe disturbances will be created if these submerged, potential interests should organize necessitates some recognition of the existence of these interests and gives them at least a minimum of influence.

More important for present purposes than the potential groups representing separate minority elements are those interests or expectations that are so widely held in the society and are so reflected in the behavior of almost all citizens that they are, so to speak, taken for granted. Such “majority” interests are significant not only because they may become the basis for organized interest groups but also because the “membership” of such potential groups overlaps extensively the memberships of the various organized interest groups.<sup>8</sup> The resolution of conflicts between the claims of such unorganized interests and those of organized interest groups must grant recognition to the former not only because affected individuals may feel strongly attached to them but even more certainly because these interests are widely shared and are a part of many established patterns of behavior the disturbance of which would be difficult and painful. They are likely to be highly valued.

These widely held but unorganized interests are what we have previously called the “rules of the game.” Others have described these attitudes in such terms as “systems of belief,” as a “general ideological consensus,” and as “a broad body of attitudes and understandings regarding the nature and limits of authority.”<sup>9</sup> Each of

6. Key: *Southern Politics*, [New York: Vintage Books, 1949,] pp. 235 and *passim*.

7. Bentley: *The Process of Government*, [Chicago: The University of Chicago Press, 1908,] pp. 314–315. Copyright 1908 by and used with the permission of Arthur F. Bentley.

8. See the suggestive discussion of this general subject in Robert Bierstedt: “The Sociology of Majorities,” *American Sociological Review*, Vol. 13, no. 6 (December, 1948), pp. 700–710.

9. Kluckhohn: *Mirror for Man*, [New York: Whitteley House, 1949,] pp. 248 and *passim*; Sebastian de Grazia: *The Political Community: A Study of Anomie* (Chicago: University of Chicago Press, 1948), pp. ix, 80, and *passim*; Almond: *The American People and Foreign Policy*, [New York: Harcourt, Brace, 1950,] p. 158; Charles E. Merriam: *Systematic Politics* (Chicago: University of Chicago Press, 1945), p. 213.

these interests (attitudes) may be wide or narrow, general or detailed. For the mass of the population they may be loose and ambiguous, though more precise and articulated at the leadership level. In any case the “rules of the game” are interests the serious disturbance of which will result in organized interaction and the assertion of fairly explicit claims for conformity. In the American system the “rules” would include the value generally attached to the dignity of the individual human being, loosely expressed in terms of “fair dealing” or more explicitly verbalized in formulations such as the Bill of Rights. They would embrace . . . “the democratic mold,” that is, the approval of forms for broad mass participation in the designation of leaders and in the selection of policies in all social groups and institutions. They would also comprehend certain semi-egalitarian notions of material welfare. This is an illustrative, not an exhaustive, list of such interests.

The widely held, unorganized interests are reflected in the major institutions of the society, including the political. The political structure of the United States, as we have seen, has adopted characteristic legislative, executive, and judicial forms through the efforts of organized interest groups. Once these forms have been accepted and have been largely routinized, the supporting organized interest groups cease to operate as such and revert to the potential stage. As embodied in these institutional forms and in accepted verbal formulations, such as those of legal and constitutional theory, the interests of these potential groups are established expectations concerning not only *what* the governmental institutions shall do, but more particularly *how* they shall operate. To the extent that these established processes remain noncontroversial, they may appear to have no foundation in interests. Nevertheless, the widespread expectations will receive tacit or explicit deference from most organized interest groups in consequence of the overlapping of their memberships with these potential groups.<sup>10</sup> Violation of the “rules of the

game” normally will weaken a group’s cohesion, reduce its status in the community, and expose it to the claims of other groups. The latter may be competing organized groups that more adequately incorporate the “rules,” or they may be groups organized on the basis of these broad interests and in response to the violations.

The pervasive and generally accepted character of these unorganized interests, or “rules,” is such that they are acquired by most individuals in their early experiences in the family, in the public schools (probably less effectively in the private and parochial schools), and in similar institutionalized groups that are also expected to conform in some measure to the “democratic mold.” The “rules” are likely to be reinforced by later events. Persons who aspire to, or occupy, public office of whatever sort are particularly likely to identify with these expected behaviors as part of their desired or existing roles. With varying degrees of effectiveness the group life of government agencies—legislative, executive, and judicial—reinforces the claims of these unorganized interests, which overlap those of the official group itself and those of “outside” political interest groups. Marked and prolonged deviation from these expected behaviors by public officials, who are expected to represent what Bentley calls the “‘absent’ or quiescent group interests,” will normally produce restrictive action by other governmental functionaries, by existing organized interest groups, by ones newly organized in consequence of the deviations, or by all three.

It is thus multiple memberships in potential groups based on widely held and accepted interests that serve as a balance wheel in a going political system like that of the United States. To some people this observation may appear to be a truism and to others a somewhat mystical notion. It is neither. In the first place, neglect of this function of multiple memberships in most dis-

10. Cf. Bentley: *The Process of Government*, p. 397, and MacIver: *The Web of Government*, [New York: Macmillan, 1947.] p. 79.

cussions of organized interest groups indicates that the observation is not altogether commonplace. Secondly, the statement has no mystical quality; the effective operation of these widely held interests is to be inferred directly from verbal and other behavior in the political sphere. Without the notion of multiple memberships in potential groups it is literally impossible to account for the existence of a viable polity such as that in the United States or to develop a coherent conception of the political process. The strength of these widely held but largely unorganized interests explains the vigor with which propagandists for organized groups attempt to change other attitudes by invoking such interests.<sup>11</sup> Their importance is further evidenced in the recognized function of the means of mass communication, notably the press, in reinforcing widely accepted norms of “public morality.”<sup>12</sup>

The role of the widespread unorganized interests and potential groups does not imply that such interests are always and everywhere dominant. Nor does it mean that the slightest action in violation of any of them inevitably and instantly produces a restrictive response from another source. These interests are not unambiguous, as the long history of litigation concerning freedom of speech will demonstrate. Subjectively they are not all equally fundamental. Thus since the “rules” are interests competing with those of various organized groups, they are in any given set of circumstances more or less subject to attenuation through such psychological mechanisms as rationalization. Moreover, the means of communication, whether by word of mouth or through the mass media, may not

adequately make known particular deviations from the behavior indicated by these broad interests.

In a relatively vigorous political system, however, these unorganized interests are dominant with sufficient frequency in the behavior of enough important segments of the society so that, despite ambiguity and other restrictions, both the activity and the methods of organized interest groups are kept within broad limits. This interpretation is not far from Lasswell’s view of the state as a relational system defined by a certain frequency of subjective events.<sup>13</sup> According to his definition, “the state . . . is a time-space manifold of similar subjective events. . . . That subjective event which is the unique mark of the state is the recognition that one belongs to a community with a system of paramount claims and expectations.”<sup>14</sup> All citizens of the state as thus conceived need not experience this “event” continuously or with equal intensity. Nor need the attitudes of all citizens be favorable toward these “claims and expectations.” But the existence of the state, of the polity, depends on widespread, frequent recognition of and conformity to the claims of these unorganized interests and on activity condemning marked deviations from them. “All this,” says Lasswell, “is frequently expressed as the ‘sense of justice’ . . .”<sup>15</sup>

Thus it is only as the effects of overlapping memberships and the functions of unorganized interests and potential groups are included in the equation that it is accurate to speak of governmental activity as the product or resultant of interest group activity. As Bentley has put it:

There are limits to the technique of the struggle, this involving also limits to the group demands, all of which is solely a matter of empirical observation. . . . Or, in other words, when the struggle proceeds too

11. Cf. Lazarsfeld *et al.*: *The People’s Choice*, [New York: Columbia Univ. Press, 1948,] preface to 2d edition, pp. xxi–xxii.

12. Cf. Paul F. Lazarsfeld and Robert K. Merton: “Mass Communication, Popular Taste and Organized Social Act,” in Lyman Bryson (ed.): *The Communication of Ideas* (New York: Harper and Brothers, 1948), pp. 102 ff.

13. Lasswell: *Psychopathology and Politics*, [Chicago: University of Chicago Press, 1934,] pp. 240–261.

14. *Ibid.*, p. 245.

15. *Ibid.*, p. 246.



harshly at any point there will become insistent in the society a group more powerful than either of those involved which tends to suppress the extreme and annoying methods of the groups in the primary struggle. It is within the embrace of these great lines of activity that the smaller struggles proceed, and the very word struggle has meaning only with reference to its limitations.<sup>16</sup>

To assert that the organization and activity of powerful interest groups constitutes a threat to representative government without measuring their relation to and effects upon the widespread potential groups is to generalize from insufficient data and upon an incomplete conception of the political process. Such an analysis would be as faulty as one that, ignoring differences in national systems, predicted identical responses to a given technological change in the United States, Japan, and the Soviet Union. . . .

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16. Bentley: *The Process of Government*, p. 372. Copyright 1908 by and used with the permission of Arthur F. Bentley.

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# The Logic of Collective Action: Public Goods and the Theory of Groups

Mancur Olson

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## A Theory of Groups and Organizations

### A. The Purpose of Organization

Since most (though by no means all) of the action taken by or no behalf of groups of individuals is taken through organizations, it will be helpful to consider organizations in a general or theoretical way.<sup>1</sup> The logical place to begin any systematic study of organizations is with their purpose. But there are all types and shapes and sizes of organizations, even of economic organi-

zations, and there is then some question whether there is any single purpose that would be characteristic of organizations generally. One purpose that is nonetheless characteristic of most organizations, and surely of practically all organizations with an important economic aspect, is the furtherance of the interests of their members....

The kinds of organizations that are the focus of this study are *expected* to further the interests of their members.<sup>6</sup> Labor unions are expected to strive for higher wages and better working conditions for their members; farm organizations are expected to strive for favorable legislation for their members; cartels are expected to strive for higher prices for participating firms; the corporation is expected to further the interests

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1. Economists have for the most part neglected to develop theories of organizations, but there are a few works from an economic point of view on the subject. See, for example, three papers by Jacob Marschak, "Elements for a Theory of Teams," *Management Science*, I (January 1955), 127–137, "Towards an Economic Theory of Organization and Information," in *Decision Processes*, ed. R. M. Thrall, C. H. Combs, and R. L. Davis (New York: John Wiley, 1954), pp. 187–220, and "Efficient and Viable Organization Forms," in *Modern Organization Theory*, ed. Mason Haire (New York: John Wiley, 1959), pp. 307–320; two papers by R. Radner, "Application of Linear Programming to Team Decision Problems," *Management Science*, V (January 1959), 143–150, and "Team Decision Problems," *Annals of Mathematical Statistics*, XXXIII (September 1962), 857–881; C. B. McGuire, "Some Team Models of a Sales Organization," *Management Science*, VII (January 1961), 101–130; Oskar Morgenstern, *Prolegomena to a Theory of Organization* (Santa Monica, Calif.: RAND Research Memorandum 734, 1951); James G. March and Herbert A. Simon, *Organizations* (New York: John Wiley, 1958); Kenneth Boulding, *The Organizational Revolution* (New York: Harper, 1953).

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6. Philanthropic and religious organizations are not necessarily expected to serve only the interests of their members; such organizations have other purposes that are considered more important, however much their members "need" to belong, or are improved or helped by belonging. But the complexity of such organizations need not be debated at length here, because this study will focus on organizations with a significant economic aspect. The emphasis here will have something in common with what Max Weber called the "associative group"; he called a group associative if "the orientation of social action with it rests on a rationally motivated agreement." Weber contrasted his "associative group" with the "communal group" which was centered on personal affection, erotic relationships, etc., like the family. (See Weber, [*Theory of Social and Economic Organization*, translated by Talcott Parsons and A. M. Henderson. New York: Oxford University Press, 1947,] pp. 136–139, and Grace Coyle, *Social Process in Organized Groups*, New York: Richard Smith, Inc., 1930, pp. 7–9.) The logic of the theory developed here can be extended to cover communal, religious, and philanthropic organizations, but the theory is not particularly useful in studying such groups....

of its stockholders;<sup>7</sup> and the state is expected to further the common interests of its citizens (though in this nationalistic age the state often has interests and ambitions apart from those of its citizens).

Notice that the interests that all of these diverse types of organizations are expected to further are for the most part *common interests*: the union members' common interest in higher wages, the farmers' common interest in favorable legislation, the cartel members' common interest in higher prices, the stockholders' common interest in higher dividends and stock prices, the citizens' common interest in good government. It is not an accident that the diverse types of organizations listed are all supposed to work primarily for the *common* interests of their members. Purely personal or individual interests can be advanced, and usually advanced most efficiently, by individual, unorganized action. There is obviously no purpose in having an organization when individual, unorganized action can serve the interests of the individual as well as or better than an organization; there would, for example, be no point in forming an organization simply to play solitaire. But when a number of individuals have a common or collective interest—when they share a single purpose or objective—individual, unorganized action (as we shall soon see) will either not be able to advance that common interest at all, or will not be able to advance that interest adequately. Organizations can therefore perform a function when there are common or group interests, and though organizations often also serve purely personal, individ-

ual interests, their characteristic and primary function is to advance the common interests of groups of individuals. . . .

Just as those who belong to an organization or a group can be presumed to have a common interest,<sup>11</sup> so they obviously also have purely individual interests, different from those of the others in the organization or group. All of the members of a labor union, for example, have a common interest in higher wages, but at the same time each worker has a unique interest in his personal income, which depends not only on the rate of wages but also on the length of time that he works.

## B. Public Goods and Large Groups

The combination of individual interests and common interests in an organization suggests an analogy with a competitive market. The firms in a perfectly competitive industry, for example, have a common interest in a higher price for the industry's product. Since a uniform price must prevail in such a market, a firm cannot expect a higher price for itself unless all of the other firms in the industry also have this higher price. But a

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11. Any organization or group will of course usually be divided into subgroups or factions that are opposed to one another. This fact does not weaken the assumption made here that organizations exist to serve the common interests of members, for the assumption does not imply that intragroup conflict is neglected. The opposing groups within an organization ordinarily have some interest in common (if not, why would they maintain the organization?), and the members of any subgroup or faction also have a separate common interest of their own. They will indeed often have a common purpose in defeating some other subgroup or faction. The approach used here does not neglect the conflict within groups and organizations, then, because it considers each organization as a unit only to the extent that it does in fact attempt to serve a common interest, and considers the various subgroups as the relevant units with common interests to analyze the factional strife.

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7. That is, its members. This study does not follow the terminological usage of those organization theorists who describe employees as "members" of the organization for which they work. Here it is more convenient to follow the language of everyday usage instead, and to distinguish the members of, say, a union from the employees of that union. Similarly, the members of the union will be considered employees of the corporation for which they work, whereas the members of the corporation are the common stockholders.

firm in a competitive market also has an interest in selling as much as it can, until the cost of producing another unit exceeds the price of that unit. In this there is no common interest; each firm's interest is directly opposed to that of every other firm, for the more other firms sell, the lower the price and income for any given firm. In short, while all firms have a common interest in a higher price, they have antagonistic interests where output is concerned. This can be illustrated with a simple supply-and-demand model. For the sake of a simple argument, assume that a perfectly competitive industry is momentarily in a disequilibrium position, with price exceeding marginal cost for all firms at their present output. Suppose, too, that all of the adjustments will be made by the firms already in the industry rather than by new entrants, and that the industry is on an inelastic portion of its demand curve. Since price exceeds marginal cost for all firms, output will increase. But as all firms increase production, the price falls; indeed, since the industry demand curve is by assumption inelastic, the total revenue of the industry will decline. Apparently each firm finds that with price exceeding marginal cost, it pays to increase its output, but the result is that each firm gets a smaller profit. Some economists in an earlier day may have questioned this result,<sup>12</sup> but the fact that profit-maximizing firms in a perfectly competitive industry can act contrary to their interests as a group is now widely understood and accepted.<sup>13</sup> A group of profit-maximizing firms can act to reduce their aggregate profits because in perfect competition each firm is, by definition, so small that it can ignore the effect of its output on price. Each firm finds it to its advantage to

increase output to the point where marginal cost equals price and to ignore the effects of its extra output on the position of the industry. It is true that the net result is that all firms are worse off, but this does not mean that every firm has not maximized its profits. If a firm, foreseeing the fall in price resulting from the increase in industry output, were to restrict its own output, it would lose more than ever, for its price would fall quite as much in any case and it would have a smaller output as well. A firm in a perfectly competitive market gets only a small part of the benefit (or a small share of the industry's extra revenue) resulting from a reduction in that firm's output.

For these reasons it is now generally understood that if the firms in an industry are maximizing profits, the profits for the industry as a whole will be less than they might otherwise be.<sup>14</sup> And almost everyone would agree that this theoretical conclusion fits the facts for markets characterized by pure competition. The important point is that this is true because, though all the firms have a common interest in a higher price for the industry's product, it is in the interest of each firm that the other firms pay the cost—in terms of the necessary reduction in output—needed to obtain a higher price.

About the only thing that keeps prices from falling in accordance with the process just described in perfectly competitive markets is outside intervention. Government price supports, tariffs, cartel agreements, and the like may keep the firms in a competitive market from acting contrary to their interests. Such aid or intervention is quite common. It is then important to ask how it comes about. How does a competitive industry obtain government assistance in maintaining the price of its product? . . .

12. See J. M. Clark, *The Economics of Overhead Costs* (Chicago: University of Chicago Press, 1923), p. 417, and Frank H. Knight, *Risk, Uncertainty and Profit* (Boston: Houghton Mifflin, 1921), p. 193.

13. Edward H. Chamberlin, *Monopolistic Competition*, 6th ed. (Cambridge, Mass.: Harvard University Press, 1950), p. 4.

14. For a fuller discussion of this question see Mancur Olson, Jr., and David McFarland, "The Restoration of Pure Monopoly and the Concept of the Industry," *Quarterly Journal of Economics*, LXXVI (November 1962), 613–631.

There is a striking parallel between the problem the perfectly competitive industry faces as it strives to obtain government assistance, and the problem it faces in the marketplace when the firms increase output and bring about a fall in price. *Just as it was not rational for a particular producer to restrict his output in order that there might be a higher price for the product of his industry, so it would not be rational for him to sacrifice his time and money to support a lobbying organization to obtain government assistance for the industry. In neither case would it be in the interest of the individual producer to assume any of the costs himself. A lobbying organization, or indeed a labor union or any other organization, working in the interest of a large group of firms or workers in some industry, would get no assistance from the rational, self-interested individuals in that industry.* This would be true even if everyone in the industry were absolutely convinced that the proposed program was in their interest (though in fact some might think otherwise and make the organization's task yet more difficult). . . .

Some critics may argue that the rational person will, indeed, support a large organization, like a lobbying organization, that works in his interest, because he knows that if he does not, others will not do so either, and then the organization will fail, and he will be without the benefit that the organization could have provided. This argument shows the need for the analogy with the perfectly competitive market. For it would be quite as reasonable to argue that prices will never fall below the levels a monopoly would have charged in a perfectly competitive market, because if one firm increased its output, other firms would also, and the price would fall; but each firm could foresee this, so it would not start a chain of price-destroying increases in output. In fact, it does not work out this way in a competitive market; nor in a large organization. When the number of firms involved is large, no one will notice the effect on price if one firm increases its output, and so no one will change

his plans because of it. Similarly, in a large organization, the loss of one dues payer will not noticeably increase the burden for any other one dues payer, and so a rational person would not believe that if he were to withdraw from an organization he would drive others to do so. . . .

However similar the purposes may be, critics may object that attitudes in organizations are not at all like those in markets. In organizations, an emotional or ideological element is often also involved. Does this make the argument offered here practically irrelevant?

A most important type of organization—the national state—will serve to test this objection. Patriotism is probably the strongest non-economic motive for organizational allegiance in modern times. This age is sometimes called the age of nationalism. Many nations draw additional strength and unity from some powerful ideology, such as democracy or communism, as well as from a common religion, language, or cultural inheritance. The state not only has many such powerful sources of support; it also is very important economically. Almost any government is economically beneficial to its citizens, in that the law and order it provides is a prerequisite of all civilized economic activity. But despite the force of patriotism, the appeal of the national ideology, the bond of a common culture, and the indispensability of the system of law and order, no major state in modern history has been able to support itself through voluntary dues or contributions. Philanthropic contributions are not even a significant source of revenue for most countries. Taxes, *compulsory* payments by definition, are needed. Indeed, as the old saying indicates, their necessity is as certain as death itself.

If the state, with all of the emotional resources at its command, cannot finance its most basic and vital activities without resort to compulsion, it would seem that large private organizations might also have difficulty in getting the individuals in the groups whose interests they attempt

to advance to make the necessary contributions voluntarily.<sup>19</sup>

The reason the state cannot survive on voluntary dues or payments, but must rely on taxation, is that the most fundamental services a nation-state provides are, in one important respect, like the higher price in a competitive market: they must be available to everyone if they are available to anyone. The basic and most elementary goods or services provided by government, like defense and police protection, and the system of law and order generally, are such that they go to everyone or practically everyone in the nation. It would obviously not be feasible, if indeed it were possible, to deny the protection provided by the military services, the police, and the courts to those who did not voluntarily pay their share of the costs of government, and tax-

19. Sociologists as well as economists have observed that ideological motives alone are not sufficient to bring forth the continuing effort of large masses of people. Max Weber provides a notable example:

“All economic activity in a market economy is undertaken and carried through by individuals for their own ideal or material interests. This is naturally just as true when economic activity is oriented to the patterns of order of corporate groups . . .

“Even if an economic system were organized on a socialistic basis, there would be no fundamental difference in this respect. . . . The structure of interests and the relevant situation might change; there would be other means of pursuing interests, but this fundamental factor would remain just as relevant as before. It is of course true that economic action which is oriented on purely ideological grounds to the interest of others does exist. But it is even more certain that the mass of men do not act in this way, and it is an induction from experience that they cannot do so and never will. . . .

“In a market economy the interest in the maximization of income is necessarily the driving force of all economic activity.” (Weber, pp. 319–320.)

Talcott Parsons and Neil Smelser go even further in postulating that “performance” throughout society is proportional to the “rewards” and “sanctions” involved. See their *Economy and Society* (Glencoe, Ill.: Free Press, 1954), pp. 50–69.

ation is accordingly necessary. The common or collective benefits provided by governments are usually called “public goods” by economists, and the concept of public goods is one of the oldest and most important ideas in the study of public finance. A common, collective, or public good is here defined as any good such that, if any person  $X_i$  in a group  $X_1, \dots, X_i, \dots, X_n$  consumes it, cannot feasibly be withheld from the others in that group.<sup>21</sup> In other words, those

21. This simple definition focuses upon two points that are important in the present context. The first point is that most collective goods can only be defined with respect to some specific group. One collective good goes to one group of people, another collective good to another group; one may benefit the whole world, another only two specific people. Moreover, some goods are collective goods to those in one group and at the same time private goods to those in another, because some individuals can be kept from consuming them and others can't. Take for example the parade that is a collective good to all those who live in tall buildings overlooking the parade route, but which appears to be a private good to those who can see it only by buying tickets for a seat in the stands along the way. The second point is that once the relevant group has been defined, the definition used here, like Musgrave's, distinguishes collective good in terms of infeasibility of excluding potential consumers of the good. This approach is used because collective goods produced by organizations of all kinds seem to be such that exclusion is normally not feasible. To be sure, for some collective goods it is physically possible to practice exclusion. But, as Head has shown, it is not necessary that exclusion be technically impossible; it is only necessary that it be infeasible or uneconomic. Head has also shown most clearly that nonexcludability is only one of two basic elements in the traditional understanding of public goods. The other, he points out, is “jointness of supply.” A good has “jointness” if making it available to one individual means that it can be easily or freely supplied to others as well. The polar case of jointness would be Samuelson's pure public good, which is a good such that additional consumption of it by one individual does not diminish the amount available to others. By the definition used here, jointness is not a necessary attribute of a public good.

who do not purchase or pay for any of the public or collective good cannot be excluded or kept from sharing in the consumption of the good, as they can where noncollective goods are concerned.

Students of public finance have, however, neglected the fact that *the achievement of any common goal or the satisfaction of any common interest means that a public or collective good has been provided for that group.*<sup>22</sup> The very fact that a goal or purpose is *common* to a group means

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As later parts of this chapter will show, at least one type of collective good considered here exhibits no jointness whatever, and few if any would have the degree of jointness needed to qualify as pure public goods. Nonetheless, most of the collective goods to be studied here do display a large measure of jointness. On the definition and importance of public goods, see John G. Head, "Public Goods and Public Policy," *Public Finance*, vol. XVII, no. 3 (1962), 197–219; Richard Musgrave, *The Theory of Public Finance* (New York: McGraw-Hill, 1959); Paul A. Samuelson, "The Pure Theory of Public Expenditure," "Diagrammatic Exposition of A Theory of Public Expenditure," and "Aspects of Public Expenditure Theories," in *Review of Economics and Statistics*, XXXVI (November 1954), 387–390, XXXVII (November 1955), 350–356, and XL (November 1958), 332–338. For somewhat different opinions about the usefulness of the concept of public goods, see Julius Margolis, "A Comment on the Pure Theory of Public Expenditure," *Review of Economics and Statistics*, XXXVII (November 1955), 347–349, and Gerhard Colm, "Theory of Public Expenditures," *Annals of the American Academy of Political and Social Science*, CLXXXIII (January 1936), 1–11.

22. There is no necessity that a public good to one group in a society is necessarily in the interest of the society as a whole. Just as a tariff could be a public good to the industry that sought it, so the removal of the tariff could be a public good to those who consumed the industry's product. This is equally true when the public-good concept is applied only to governments; for a military expenditure, or a tariff, or an immigration restriction that is a public good to one country could be a "public bad" to another country, and harmful to world society as a whole.

that no one in the group is excluded from the benefit or satisfaction brought about by its achievement. As the opening paragraphs of this chapter indicated, almost all groups and organizations have the purpose of serving the common interests of their members. . . . It is of the essence of an organization that it provides an inseparable, generalized benefit. It follows that the provision of public or collective goods is the fundamental function of organizations generally. A state is first of all an organization that provides public goods for its members, the citizens; and other types of organizations similarly provide collective goods for their members.

And just as a state cannot support itself by voluntary contributions, or by selling its basic services on the market, neither can other large organizations support themselves without providing some sanction, or some attraction distinct from the public good itself, that will lead individuals to help bear the burdens of maintaining the organization. The individual member of the typical large organization is in a position analogous to that of the firm in a perfectly competitive market, or the taxpayer in the state: his own efforts will not have a noticeable effect on the situation of his organization, and he can enjoy any improvements brought about by others whether or not he has worked in support of his organization. . . .

#### *Nontechnical Summary of Section D*

. . . [C]ertain small groups can provide themselves with collective goods without relying on coercion or any positive inducements apart from the collective good itself.<sup>53</sup> This is because in

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53. I am indebted to Professor John Rawls of the Department of Philosophy at Harvard University for reminding me of the fact that the philosopher David Hume sensed that small groups could achieve common purposes but large groups could not. Hume's argument is however somewhat different from my own. In *A Treatise of Human Nature*, Everyman edition (London: J. M. Dent, 1952), II, 239, Hume wrote: "There is no quality in human nature which causes more fatal errors

some small groups each of the members, or at least one of them, will find that his personal gain from having the collective good exceeds the total cost of providing some amount of that collective good; there are members who would be better off if the collective good were provided, even if they had to pay the entire cost of providing it themselves, than they would be if it were not provided. In such situations there is a presumption that the collective good will be provided. Such a situation will exist only when the benefit to the group from having the collective good exceeds the total cost by more than it exceeds the gain to one or more individuals in the group. Thus, in a very small group, where each member gets a substantial proportion of the total gain simply because there are few others in the group, a col-

lective good can often be provided by the voluntary, self-interested action of the members of the group. In smaller groups marked by considerable degrees of inequality—that is, in groups of members of unequal “size” or extent of interest in the collective good—there is the greatest likelihood that a collective good will be provided; for the greater the interest in the collective good of any single member, the greater the likelihood that that member will get such a significant proportion of the total benefit from the collective good that he will gain from seeing that the good is provided, even if he has to pay all of the cost himself. . . .

in our conduct, than that which leads us to prefer whatever is present to the distant and remote, and makes us desire objects more according to their situation than their intrinsic value. Two neighbours may agree to drain a meadow, which they possess in common: because it is easy for them to know each other’s mind; and each must perceive, that the immediate consequence of his failing in his part, is the abandoning of the whole project. But it is very difficult, and indeed impossible, that a thousand persons should agree in any such action; it being difficult for them to concert so complicated a design, and still more difficult for them to execute it; while each seeks a pretext to free himself of the trouble and expense, and would lay the whole burden on others. Political society easily remedies both these inconveniences. Magistrates find an immediate interest in the interest of any considerable part of their subjects. They need consult nobody but themselves to form any scheme for promoting that interest. And as the failure of any one piece in the execution is connected, though not immediately, with the failure of the whole, they prevent that failure, because they find no interest in it, either immediate or remote. Thus, bridges are built, harbours opened, ramparts raised, canals formed, fleets equipped, and armies disciplined, everywhere, by the care of government, which, though composed of men subject to all human infirmities, becomes, by one of the finest and most subtle inventions imaginable, a composition which is in some measure exempted from all these infirmities.”

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### The “By-Product” and “Special Interest” Theories

#### A. The “By-Product” Theory of Large Pressure Groups

If the individuals in a large group have no incentive to organize a lobby to obtain a collective benefit, how can the fact that some large groups are organized be explained? Though many groups with common interests, like the consumers, the white-collar workers, and the migrant agricultural workers, are not organized,<sup>1</sup> other large groups, like the union laborers, the farmers, and the doctors have at least some degree of organization. The fact that there are many groups which, despite their needs, are not organized would seem to contradict the “group theory” of the analytical pluralists; but on the other hand the fact that other large groups have been organized would seem to contradict the theory of “latent groups” offered in this study.

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1. “When lists of these organizations are examined, the fact that strikes the student most forcibly is that *the system is very small*. The range of organized, identifiable, known groups is amazingly narrow; there is nothing remotely universal about it.” E. E. Schattschneider, *The Semi-Sovereign People* (New York: Holt, Rinehart & Winston, 1960), p. 30.



But the large economic groups that are organized do have one common characteristic which distinguishes them from those large economic groups that are not. . . .

The common characteristic which distinguishes all of the large economic groups with significant lobbying organizations is that these groups are also organized for some *other* purpose. The large and powerful economic lobbies are in fact the by-products of organizations that obtain their strength and support because they perform some function in addition to lobbying for collective goods.

The lobbies of the large economic groups are the by-products of organizations that have the capacity to “mobilize” a latent group with “selective incentives.” The only organizations that have the “selective incentives” available are those that (1) have the authority and capacity to be coercive, or (2) have a source of positive inducements that they can offer the individuals in a latent group.

A purely political organization—an organization that has no function apart from its lobbying function—obviously cannot legally coerce individuals into becoming members. A political party, or any purely political organization, with a captive or compulsory membership would be quite unusual in a democratic political system. But if for some nonpolitical reason, if because of some other function it performs, an organization has a justification for having a compulsory membership, or if through this other function it has obtained the power needed to make membership in it compulsory, that organization may then be able to get the resources needed to support a lobby. The lobby is then a by-product of whatever function this organization performs that enables it to have a captive membership.

An organization that did nothing except lobby to obtain a collective good for some large group would not have a source of rewards or positive selective incentives it could offer potential members. Only an organization that also sold private or noncollective products, or provided social

or recreational benefits to individual members, would have a source of these positive inducements.<sup>2</sup> Only such an organization could make a joint offering or “tied sale” of a collective and a noncollective good that could stimulate a rational individual in a large group to bear part of the cost of obtaining a collective good.<sup>3</sup> There are

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2. An economic organization in a perfectly competitive market in equilibrium, which had no special competitive advantage that could bring it a large amount of “rent,” would have no “profits” or other spare resources it could use as selective incentives for a lobby. Nonetheless there are many organizations that do have spare returns they can use for selective incentives. First, markets with some degree of monopoly power are far more common than perfectly competitive markets. Second, there are sometimes important complementarities between the economic and political activities of an organization. The political branch of the organization can win lower taxes or other favorable government policies for the economic branch, and the good name won by the political branch may also help the economic branch. For somewhat similar reasons, a social organization may also be a source of a surplus that can be used for selective incentives.

An organization that is not only political, but economic or social as well, and has a surplus that provides selective incentives, may be able to retain its membership and political power, in certain cases, even if its leadership manages to use some of the political or economic power of the organization for objectives other than those desired by the membership, since the members of the organization will have an incentive to continue belonging even if they disagree with the organization’s policy. This may help explain why many lobbying organizations take positions that must be uncongenial to their membership, and why organizations with leaders who corruptly advance their own interests at the expense of the organization continue to survive.

3. The worth of the noncollective or private benefit would have to exceed its cost by an amount greater than the dues to the lobbying branch of the organization, or the joint offering would not be sufficient to attract members to the organization. Note that . . . selective incentives were defined to be values larger in absolute magnitude than an individual’s share of the costs of the collective good.

for this reason many organizations that have both lobbying functions and economic functions, or lobbying functions and social functions, or even all three of these types of functions at once.<sup>4</sup> Therefore, in addition to the large group lobbies that depend on coercion, there are those that are associated with organizations that provide noncollective or private benefits which can be offered to any potential supporter who will bear his share of the cost of the lobbying for the collective good.

The by-product theory of pressure groups need apply only to the large or latent group. It *need not* apply to the privileged or intermediate groups, because these smaller groups can often provide a lobby, or any other collective benefit, without any *selective* incentives. . . . It applies to latent groups because the individual in a latent group has no incentive voluntarily to sacrifice his time or money to help an organization obtain a collective good; he alone cannot be decisive in determining whether or not this collective good will be obtained, but if it is obtained because of the efforts of others he will inevitably be able to enjoy it in any case. Thus he would support the organization with a lobby working for collective goods only if (1) he is coerced into paying dues to the lobbying organization, or (2) he has to support this group in order to obtain some other noncollective benefit. Only if one or both of these conditions hold will the potential political power of a latent group be mobilized. . . .

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4. An organization that lobbied to provide a collective good for a large group might even obtain its selective incentives by lobbying also for noncollective “political” goods, like individual exceptions to (or advantageous interpretations of) a general rule or law, or for patronage for particular individuals, etc. The point is not that the organization must necessarily also be economic or social as well as political (though that is usually the case); it is rather that, if the organization does not have the capacity to coerce potential members, it must offer some noncollective, i.e., selective, benefit to potential members.

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## Neo-Pluralism: A Class Analysis of Pluralism I and Pluralism II

John F. Manley

To anyone interested in understanding political power in the United States, social scientists offer three main general theories: pluralism, the most widely accepted theory; pluralism's old antagonist, elitism, the next most widely accepted theory; and class or structural analysis, whose *locus classicus* is Karl Marx's *Capital*, which is generally not accepted at all.<sup>1</sup>

Pluralism, elitism, and class analysis have divided students of power for decades, but there is little doubt that pluralism is the dominant theory or paradigm of power among American social scientists. Although research regularly turns up evidence supporting the other two theories (Higley and Moore, 1981, p. 595), it is no empty boast for pluralists to claim a generally favorable response to their critique of elitism and class analysis (Polsby, 1980, p. 141).<sup>2</sup>

In the past several years, however, political and economic developments in the United States have placed the pluralist paradigm under a good deal of strain. Even inside the pluralist school,

serious doubts have arisen about the theory's ability to explain the American system. Strong doubts have arisen, too, about the relationship between pluralism and such central issues of democratic theory as equality, distributive justice, and peaceful social change. If Kuhn (1962, p. 52) is right that scientific understanding advances when old paradigms are supplanted by new theories that are thought to be better able to account for strategically important facts, it may be time to begin the search for a theory that is better than pluralism at explaining class and group power in the United States. So, at any rate, is the suggestion of this article.

At one time, pluralism was a reasonably coherent theory whose claims appeared to many

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1. In using the term structural analysis I do not want to get embroiled in contemporary controversies among Marxists over structuralism, instrumentalism, and the like. By structural analysis I mean to conjure nothing more than Marx's emphasis on the structure of classes stemming from the division of society into those who own and control the basic means of production, and those who do not. Marxism is a theory that puts class structure at the center of its analysis. Nothing more than this perspective is suggested here. I would like to thank the following people for comments on an earlier version of this article: Kennette Benedict, Sue Bessmer, Heinz Eulau, Ken Dolbeare, Nancy Hartsock, Henry Levin, Rick Olquin, Ben Page, and Don Share.

2. Assessing the pluralist paradigm is complicated by the fact that the three theories of power are by no means neatly distinguished in the literature. In Polsby's hands, for example, pluralism rejects five central propositions of the "stratificationist literature" which embrace propositions from both elite and class analysis: the upper class rules local community life; political and civic leaders are subordinate to the upper class; a single "power elite" rules locally; this elite rules in its own interest; and social conflict takes place between the upper and lower classes (Polsby, 1980, pp. 8–13). Additional complications are that much leading work on elite theory has been done not on local communities where pluralist research has often been concentrated, but on the national power structure. And although some elitists are fairly comfortable with class analysis (Domhoff, 1978, p. 140), such a leading figure as C. Wright Mills takes pains to reject it (Mills, 1959, p. 277).

Porous boundaries among the three theories, coupled with internal variations among those who may be identified with one of the three camps, make comparisons difficult (Nicholls, 1974). But if these theories are to be useful in understanding the realities of power, it seems necessary to identify some propositions on which pluralists tend to agree, and to critique these propositions from opposing perspectives.

political scientists to be solidly supported by empirical research. Pluralism—what we shall call pluralism I—asserts that the American power structure is made up of many competing elites, not just one. Different elites with low elite overlap operate in different issue areas. Political and economic power are by no means evenly distributed among the population, but inequality is “noncumulative,” i.e., most people have some power resources, and no single asset (such as money) confers excessive power.

Pluralism I also sees the political system as reasonably open to multiple interests if these interests feel strongly enough about an issue to mobilize pressure. The power system is, to be sure, untidy, but the pulling and hauling of diverse groups promotes “polyarchy.” “Polyarchy” is Robert Dahl’s and Charles Lindblom’s term for systems run according to putative democratic rules of the game (Dahl & Lindblom, 1976, p. 277.)<sup>3</sup>

When, in 1967, Dahl published the first edition of his textbook, *Pluralist Democracy in the United States*, he identified multiple centers of power and limited popular sovereignty as the two basic axioms of American pluralism. He claimed, moreover, certain advantages for such a system: 1) power was tamed and coercion minimized; 2) the consent of all citizens was promoted (in the long run); and 3) the system fostered the peaceful settlement of conflicts to the mutual benefit of most if not all the contending parties (Dahl, 1967, p. 24). Pluralism was thus offered as a theory of power in America and as justification as well.

In addition to the above ideas, pluralists prided themselves on hard, realistic analyses of politics. Even though the basic theory tended

to buttress the system, many pluralists were scrupulous in noting the system’s flaws and deficiencies. Indeed, the contradiction between the theory’s tendency to support the system and the system’s increasingly disturbing performance has generated questions about the paradigm. Pluralism may be partial to the system, but pluralists are not necessarily blind. Ironically, some of the most thoughtful pluralists are currently among the most severe critics of the workings of American polyarchy.

If, as Marxists and non-Marxists agree, it is important for system maintenance to have a coherent theory that explains and justifies the system, it is cause for reflection that in recent years the theory of pluralism appears no more healthy than the system itself. Beginning with Vietnam, the American political economy has frequently resembled anarchy more than polyarchy. Such debilitating developments as the war, Watergate, persistent inflation and unemployment, the forced retrenchment of the so-called welfare state, and the deepening of gross inequalities have moved such leading pluralists as Dahl and Lindblom so far to the “left” that scholars now talk of something called “neo” or “post-pluralism.” That pluralism stands in need of revision causes no surprise. No theory as closely tied to the system as pluralism could be unaffected by that system’s performance. But it must be asked, how far “left” can pluralism go without exposing the need for a new, nonpluralist theory that may better fit the realities of political and economic power in the United States?

As measured by pluralism’s own values, not just Marx’s, the performance of the American political economy has been so poor that the theory of pluralism, in an effort to adapt, has been thrown into confusion. The two men who probably did more than anyone else in the past 30 years to modernize the theory of pluralism, Dahl and Lindblom, have been so disturbed by the system’s performance that they have issued radical-sounding calls for major structural reforms and redistribution of wealth and income,

3. From here on, polyarchy will not be placed in quotation marks, but this does not mean that I accept it as an accurate description of the American system. Polyarchy is a term that contains descriptive and evaluative meanings that are, at best, highly problematic when applied to American political economy.

and have even questioned the capitalist system itself. The problem, from the theoretical point of view, is that these changes in pluralism—which are so extensive that one may now distinguish between pluralism I and pluralism II—clash with previously received wisdom about the nature and legitimacy of power in America. As a result, pluralism II now calls into serious question much of what generations of American political scientists have taught and believed is true about pluralist democracy in the United States. . . .

Pluralism has traditionally downplayed class, but there is a related and equally important difference between pluralism and class analysis. These theories have historically been caught up in the battle between socialism and capitalism that has raged since the mid-nineteenth century. Social scientists, however much they may claim value-neutrality in their work, can hardly deny the political implications of a position that denies either the existence or importance of social classes. If classes in capitalist society are so fragmented that the concept of class is of doubtful analytical utility, then the Marxian analysis and critique of capitalism are seriously undermined. If, on the other hand, class is found to be of prime significance, the work of Marx, and the corresponding socialist critique of capitalism, take on added force. As a theory of how society works, pluralism may claim that all it does is report, not evaluate, the facts. In sharp contrast, class analysis openly deplores the facts it considers of paramount importance to understanding capitalist society. Whatever one's position on the possibility of value-free social research, however, there is no doubt that until recently, pluralism, in sharp contrast with class analysis, rarely raised questions about the legitimacy of capitalism. . . .

To be sure, neither Dahl nor Lindblom is unmindful of the potential strains between socialism and pluralist democracy, but their mature theory seems to take pluralism far toward a reconciliation with Marxist class analysis. It may, therefore, come as something of a shock to realize that Dahl and Lindblom appear simulta-

neously to uphold most of the essential elements of pluralism I. Pluralism II now tries to hold in balance severe criticisms of the system's performance, the need for major structural reforms, support for redistribution of wealth and income, and more government ownership of private enterprise, at the same time that it supports social pluralism as necessary for democracy, denies the special importance of class, reconfirms the inevitability and value of incremental change, and sees incrementalism as a way of achieving major structural reforms. The problem, from the theoretical point of view, is that pluralism II still defends many features of the system that perpetuate the social results it now deplores. Obviously, pluralism is not proved false merely because the system does not attain the goals held by Dahl and Lindblom. But there is no doubt that the system's failure to live up to their expectations has induced them to make major alterations in the theory.

Dahl and Lindblom decry the "incapacities" and even the "perversities" of American polyarchy because, even after years of opportunity, it failed to live up to their expectations of progress on economic and social equality. They charge that the politico-economic system "remains both sluggish and feckless in advancing on problems on which it has the advantage of decades of experience in policy making: poverty and maldistribution of income and wealth, racial inequality, health care, public education, inflation and unemployment, and industrial relations, for example" (Dahl & Lindblom, 1976, p. xxi).

But unless one assumes that capitalist polyarchy in time will advance equality to a significant extent, there is no reason for surprise (or lamentation) at its failure to do so. Class analysis and, to a lesser extent, elitism see the maintenance of inequality under capitalism not as a failure of polyarchy—not an incapacity or even a perversity—but as the whole point. Only liberal reformers lament polyarchy's failure to promote equality. Conservatives oppose most such efforts, whereas those on the left see government

as part of a larger problem, the political economy of capitalism.

Herein may lie part of the key to understanding why pluralism II is not as radical a departure from pluralism I as it might at first appear. The critical quotes from Dahl and Lindblom, all of which express part of what they believe, are held in tandem with a logically incompatible set of ideas. Only out of complete context is pluralism II consistent with such radical ideas as major structural reform, redistribution of wealth and income, and substantive equality. Grave shortcomings of polyarchy are noted, to be sure. Once-sacred cows, including free enterprise, are seriously questioned. But pluralism still holds that the system's gaps and omissions and down-right failures can be corrected without specifying how much structural change or redistribution of wealth and income are needed. The system needs major structural reform, to be sure, but, as we shall see, major structural reform does not mean basic alterations in class structure or class power. Despite an appeal by Dahl and Lindblom for "Marxist humanists" to join pluralists in a united front behind the integrity of autonomous groups, pluralism remains profoundly at odds with class analysis. Endorsement of such socialistic-sounding proposals as redistribution of wealth and income seems to close the gap, but this is illusory. A closer look indicates that the theories are, on balance, far apart on most essential questions. Pluralism and class analysis, it appears, cannot be logically integrated without great distortion in the substantive integrity of both theories.

To explore this theme it will be useful to examine first the issue of social vs. private ownership and control of property. Class analysis and pluralism are then shown to clash, as always, over the question of equality. Pluralist political theory and a capitalist economy, it is argued, are more consistent with social inequality than equality. When coupled with the contradiction between pluralism's attachment to incremental change and the call for major structural reforms,

this contradiction exposes the incompatibilities that still divide the two theories. In the final analysis, I argue, Dahl and Lindblom try to resolve the contradictions of pluralist theory by supporting increased incremental changes in a system with essential structural inequalities—inequalities that they themselves increasingly realize....

Class analysis sees capitalism as a political economy objectively rooted in unequal power based on the unequal private ownership and control of the necessary means of social production. Changes in capitalism must perforce raise questions of class conflict, not mere public opinion formation. By failing to take such considerations fully into account, Dahl and Lindblom have from the class perspective only weakly anchored their critical analysis of capitalism. As a necessary consequence, their call for reforms is likewise only loosely based, theoretically speaking.

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### The Pluralist Theory of Equality

Historically, pluralism and class analysis have clashed head-on over the issue of equality. Both theories endorse equality and present themselves as ways of attaining it, but this is possible only because they have meant radically different things by the term. Pluralist democracy, furthermore, pits equality as a value against a second great democratic value, liberty, and tends to see the two as trade-offs. In the nineteenth century, as Lindblom (1977, p. 163) notes, "Marx and the socialists became the spokesmen for equality, liberals the spokesmen for liberty." Since then, as he also notes, the value of equality has been subordinated to liberty in liberal democratic theory.

Marx and later socialists deny the contradiction between equality and liberty. True liberty is impossible without equality; to be truly free, individuals in society must be roughly equal in the means necessary to exercise freedom. Far

from being opposed to liberty, equality is its necessary condition.

For Dahl (1982, p. 108) “Democracy is and has always been closely associated in practice with private ownership of the means of production.” By democracy, of course, Dahl means liberal or bourgeois democracy, not democracy in the socialist sense. But the close connection between capitalism and liberal democracy raises the knotty issue of substantive equality vs. equality of opportunity. If the means of production are privately and unequally owned under capitalism, capitalism seems to be based on substantive economic inequality, from which flows, as Dahl admits, a certain level of political inequality. The only form of equality that is logically compatible with substantive inequality is equality of opportunity which, as Scharr (1967) and others have argued, is really the equal opportunity to become unequal. From Thomas Jefferson’s defense of the natural aristocracy of talent, through social Darwinism’s defense of the survival of the fittest, to present-day exaltations of individualism and competition, liberal democracy has consistently defended equal opportunity and the inequalities in the distribution of rewards that flow naturally from it. The question this raises is, of course: Can pluralist or liberal democracy be reconciled with class or socialist democracy if the two theories conflict so profoundly over the priority and meaning of equality?

The decisive shift of pluralism II is toward substantive equality and away from equal opportunity as the preferred democratic ideal. Having called for the redistribution of wealth and income, Dahl and Lindblom (1976) logically break the historical connection between capitalism and liberal democracy. They also partially correct pluralism’s tendency to separate political and economic equality by noting that, “We cannot move closer to greater equality in access to political resources without greater equality in the distribution of, among other things, wealth and income” (p. xxxii). Dahl (1982, p. 117), writing

separately a few years later, concludes that the “distribution of advantages and disadvantages is often arbitrary, capricious, unmerited, and unjust, and in virtually all advanced countries no longer tolerable.” It is so intolerable, in fact, that he has kind words to say for central government tax and transfer payments to reduce inequality, as long as individuals are free to spend as they choose.

There are, however, three major defects in pluralism’s treatment of equality. First, pluralism has no clear criteria or standard for assessing what is just or unjust about the distribution of values in society. Second, pluralism treats public opinion as the explanation of inequality in the United States and as the vehicle for future egalitarian changes. Third, not all groups in the pluralist United States are equal, as pluralism grants in the privileged-position-of-business argument, but the special place of business has not yet been fully integrated into a theory rooted in multiple, independent, and autonomous groups as the necessary building blocks of pluralist democracy.

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### Just and Unjust Distribution

Pluralism’s discussion of equality is curiously indeterminate because pluralism lacks a clear principle or theory for assessing just and unjust distributions of wealth, income, and property. It lacks a theory of value. Consider the issue of political equality. Because political equality is obviously undermined to some degree by economic inequality, pluralism’s call for redistribution makes good logical sense. But in the past, pluralism has not set equality of conditions as its goal. Without an underlying theory of value, it is impossible to assess clearly and logically why a particular distribution is just or unjust. “Inequalities in distribution are, of course, not inherently unjust” (Dahl & Lindblom, 1976, p. xxxi). In other words, inequality is not in principle bad; *ceteris paribus*, some inequality is in principle just. Inequality, then, is not a matter

of principle but of pragmatics: the degree of inequality exceeds any principle of distributive justice Dahl and Lindblom find acceptable. They therefore deplore the gross level of inequality and call for (unspecified) egalitarian changes.

When Dahl and Lindblom endorse the redistribution of wealth and income, they endorse substantive equality, not mere equality of opportunity. When they endorse structural reforms, the suggestion is made that structural reforms should be made to promote substantive equality. But when they simultaneously argue that inequality is not unjust per se and do not confront the key issue of degrees of inequality, they cloud the case for equality. The flip side of the question of how much equality pluralism supports is how much inequality it is willing to tolerate. In Dahl's case the argument for redistribution and equality leads to a box canyon of an indefinite number of principles that might be used to allocate incomes, no one of which is clearly or theoretically superior to the others (Dahl, 1982, pp. 135–137). Economics, to which Dahl turns for help, lacks a theory of value that can address just and unjust distributions (1982, p. 134). The marginal theory of value does not traffic in such philosophical issues and hence is of no help. Unless and until pluralism addresses the question of how much equality is just or unjust, the critical question of degree goes begging. Calls for more equality, however attractive they may sound politically, remain unsupported theoretically. . . .

A related problem with pluralism's treatment of equality is the theory's tendency, still, to separate political equality from economic equality, a separation which, for class analysis, makes little sense. Pluralism is quite clear that economic inequality frequently undermines political equality, but in Dahl's work, for all the apparent support for redistribution, the theory actually shies away from making an unequivocal endorsement. In his essay on liberal democracy, Dahl (1979a, pp. 65–66) rejects direct redistribution on grounds that it would require a major histor-

ical commitment to distributive justice, and such major changes are unlikely in the American system where intense minorities are powerful. These pragmatic objections, however valid, should not be allowed to mask the logical dilemma: if, as pluralism now grants, economic resources are often directly convertible into political resources, it seems to follow that political equality requires the redistribution of economic resources. Dahl, however, refuses to go this far. He prefers regulating the political effects of economic inequalities, a position that, at best, deals only indirectly with the problem. Regulating the political effects of economic inequality (e.g., by controlling campaign contributions) may promote equality indirectly, but it seems a major concession and a move away from pluralism II's seeming acceptance of greater substantive equality as a social goal.

How does class analysis approach equality under capitalist social relations? Such questions raise a host of complex issues that cannot be discussed here, but the starting point of any comparison would have to be Marx's audacious claim in volume 3 of *Capital* that he had uncovered the innermost secret, the hidden basis of the entire social structure of capitalism, and with it the political form of the capitalist state. What was the key that could unlock so much knowledge? It was the relationship between capitalists and workers "in which unpaid surplus labour is pumped out of direct producers, [and which] determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element" (Marx, 1967, III, p. 791).

Marx was quick to recognize that although he saw the surplus-labor relationship as the key to understanding capitalism, the same economic base could give rise to infinite variation depending on innumerable different empirical circumstances, natural environment, and racial relations, among other determinants. But the important point for this discussion is that Marx's claim points up a key difference between plural-



ism and class analysis: class analysis proceeds from an explicit theory of value; pluralism does not.

Marx anchors *Capital* in a theory of value for a very good reason. Without a theory of value, he was at a loss to present a principled attack on capitalism. He might personally deplore inequality, but he needed a theory of value to establish socialism as *qualitatively* superior to capitalism. His answer was the labor theory of value and, for all the debate that has surrounded that theory of value, at least he had one. . . .

. . . However flawed Marx's labor theory may be, future comparisons of pluralism and class analysis await the former's attention to a theory of value that can address the question of just and unjust distribution. Until that theory is offered, the two theories cannot join clearly on the most fundamental question of all: why, if everywhere men and women are born equal, are the many everywhere regularly chained in submission to the few?

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### Public Opinion

A second problem with the pluralist treatment of equality is that, again, the problem is laid at the doorstep of the American people. Speaking of their call for a "fairer" share of income and wealth: "Until more Americans accept this view and act on it, the United States will not be the progressive society we wrongly assumed it to be at the time we wrote. Polyarchy may continue to exist at the present level, but democracy will still remain a long way off" (Dahl & Lindblom, 1976, p. xxxii). Both Dahl and Lindblom repeat these arguments in their post-1976 work.

There are dangers in conceptualizing the problem in terms of public opinion. One danger is that one of the best known surveys on equality in America shows that the mass of the American people has been more supportive of economic equality than the elites (McClosky, 1964, p. 369). But public opinion is notoriously volatile, and

this is not the main point. Far more significant, from the class perspective, is the unreality of relying on public opinion to advance equality. These are matters that, under capitalism, are systematically excluded from the American political arena. It is hardly the American people's fault that wealth and income are highly concentrated. Nor will public opinion necessarily bring about more equality. In a capitalist setting economic equality is not even a virtue, let alone a matter to be decided by public debate. The realization of equality requires fundamental changes in the system that makes inequality a virtue, a system strengthened, perhaps inadvertently, by theories of distributive justice which, in the name of equality, justify its opposite.

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### The Imperfect Balance of Group Power

If the level of equality is viewed as a structural feature of the political economy and not a matter of public opinion, what is the relationship between equality and another feature of the American system, the existence of groups? According to Dahl and Lindblom, social pluralism, defined as a diversity of autonomous social organizations, is a necessary condition of polyarchy. But pluralism sees two nagging flaws in polyarchy. First, not all groups are equal; not everyone organizes at the same rate, and power resources are not evenly distributed. Specifically, the better-off participate more. "As a consequence, government decisions reflect and reinforce a structure of inequalities" (Dahl & Lindblom, 1976, p. xxxvi). This pluralism acknowledges.

A related inegalitarian feature of polyarchy is the privileged position of business. Business is not just another interest group. True, it plays a powerful interest-group role. But it also transcends such a limited role. As Dahl and Lindblom describe it, the American political economy is co-directed unequally by business and government, and in that order. Great public decisions are left to the market; government's job is to

induce (not command) business to perform its functions. Pluralist theories that stress balance and countervailing power among interest groups, and fail to take into account the unique advantages enjoyed by business, are thereby impeached by Dahl and Lindblom.

Having thus arrived roughly at where Marx began, Dahl and Lindblom nevertheless continue to endorse the theory and practice of pluralism. Indeed, they even detect a lessening of antipathy toward pluralism among European “Marxist humanists” and suggest an emerging consensus on the need for autonomous groups as a bridge between the two opposing theoretical camps. As Dahl and Lindblom see it, the rigidly antipluralist Marxism of Stalin is on the way out, so the door is open to a reconciliation between pluralism and “Marxist humanism.”

“But what about equality?” the skeptic may well ask. If even pluralists agree that business occupies a superior position in capitalism, if pluralists recognize that differential group power may act as an obstacle to democratization, and if pluralist politics tends to reflect and reinforce the advantages of the better-off, business-oriented groups may so impede equality that some centralizing, democratic, public force may be necessary to advance the egalitarian cause.

Dahl and Lindblom admit this possibility, but reject it. In fact, they offer no solution to the tension between unequal social pluralism and democratic equality, but they are clear about defending groups, and while rejecting one form of Marxism, they extend an olive branch to another. In their words, “Whatever the best solution to this problem (of equality) may be, for Americans, at least, it is not to be found, in our view, in destroying organizational autonomy and replacing autonomy with centralization, command, hierarchy, bureaucracy, and domination by an enlightened elite” (Dahl & Lindblom, 1976, p. xxxvi).

Portraying the alternative to social pluralism as “domination by an enlightened elite” may not exhaust the possibilities, but it is less im-

portant here to debate the point than to note that pluralism II is as ideologically committed to social pluralism as was pluralism I. Pluralism puts considerable emphasis on the social and economic inequalities that undermine political equality. It now recognizes the unique position of one elite, business, in the American political economy. But, as E. E. Schattschneider put it years ago, the “flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent” (Schattschneider, 1960, p. 35). One has to ask whether or not Dahl and Lindblom have faced up to the contradictions they increasingly perceive among social pluralism, equality, and polyarchy. Their faith in the superiority of social pluralism and polyarchy over currently available alternatives remains strong, but the special place accorded business has not yet been squared with a theory emphasizing a multiplicity of groups as a precondition of pluralist democracy.

The central question, of course, is *can* the privileged position of business be squared with pluralist democracy? Lindblom suggests it can’t. Dahl’s answer is less clear. . . .

... [I]f it is true that pluralism has always recognized that not all groups are equal, it is also true that pluralism seems to require the assumption of at least some rough equality among groups for a system to be a polyarchy. Unless power is decentralized among many groups, pluralism is falsified, and some form of elite theory or class analysis better fits the empirical facts. The balance may be imperfect, but it is hard to see how pluralism can dispense with the notion of some sort of balance, some sort of rough parity or countervailing power, without sliding over into elite or class explanations of power. So far pluralism has not specified the parameters or levels of power distribution necessary for a system to be judged a pluralist democracy. But if business is as privileged and as powerful as pluralism now says, vexing questions are raised about the democratic character of capitalist regimes. Class analysis, of course,

asserts that the power of business in a capitalist system makes liberal democracy a contradiction in terms. On this point, as on so many others, the two theories stand so far apart that they are best seen as implacable opponents than as potential partners for a merger.

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### Structural Reform

One area of agreement between pluralism II and class analysis is the dismal performance of the American political economy in the past few decades. Both theories support major “structural” changes. But on close inspection, they mean very different things by structural reform. In fact, pluralism’s call for structural reform is so conditional and narrowly defined that the two theories remain fundamentally divided over this question.

“Structural reform” is, of course, an idea closely associated with social democratic critiques of capitalism. The basic idea is that transformational changes can be made in capitalism to reduce or eliminate such serious capitalist “perversities” as inequality. The endorsement of structural reform apparently brings pluralism and class analysis, capitalism and socialism, closer together.

But here Dahl and Lindblom take a step that radically alters their course and demonstrates the continuing split between the two theories. It occurs when they question a feature of polyarchy with which they are prominently associated: incrementalism. . . .

Far from abandoning incrementalism, however, Dahl and Lindblom, in their joint work and in subsequent individual publications, argue pragmatically that to propose nonincremental changes in a society only capable of incremental change is virtually a waste of time (Dahl, 1982, pp. 120–126; Lindblom, 1977, ch. 19). No one knows, they assert, how to design a political system regularly capable of more than incremental change. . . . With the removal of some veto powers, they promise, incremental change

will work its effects on various problems confronting American society.

From the reaffirmation of incrementalism, which by definition ensures at best slow changes in the status quo, one might expect Dahl and Lindblom to caution against major reforms, but they do not. They believe major structural reforms follow from their analysis: “It follows from all we have said that we believe that major structural reforms are required in the American political-economic system” (Dahl & Lindblom, 1976, p. xli).

It might be asked, however, that if incrementalism is a rational aid to change, if incrementalism assures progress (albeit slow) on social problems, and if in any event nonincremental change occurs so rarely, why the call for required structural reforms in the American politico-economic system? As defenders of incrementalism and incremental change, do Dahl and Lindblom mean by structural reform what most people mean? Does structural reform mean the replacement of capitalism by a dominantly socialist political economy? Or is structural reform another name for incremental change—souped-up incremental change, but nonetheless incremental?

The fact is that pluralism II’s support for government ownership and control is softened by several caveats: the issue of control precedes the issue of ownership, so if other control mechanisms can be found, they may supersede government; government ownership is declared to be definitely not a sufficient means to public control; in many cases it is probably not even a necessary means; and in some cases it may be a hindrance. . . .

I think it is fair to conclude that Dahl and Lindblom’s endorsement of government ownership as a means of public control is, at most, limited.

More broadly, the case for major structural reforms concentrates on defects in the existing decision-making and policymaking institutions of society, *not* class structure. Perhaps most sur-

prising of all, when Dahl and Lindblom face the question of how such reforms are to be brought about, they answer—by the institutions themselves. . . .

... Dahl and Lindblom are aware that their position leaves them open to the charge that they suffer from a “residual naive optimism of liberalism.” But social institutions, they reply, do change. Reforms do occur. And what is the best and most common method by which these necessary changes occur? Incrementalism.

Pluralism II resoundingly affirms incrementalism as the preferred method of achieving major structural reforms in polyarchy. How does pluralism II arrive at this conclusion? It detects in incrementalism a hitherto overlooked capacity to undermine the status quo. By increasing the pace of incremental change, small accretions, far from being ways of ensuring modest changes in the status quo, will transform the system. . . .

It is certainly arguable how much structural reform can be smuggled into the American system through incremental methods, but further complications arise from a related contention. Although affirming the need for major structural reform, Dahl and Lindblom oppose any changes in the “general values” for which the American system stands. Changes in general values are neither necessary nor desirable. Structural reforms, then, are limited to those features of the system that inhibit changes in “proximate goals,” not general values.

When Dahl and Lindblom discuss general values, they seem to be referring to such abstract values as freedom, democracy, political equality, and majority rule. These values are sacrosanct (though not absolute). The biases of American institutions against changes in these values should be maintained. Faster incremental change is therefore restricted to “proximate goals.” Here they endorse not only the removal of barriers against change, but their replacement by biases toward change. . . .

... [U]nless pluralism faces squarely how much change in the private enterprise system

or in the distribution of wealth is necessary to achieve such values as freedom and equality, the basic questions go begging. In contrast, class theory asserts a *contradiction* between Lindblom’s grand issues and the general values for which pluralism and class analysis both stand. The pluralist position is much less clear. Pluralism now admits some connection between grand issues and general values, but is fuzzy about the crucial question of whether or not there is a contradiction, and how much change in the grand issues (e.g., private enterprise) is needed to promote the grand values (e.g., political equality). Class or structural analysis insists that the grand values *cannot* be attained within the confines of capitalism; pluralism either takes no such clear-cut stand or affirms the opposite. This crucial difference, when added to class theory’s insistence on nonincremental changes in class structure, and pluralism’s clear preference for incremental changes not in class structure but in social institutions, clarify crucial differences between the two theories.

Clearly pluralism and class analysis mean very different things by the term “structural reform.” Marxist class theory and even social democratic theories use the term to apply to changes in capitalism and the class structure embedded in capitalist social relations. In sharp contrast, recent pluralist theory does not address the question of class structure in contemplating structural reform. Indeed, pluralism contends that structural reforms may emanate from the market system that structural analysis means to transform. In assessing pluralism’s call for structural reform, therefore, it is crucial to note the singular interpretation given the term. When pluralists propose structural reforms they are not talking about egalitarian changes in the class structure of American capitalist society. They are not talking about “phasing out” the capitalist class through redistributive taxes, controls on inheritance, or a levelling of work hierarchies and rewards. Major structural reform for Dahl and Lindblom means changes in the existing deci-

sion-making institutions of society; moreover such changes are to be brought about slowly through incrementalism. It is hard to see how class analysis and pluralism can be brought closer together unless and until they agree that such “grand issues” as the private enterprise system itself, and the class structure that goes with it, should not only be placed on the political agenda but resolved in such a way that non-incremental progress is made toward true substantive equality....

... In pluralist theory, classes have merely a nominal existence compared to groups; in class analysis, groups are seen and analyzed as fractions or sub-parts or classes. Until some reconciliation of this conflict is offered, it is hard to see how class analysis and pluralism can be joined along the lines attempted by Dahl and Lindblom.

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### Summary and Conclusion

Pluralism II updates pluralist theory in light of such incapacities and perversities as Vietnam, Watergate, and persistent economic and political inequality. Despite an opening to the left, however, pluralism II remains a theory that is logically more compatible with, and supportive of, a capitalist political economy than a socialist one.

Class analysis and pluralism are profoundly split over equality (Dahl, 1979b; Green, 1979). Pluralism now pays attention to the problem of economic and political inequality, but it falls short of endorsing full substantive equality as a social goal. As Bell has noted, the claim for equality of result is a socialist ethic, as equality of opportunity is the liberal ethic (Bell, 1972, p. 48). Marxian socialism points toward substantive equality because it is rooted in a theory of value that stresses the collective involvement of all members of society in producing social goods. Pluralism lacks a clear theory of value, but its historic attachment to equality of opportunity seems to ensure the acceptance of more social

inequality than is tolerable in class theory. This seems true, moreover, even if pluralism accepts Rawls's theory of distributive justice as its own. It bears repeating that the difference principle defends inequalities as just as long as they make everyone better off; it is not a straightforward argument for substantive equality.

Pluralism I and II, then, despite the call (at least by Lindblom) for redistribution, seem more compatible with equality of opportunity than equality of results. Equal opportunity to compete in a race that necessarily results in a small number of winners and a large number of losers is Orwellian newspeak. It defends inequality in the name of equality (Scharr, 1967, p. 234), and helps induce mass acquiescence in the perpetuation of an unequal social order. To the extent that pluralism does the same, it belies the espousal of substantive equality through the redistribution of wealth and income.

In the structural view, inequality under capitalism is not a by-product of the system that is amenable to polyarchal corrections. It is a structural imperative. It is one of the things that makes capitalism capitalism and distinguishes it from socialism. From the class perspective, inequality is as likely to be significantly reduced or eliminated under capitalism as the meek are to inherit the earth. The fundamental reason this is so is the essential, structural relationship between capital and labor in a capitalist society: they are, by definition, unequal....

It might be judged excessive to contend that pluralism is in danger of imploding from internal contradictions, but in light of the difficulties raised above, it might not be excessive to suggest that pluralist theory is in need of some clarification.

A class or structural analysis of American political economy seems more consistent with the fact of gross inequality in wealth, income, and power under capitalism. Capitalism makes a fetish of commodities, not equality. Indeed, it presumes unequal natural talents and abilities and rewards, and justifies them under the theory

of equal opportunity. Pluralist theories would be more consistent if they dropped the untenable adherence to substantive equality and faced up to the reality of inequality in the system of which the theory of pluralism is an integral part. Class analysis not only conforms better to many of the empirical realities of American political economy, which saves it from wounded surprise over the system's performance, but it clearly and consistently adheres to egalitarian standards that flow from its analysis of the class structure of capitalism. If American social science means to explain better, let alone help change the American political economy, the pluralist-elitist debate might well be redirected in favor of explorations in class analysis.

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# The Theory of Economic Regulation

George J. Stigler

The state—the machinery and power of the state—is a potential resource or threat to every industry in the society. With its power to prohibit or compel, to take or give money, the state can and does selectively help or hurt a vast number of industries. That political juggernaut, the petroleum industry, is an immense consumer of political benefits, and simultaneously the underwriters of marine insurance have their more modest repast. The central tasks of the theory of economic regulation are to explain who will receive the benefits or burdens of regulation, what form regulation will take, and the effects of regulation upon the allocation of resources.

Regulation may be actively sought by an industry, or it may be thrust upon it. A central thesis of this paper is that, as a rule, regulation is acquired by the industry and is designed and operated primarily for its benefit. There are regulations whose net effects upon the regulated industry are undeniably onerous; a simple example is the differentially heavy taxation of the industry's product (whiskey, playing cards). These onerous regulations, however, are exceptional and can be explained by the same theory that explains beneficial (we may call it "acquired") regulation. . . .

. . . We assume that political systems are rationally devised and rationally employed, which is to say that they are appropriate instruments for the fulfillment of desires of members of the society. This is not to say that the state will serve any persons's concept of the public interest: indeed the problem of regulation is the problem of discovering when and why an industry (or other group of likeminded people) is able to use the state for its purposes, or is singled out by the state to be used for alien purposes.

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Excerpted from: George J. Stigler, *The Citizen and the State: Essays on Regulation*. Chicago: University of Chicago Press, 1975. Reprinted by permission.

## What Benefits Can a State Provide to an Industry?

The state has one basic resource which in pure principle is not shared with even the mightiest of its citizens: the power to coerce. The state can seize money by the only method which is permitted by the laws of a civilized society, by taxation. The state can ordain the physical movements of resources and the economic decisions of households and firms without their consent. These powers provide the possibilities for the utilization of the state by an industry to increase its profitability. The main policies which an industry (or occupation) may seek of the state are four.

The most obvious contribution that a group may seek of the government is a direct subsidy of money. The domestic airlines received "air mail" subsidies (even if they did not carry mail) of \$1.5 billion through 1968. The merchant marine has received construction and operation subsidies reaching almost \$3 billion since World War II. The education industry has long shown a masterful skill in obtaining public funds: for example, universities and colleges have received federal funds exceeding \$3 billion annually in recent years, as well as subsidized loans for dormitories and other construction. The veterans of wars have often received direct cash bonuses. . . .

The second major public resource commonly sought by an industry is control over entry by new rivals. There is considerable, not to say excessive, discussion in economic literature of the rise of peculiar price policies (limit prices), vertical integration, and similar devices to retard the rate of entry of new firms into oligopolistic industries. Such devices are vastly less efficacious (economical) than the certificate of convenience and necessity (which includes, of course, the import and production quotas of the oil and tobacco industries). . . .

We propose the general hypothesis: every industry or occupation that has enough political

power to utilize the state will seek to control entry. In addition, the regulatory policy will often be so fashioned as to retard the rate of growth of new firms. For example, no new savings and loan company may pay a dividend rate higher than that prevailing in the community in its endeavors to attract deposits.<sup>2</sup> The power to limit the selling expenses of mutual funds, which is soon to be conferred upon the Securities and Exchange Commission, will serve to limit the growth of small mutual funds and hence reduce the sales costs of large funds. . . .

A third general set of powers of the state which will be sought by the industry are those which affect substitutes and complements. Crudely put, the butter producers wish to suppress margarine and encourage the production of bread. The airline industry actively supports the federal subsidies to airports; the building trade unions have opposed labor-saving materials through building codes. . . .

The fourth class of public policies sought by an industry is directed to price-fixing. Even the industry that has achieved entry control will often want price controls administered by a body with coercive powers. If the number of firms in the regulated industry is even moderately large, price discrimination will be difficult to maintain in the absence of public support. The prohibition of interest on demand deposits, which is probably effective in preventing interest payments to most non-business depositors, is a case in point. Where there are no diseconomies of large scale for the individual firm (e.g., a motor trucking firm can add trucks under a given license as common carrier), price control is essential to achieve more than competitive rates of return.

### *Limitations upon Political Benefits*

These various political boons are not obtained by the industry in a pure profit-maximizing form. The political process erects certain limita-

2. The Federal Home Loan Bank is the regulatory body. It also controls the amount of advertising and other areas of competition.

tions upon the exercise of cartel policies by an industry. These limitations are of three sorts.

First, the distribution of control of the industry among the firms in the industry is changed. In an unregulated industry each firm's influence upon price and output is proportional to its share of industry output (at least in a simple arithmetic sense of direct capacity to change output). The political decisions take account also of the political strength of the various firms, so small firms have a larger influence than they would possess in an unregulated industry. . . .

Second, the procedural safeguards required of public processes are costly. The delays which are dictated by both law and bureaucratic thoughts of self-survival can be large. . . .

Finally, the political process automatically admits powerful outsiders to the industry's councils. It is well known that the allocation of television channels among communities does not maximize industry revenue but reflects pressures to serve many smaller communities. The abandonment of an unprofitable rail line is an even more notorious area of outsider participation.

These limitations are predictable, and they must all enter into the calculus of the profitability of regulation of an industry. . . .

### **The Costs of Obtaining Legislation**

When an industry receives a grant of power from the state, the benefit to the industry will fall short of the damage to the rest of the community. Even if there were no deadweight losses from acquired regulation, however, one might expect a democratic society to reject such industry requests unless the industry controlled a majority of the votes.<sup>6</sup> . . . To explain why many industries

6. If the deadweight loss (of consumer and producer surplus) is taken into account, even if the oil industry were in the majority it would not obtain the legislation if there were available some method of compensation (such as sale of votes) by which the larger damage of the minority could be expressed effectively against the lesser gains of the majority.



are able to employ the political machinery to their own ends, we must examine the nature of the political process in a democracy.

A consumer chooses between rail and air travel, for example, by voting with his pocket-book: he patronizes on a given day that mode of transportation he prefers. A similar form of economic voting occurs with decisions on where to work or where to invest one's capital. The market accumulates these economic votes, predicts their future course, and invests accordingly.

Because the political decision is coercive, the decision process is fundamentally different from that of the market. If the public is asked to make a decision between two transportation media comparable to the individual's decision on how to travel—say, whether airlines or railroads should receive a federal subsidy—the decision must be abided by everyone, travelers and non-travelers, travelers this year and travelers next year. This compelled universality of political decisions makes for two differences between democratic political decision processes and market processes.

1. The decisions must be made simultaneously by a large number of persons (or their representatives): the political process demands simultaneity of decision. . . .

The condition of simultaneity imposes a major burden upon the political decision process. It makes voting on specific issues prohibitively expensive. . . . To cope with this condition of simultaneity, the voters must employ representatives with wide discretion and must eschew direct expressions of marginal changes in preferences. This characteristic also implies that the political decision does not predict voter desires and make preparations to fulfill them in advance of their realization.

2. The democratic decision process must involve "all" the community, not simply those who are directly concerned with a decision. In a private market, the non-traveler never votes on rail versus plane travel, while the huge shipper casts many votes each day. The political decision

process cannot exclude the uninterested voter: the abuses of any exclusion except self-exclusion are obvious. Hence, the political process does not allow participation in proportion to interest and knowledge. . . .

These characteristics of the political process can be modified by having numerous levels of government . . . and by selective use of direct decision. The chief method of coping with the characteristics, however, is to employ more or less full-time representatives organized in (disciplined by) firms which are called political parties or machines.

The representative and his party are rewarded for their discovery and fulfillment of the political desires of their constituency by success in election and the perquisites of office. If the representative could confidently await reelection whenever he voted against an economic policy that injured the society, he would assuredly do so. Unfortunately virtue does not always command so high a price. If the representative denies ten large industries their special subsidies of money or governmental power, they will dedicate themselves to the election of a more complaisant successor: the stakes are that important. This does not mean that every large industry can get what it wants or all that it wants: it does mean that the representative and his party must find a coalition of voter interests more durable than the anti-industry side of every industry policy proposal. A representative cannot win or keep office with the support of the sum of those who are opposed to: oil import quotas, farm subsidies, airport subsidies, hospital subsidies, unnecessary navy shipyards, an inequitable public housing program, and rural electrification subsidies.

The political decision process has as its dominant characteristic infrequent, universal (in principle) participation, as we have noted: political decisions must be infrequent and they must be global. The voter's expenditure to learn the merits of individual policy proposals and to express his preferences (by individual and group

representation as well as by voting) are determined by expected costs and returns, just as they are in the private marketplace. The costs of comprehensive information are higher in the political arena because information must be sought on many issues of little or no direct concern to the individual, and accordingly he will know little about most matters before the legislature. The expressions of preferences in voting will be less precise than the expressions of preferences in the marketplace because many uninformed people will be voting and affecting the decision.<sup>7</sup>

The channels of political decision-making can thus be described as gross or filtered or noisy. If everyone has a negligible preference for policy A over B, the preference will not be discovered or acted upon. If voter group X wants a policy that injures non-X by a small amount, it will not pay non-X to discover this and act against the policy. The system is calculated to implement all strongly felt preferences of majorities and many strongly felt preferences of minorities but to disregard the lesser preferences of majorities and minorities. The filtering of grossness will be reduced by any reduction in the cost to the citizen of acquiring information and expressing desires and by any increase in the probability that his vote will influence policy.

The industry which seeks political power must go to the appropriate seller, the political party. The political party has costs of operation, costs of maintaining an organization and competing in elections. These costs of the political process are viewed excessively narrowly in the literature on the financing of elections: elections are to the political process what merchandising is to the

process of producing a commodity, only an essential final step. The party maintains its organization and electoral appeal by the performance of costly services to the voter at all times, not just before elections. Part of the costs of services and organization are borne by putting a part of the party's workers on the public payroll. An opposition party, however, is usually essential insurance for the voters to discipline the party in power, and the opposition party's costs are not fully met by public funds.

The industry which seeks regulation must be prepared to pay with the two things a party needs: votes and resources. The resources may be provided by campaign contributions, contributed services (the businessman heads a fund-raising committee), and more indirect methods such as the employment of party workers. The votes in support of the measure are rallied, and the votes in opposition are dispersed, by expensive programs to educate (or uneducate) members of the industry and of other concerned industries.

These costs of legislation probably increase with the size of the industry seeking the legislation. Larger industries seek programs which cost the society more and arouse more opposition from substantially affected groups. The tasks of persuasion, both within and without the industry, also increase with its size. The fixed size of the political "market," however, probably makes the cost of obtaining legislation increase less rapidly than industry size. The smallest industries are therefore effectively precluded from the political process unless they have some special advantage such as geographical concentration in a sparsely settled political subdivision. . . .

## Conclusion

The idealistic view of public regulation is deeply imbedded in professional economic thought. So many economists, for example, have denounced the ICC for its pro-railroad policies that this has become a cliché of the literature. This criticism

7. There is an organizational problem in any decision in which more than one vote is cast. If because of economies of scale it requires a thousand customers to buy a product before it can be produced, this thousand votes has to be assembled by some entrepreneur. Unlike the political scene, however, there is no need to obtain the consent of the remainder of the community, because they will bear no part of the cost.

seems to me exactly as appropriate as a criticism of the Great Atlantic and Pacific Tea Company for selling groceries, or as a criticism of a politician for currying popular support. The fundamental vice of such criticism is that it misdirects attention: it suggests that the way to get an ICC which is not subservient to the carriers is to preach to the commissioners or to the people who appoint the commissioners. The only way to get a different commission would be to change the political support for the Commission, and reward commissioners on a basis unrelated to their services to the carriers.

Until the basic logic of political life is developed, reformers will be ill-equipped to use the state for their reforms, and victims of the pervasive use of the state's support of special groups will be helpless to protect themselves. Economists should quickly establish the license to practice on the rational theory of political behavior....

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## Interest Intermediation and Regime Governability in Contemporary Western Europe and North America

Philippe C. Schmitter

Virtually all efforts to understand the generic nature of contemporary political behavior and its policy products rely on the notion that the promotion and protection of self-regarding objectives “rightly and rationally understood” provide the motive force, and the capacity to prevail over the interest efforts of others provides the explanation for likely outcomes. The emergence and triumph of capitalism and industrialization have provided not only a differentiated set of categories for identifying and a suitable means for calculating those interest(s); they have also ensured through interdependence and competition that one must indeed consider self-regarding objectives or suffer dire consequences.

The purpose of this chapter is not to lament the replacement or effacement of more “noble” motives in political life. Nor is it to measure the extent to which selfish, vested behavior is, in fact, characteristic of the politics of advanced industrial/capitalist societies.<sup>1</sup> Rather, it assumes the predominance of such motivation and seeks to explore (and tentatively to test) the consequences that the emergence of different modes of formalized interest intermediation have had on the governability of contemporary Western European and North American politics. . . .

The neotraditional science of politics may recognize and even exalt the pursuit of interests

but concludes that the very logic of industrialization will produce such a multiplicity of dynamic, ephemeral, overlapping and countervailing efforts to protect and promote self-regarding objectives that the resultant “pluralist” system will be both self-equilibrating and self-legitimizing. All with interests will get a democratic chance to play in the game; none, however, will be capable of controlling its course or rigging its outcome. From this perspective, the danger of ungovernability and/or instability arises from outside the game of interest politics—from passionate, irrational subversives who refuse to play according to the established rules, who insist on turning the game toward more exalted goals, and who force the otherwise benevolent umpire to use coercion in order to ensure the continued governability of the system.

The currently fashionable perspective of the “policy sciences” suggests yet another explanation for (un)governability or (in)stability. Again, the pursuit of ignoble, vested interests is acknowledged as providing the predominant motive for political action, but in contrast to the optimism of pluralists, the “policy scientists” see a real danger in such unbridled selfishness. Too much of it by too wary and too well-organized actors leads to “overload,” to an excess of demands on public authorities beyond their capacity for satisfying such claims. As the governing systems of advanced industrial/capitalist societies decline in efficiency, efficacy, and legitimacy under such an imbalance, more and more dissatisfied interests find they must make more and more noise and engage in more and more unconventional behavior to gain effective access—and this leads only to more and more overload and ungovernability.

This chapter contends in particular with the latter, “overload school.” In the process it will advance arguments (and marshal some data) to demonstrate that the pursuit of lowly self-

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1. For an excellent, if rather nostalgic and petulant, critique of modern political science for having replaced the more exalted vision of affective “community” with a prosaic, limited vision of instrumental “partnership,” see Clarke E. Cochran, “The Politics of Interest: Philosophy and the Limitations of a Science of Politics,” *American Journal of Political Science* 25(4) (1973): 745–66.

regarding interests can have high-level consequences for the governability of advanced industrial/capitalist polities. Arguments are also proffered that pluralism is *not* the likely form that interest intermediation will take in these polities, and moreover that where it has been most prevalent it has had an effect on governability contrary to that presumed by its leading theorists and ideologues.

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### The “Mode” of Interest Intermediation and the Problem of Governability

The principal orienting hypothesis of this chapter is simple: *The relative governability of contemporary, highly industrialized, advanced capitalist polities is less a function of aggregate overload, of “imbalance” between the sum total of societal demands and state capabilities, than of the discrete processes that identify, package, promote, and implement potential interest claims and commands.* In an aggregate sense, there has always been more of a demand for imperative coordination and authoritative allocation than the state was capable of supplying, and the “gap” was (and still is) filled by physical repression and symbolic manipulation. . . .

What have changed extensively and irreversibly are the processes of political intermediation by which the potential volume of societal demands is captured and focused and through which the eventual pattern of public policies is evaluated and sifted. To an extent this has been recognized in the literature on ungovernability and overload, but the emphasis has always been placed on the party, legislative, and cabinet nexus. . . .

My . . . hunch . . . is that although those who have emphasized the confusion and decline in party and parliament focus correctly on the distinctly *political* processes of intermediation, they have mistaken the symptoms for the disease. The key to understanding the various crises of governability lies in the dimly lit arena of func-

tional interest intermediation through highly formalized and specialized organizations in direct relation with the bureaucratic apparatus of the modern state. The collapse of new social contracts; the burgeoning demand for guaranteed and privileged access; the clash of representative jurisdictions; the quest for authenticity and participation at all levels of authority, private as well as public; the mobilization and militancy of previously quiescent groups such as civil servants and public dependents; the clamor for and revolt against raising state expenditures and governmental regulation; the increasing sensitivity to relative deprivation and inequalities within as well as between social classes; the explosion of subnational ethnicity; the sudden emergence of single-issue movements, not to mention the principal defining characteristics of (un)governability (to be discussed *infra*): (1) the tendency to resort to unprecedented, extralegal means of political expression; (2) the dwindling of elite cohesion and hegemony; and (3) the diminished capacity of the state to secure resources and implement policies—most, if not all, of these find their expression in and irresolution through the structures of specialized intermediation for class, sectoral, professional, regional, ethnic, sexual, and generational interests. It is not parties and elections that bring most of these problems, dilemmas, or contradictions to the agenda of the state, although they may be indirectly affected by them. Individual partisan allegiance and the territorial clustering of notables, those two pillars of the liberal democratic, civic-cultured, bourgeois-dominant political order, have been gradually but firmly overtaken by the third, heretofore less prominent, aspect of that mode of domination: the implacable pursuit of self-interest, rightly and rationally understood, through specialized, functionally differentiated organizations. . . .

Now we are in a position to make our second hunch more explicit. The key to differing degrees of governability lies less in the “objective” magnitudes of macroeconomic performance, social

cleavages, and class relations than in the way differentiated interests are “intermediated” between civil society and the state. Our discussion has suggested the specific empirical dimensions relevant to the explanation of differences in outcome: representational coverage, membership density, and corporatist structure. *Politics in which interests are processed through formal associations that cover the widest variety of potential interests with national networks of representation, that have the highest proportion of those potentially affected as members, and whose pattern of interaction with the state is monopolistic, specialized, hierarchical, and mutually collusive should be more orderly, stable, and effective*, at least in the short run, given the conditions of contemporary governance. Put a different way, those countries previously “fortunate” enough to have developed a pluralist mode of interest intermediation with its multiple, overlapping, spontaneously formed, voluntaristically supported, easily abandoned, and politically autonomous associations, are likely to find it a serious impediment to governability in the postliberal, advanced, capitalist state. . . .

The use of the concept of “corporatism” by other authors . . . and the even more varied uses to which it has been put elsewhere<sup>8</sup> makes it

8. The literature on corporatism in advanced industrial/capitalist societies has grown enormously in recent years. A compilation of most of the more important theoretical pieces will be appearing shortly in P. Schmitter and G. Lehmbruch (eds.), *Trends Toward Corporatist Intermediation* (London: Sage Publications). For a critical summary of this literature and its dissection into divergent “schools,” see Leo Panitch, “Recent Theorizations of Corporatism: Reflections on a Growth Industry,” paper presented at ISA World Congress, Panel on Interest Intermediation and Corporatism, Uppsala, August 14–9, 1978, and Kevin Bonnett, “Corporatist Developments in Advanced Capitalist Society: Competing Theoretical Perspectives,” paper presented at the SSRC (Great Britain) Conference on Institutionalisation, University of Sussex, September 8–11, 1978.

necessary to spell out the definition used here and its operational limitations. First and foremost, “societal corporatism” does not refer to any historically specific ideology, world view, political culture, or even any set of collective aspirations.<sup>9</sup> . . . Societal corporatism as used here is located in the realm of institutional behavior, not that of individual values or collective aspirations.

Second, it refers to a mode of arranging the political process, indeed, structuring part of the political process. It is not a way of organizing all of society or running the economy. Societal corporatism is “compatible” with a wide range of social institutions and is not an “alternative” to capitalist exploitation but, at least in some countries, an integral part of it.

The part of the political process to which societal corporatism refers I have called “interest intermediation.” It encompasses both the means through which interests are transferred from, aggregated over, and articulated for members to collective decision-making bodies, public or private (*representation*), and the ways in which interests are taught to, transmitted to, and imposed on members by associations (*social control*). The concept “intermediation” is also meant to convey the likelihood that interests may be generated from within formal associations themselves, independent of member preferences and authoritative commands. . . .

Governability, or better, its inverse, ungovernability, would seem, from the literature on Western Europe and North America, to be composed of three general properties:<sup>18</sup> (1) *un-*

9. For a brief discussion of the extraordinary ideological diversity of those who have historically and contemporarily advocated something called or resembling corporatism, see P. Schmitter, “Still the Century of Corporatism?” [*Review of Politics* 36(1) (1974): 85–131.] pp. 87–9.

18. Actually, the American literature either tends to stress or is criticized for ignoring yet a fourth dimension: *unlawfulness* or efforts by high-level corporate

*ruliness* or citizen-initiated efforts to influence public choices in violent, illegal, or unprecedented ways; (2) *unstableness* or the failure of efforts by elite political actors to retain their positions of dominance or to reproduce preexisting coalitional arrangements; (3) *ineffectiveness* or the decline in the capacity of public executives or administrators to secure compliance with or to attain desired collective goals through the imperative coordinations or authoritative allocations of the state. . . .

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### Interest Promotion and Partisan Mobilization as Possible Causes of (Un)governability

Having identified . . . three dimensions of (un)governability . . . we can now turn to interest intermediation for a possible rival explanation. Two aspects of the pursuit of self-regarding goals have attracted our attention. One is quantitative: Are the polities of Western Europe and North America less ruly, stable, and effective simply because everyone is finally getting organized? The other is qualitative: Does the form that intermediation has taken historically determine the relative governability of these polities today? The first we have measured by the density of membership in working-class associations; the latter by a rank-ordered indicator of corporatist features in national labor peak associations.

The statistical measures (Spearman's rank-order coefficients) . . . provide a rather clear answer to both the general question of the importance of interest intermediation for regime governability and the more specific question of which aspect of the pursuit of interests—quantity or quality—is more relevant to under-

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power holders, public or private, to escape legal and constitutional constraints in their pursuit of advantage and survival. Euro-centric treatments may occasionally mention leadership incompetence, but rarely dishonesty or illegality as part of the ungovernability syndrome.

standing macrolevel ruliness, stableness, and effectiveness. The coordinational relationship between the indicator of societal corporatism and that of citizen unruliness (−0.73) is the most significant we have yet observed. The fit is so close that relatively few deviant cases arise to challenge our finding. . . . The correlation with fiscal ineffectiveness (−0.63) is also highly significant. Again, we find it impossible to predict the rank ordering of governmental unstableness. Perhaps this is yet another indication that it is simply not part of the contemporary governability–ungovernability syndrome or that, if it is, our operationalization is defective. Density of membership was not impressively related to any of the three dimensions. What seems to count is not *whether* everyone is getting organized for the pursuit of specialized class and sectoral self-interest but *how* they are doing so.

One is tempted to exclaim “Eureka!” at this point and rest the analysis. Given the likely measurement error and the crudeness of the statistical instrument, it is doubtful that any rank-order correlation between independent variables could top 0.73 without being a tautological or spurious measure of the same underlying phenomenon. We might, therefore, conclude with the counterintuitive finding that (*pace* Madison) corporatism, not pluralism, is the best formula “to break and control the violence of faction” in the post-liberal, advanced-capitalist polity. Rather than proliferating the “number of citizens” and the “sphere of interests,” the modern conservative ruler concerned with governability would diminish their number, encourage their centralization and concentration of authority, grant them privileged monopolistic access, and, above all, extend the sphere of governance by licensing or devolving upon them powers to take decisions binding on their members and even on nonmembers. In this way, “responsible,” private governments can collaborate in controlling citizen-initiated protest and in ensuring proper fiscal discipline and management. The direct burden on the state is lightened, and the resulting policy

outputs are made a good deal less visible. On the other side, the relative autonomy of these associations is respected, so that periodic withdrawals from collusion with those in power is tolerated when the disparity between ruling imperatives, organizational goals, and member interests becomes too great and threatens to provoke direct action by the grass roots or to spill over into the electoral arena. Interest associations, and not just political parties, can take a *cure d'opposition*.<sup>23</sup>

Ruling elites in many of the more troubled Western European and North American polities seem to have arrived at the same conclusion as we have in this chapter: In advanced capitalist, highly industrialized societies, there is a strong positive relationship between a societal corporatist mode of interest intermediation and relative governability (or at least citizen ruliness and fiscal effectiveness). . . .

Much of the resistance to corporatization comes from existing interest associations that prize their organizational autonomy and defend their traditionally pluralistic ways of operating. In fact, previous efforts in imposing a solution from above were accompanied by the severe repression of such associations, especially those representing the working class, and the establishment of a wide range of other authoritarian practices—*vide* Fascist Italy or Franco Spain. Where, however, this mode of interest intermediation evolved gradually and voluntarily within a liberal democratic regime, it depended on concordant and supportive changes in a second realm of formal intermediation between civil society and the state—partisan mobilization.

23. The instability of such corporatist arrangements is stressed in Birgitta Nedelmann and Kurt G. Meier, "Theories of Contemporary Corporatism: Static or Dynamic," *Comparative Political Studies* 10(1) (April 1975): 39–60. Also, the article by Gerhard Lehmbruch in the same special issue entitled "Liberal Corporatism and Party Government," pp. 91–126, deals with voluntary, tactical *cures d'opposition* taken by corporatist actors.

The most obvious supportive change in the party system was the emergence and eventual participation in power of reformist Social Democratic or Labour parties.<sup>25</sup> Although they did not often stress corporatism at the ideological level—if only because their Catholic or conservative opponents had often preempted the idea—their own internal organizational relationship with the trade-union movement certainly resembled it, and their acceptance of a "responsible" promotion of working-class interests within the framework of capitalism definitely was a prerequisite for its eventual success. . . .

. . . [A]nother dimension of partisan mobilization may be of even greater importance than Social Democratic predominance. . . . [O]ne can roughly estimate the predictability of individual voting preferences from knowledge of that individual's occupation, religion, and regional location. The aggregate predictive capacity of these three potential cleavage dimensions varies enormously. . . . [B]ut what seems to be most significantly associated with "governable" macro-outcomes is the predictability produced by some combination of all three—the extent to which the voter's individual partisan choice is firmly "locked into" the basic elements of differentiation in the society, regardless of which of those elements is performing the task.

These additional findings strengthen considerably the credibility of our earlier hypothesis that the relative governability of Western European and North American polities is more affected by the qualitative nature of their systems of intermediation than by the quantitative magnitude of the economic and social problems they face. The mode of organization of and control over function- and issue-specific interests emerges as most significant, but its role is contingent on two major coordinant developments in the mode of

25. Leo Panitch is largely responsible for my seeing the "Social Democratic connection." "The Development of Corporatism in Liberal Democracies," *Comparative Political Studies* 10(1) (1977): 61–90.



partisan articulation: its relative domination by Social Democratic-type parties and its predictable rootedness in the cleavage structure of the society. It is, of course, not clear from these cross-sectionally associated outcomes whether, as Stein Rokkan has suggested, the functional “second tier” of corporatist intermediation was created out of an elite *reaction against* the emergence of Social Democracy in the “primary tier” of territorial representation,<sup>26</sup> or whether it emerged as a direct *product* of the efforts of Social Democrats at integrating themselves within the structures of the capitalist economy and liberal polity.<sup>27</sup> ...

Societal corporatism and the “locking in” of voter preferences to the cleavage structure do not appear to be parts of a tightly related historical process. It could be argued that they represent independent efforts to organize networks of intermediation between civil society and the state—the one focusing on functional, especially occupational and sectoral interests; the other appealing more to territorial, religious, and cultural interests, with class as the crucial area for their competition and/or cooperation. When, however, they combine through highly predictable patterns of party identification and highly specialized patterns of monopolistic representation and social control, the relative ruliness and effectiveness of the outcome is impressive. This speculative finding seems diametrically contrary to pluralist orthodoxy, which identifies “political stability” (the lexical forerunner of “governability”) with moderate, broadly aggregative, sociologically diverse, and weakly structured political parties, and with voluntaristic, multiple, overlapping, and autonomous interest associations. From our data manipulations, this emerges almost as a formula for trouble in the highly industrialized, advanced-capitalist, post-

liberal polities of Western Europe and North America.

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### Instead of a Conclusion

The foregoing empirically grounded conclusions about the relevance of intermediation processes, especially societal corporatism, for contemporary governability seem compelling. They may even lead some to the comforting thought that the problems, dilemmas, and contradictions of the status quo do not have to be resolved. It might seem that ruling elites have only to tinker with their systems of partisan and interest intermediation to dissipate their current troubles. If this should be the lesson they draw (and there is considerable evidence many have), they are destined to be disappointed. Not only are such institutional networks the product of very lengthy and complex historical forces but they are also subject to strong emergent organizational properties that guide their development and insulate them from ameliorative meddlings from above. Previous attempts at molding interest and partisan intermediation systems to “fit” the needs of the mode of political domination and the exigencies of economic exploitation have had to involve much more than mere tinkering. Even where societies have protractedly suffered through the repression necessary to impose such comprehensive state corporatist “solutions,” dominant classes have only managed to buy time and accumulate tensions, as in contemporary Spain and Portugal.

However compelling, the conclusions reached in this chapter are time contingent. They refer to a rather narrow period, roughly the 1960s through the early 1970s....

Those polities that did acquire highly centralized, monopolistic interest associations and well-structured, “pillared” political parties and which, therefore, were better able to negotiate voluntaristically and to enforce effectively a series of collaborative policy arrangements and

26. *Citizens, Elections, Parties* (New York: David McKay, 1970), pp. 40–3.

27. Something like this seems to be implied by Leo Panitch, *op. cit.*

crisis-induced pacts are, indeed, beginning to show strains. That delicate combination of ruling imperatives, organizational goals, and member interests that lies at the heart of the corporatist effort has been called increasingly into question. The decline of public, that is, system-wide, deliberative processes, the segmentation of policy into discrete functional compartments, and the inequity produced by mutually supportive deals among organizationally privileged minorities have led to a revived concern with “the public interest.” The legitimacy of leaders protected within highly oligarchic and professionalized interest associations from direct contact with and accountability to members has diminished, as has the willingness of members to comply with the constraints of private governments. The overaggregation of interests through peak associations has left un- or underrepresented certain emergent, more specialized groups, just as their close collusion with power has made the exclusion of diffuse, dispersed, underorganized categories more obvious and less bearable. The demand for personal authenticity and democratic participation on the part of individuals has grown at the expense of mere role satisfaction and vicariously obtained advantage. New “style and quality” issues have emerged, cutting across established functional hierarchies and resulting in numerous single-issue movements and spontaneous protest actions. Awareness that inflation is the real hiding hand equilibrating outcomes and invisibly determining the distribution of benefits has upset many a carefully negotiated social contract or sectoral arrangement. All this points to an uncertain future for today’s “corporatist successes.”

The sources of contradiction/dilemma inherent in this scheme are multiple and of unequal importance. Generically, they can be reduced to four types, depending on (1) whether the institutional locus of emerging difficulty comes from within the universe of interest associations or from other organizations, such as political parties and social movements, and (2) whether

the substantive issues at stake involve an exacerbation or rupture within existing problem content, or a shift in the definition of actor interest to some new domain of concern. . . .

For most convinced liberals or pluralists, the principal difficulty of societal corporatism lies in the internal political process of interest associations. Their stress on professionalized representation by experts, long-term calculations of interest, high-level aggregation of demands, and official recognition of status, on the one hand, and their practices of oligarchic co-optation, centralized organization, bureaucratized exchanges, and interdependence with public authority, on the other, make these associations vulnerable to member dissatisfaction. The most common type of challenge, according to this perspective, comes from “rank-and-file revolts”: wildcat strikes, internal factionalism, organizational splits, “voting with one’s feet,” ideological gambits, accusations of traitorous behavior, and so on—all in the name of authenticity in representation and democracy in procedure.

Without denying this latent threat or the occasional presence of some of these phenomena in even the most established and accomplished of societal corporatist arrangements, such revolts are not, in my view, capable of countermanding the trend. They may cause collaborative associations to take a *cure d’opposition* by withdrawing from corporatist practices for a period of time; they may even compel some associations to engage in imprudent tactics of confrontation and intransigence—especially where the revolt is backed by accountability to some extra-associational political process, such as *Mitbestimmung* or *élections sociales*—but normally these revolts are easy to encapsulate or even exploit for corporatist ends. It is not just that association leaders have at their disposition that arsenal of incumbency resources that Michels and his successors have so extensively documented but that this pluralist view ignores the extent to which the modern interest association has become more and more a service agency and

less and less a focus of political aspiration or personal identity. The member pays a fee for services performed (and increasingly does so involuntarily) and demands in return some measure of efficiency and effectiveness in their performance. To the extent that he or she aspires to fellowship, authenticity, participation, self-expression, and so forth, the political party or social movement offers a much more attractive outlet for such passions and moral imperatives.

It is this tendency for the contradictions of corporatism to spill over into wider arenas of public choice and forms of political mobilization—while remaining basically within the nexus of class, sectoral, and professional interests—that is stressed by Marxist critics of the trend. Because societal corporatism is but a superstructural rearrangement of institutions that cannot dissolve the class-based, structural contradictions of capitalism (not to mention accomplish the lesser task of resolving sectoral clashes and professional disputes), they argue it must ultimately fail. It may succeed in the short run in making ad hoc adjustments and generating crisis-induced palliatives, but these are bound to accumulate, to produce further policy irrationalities, and to establish greater rigidities in the system. These may even contribute to the system's demise. Although the proponents of this view of corporatism often point to the same "rank-and-file" events as the pluralists, they stress the extent to which these go beyond the limited agenda of specialized interests, personal moral sentiments, and/or formal democratic aspirations, and serve to mobilize a broad class consciousness and activity across a wider variety of intermediary institutions: political parties, social movements, intellectual currents, and so forth.

Although this approach to the contradictions of corporatism is more sensitive to the changing nature of modern interest associations, it frequently overestimates the evidence for class mobilization and underestimates the barriers to it, thus indulging in a great deal of *ex ante* wishful

thinking and *ex post* retractions. If the institutions and practices of societal corporatism, by and large forged during the post-World War II boom years, manage to survive the present general crisis of capitalism (and even to do so at less cost to subordinate classes in terms of job security, real wages, and social benefits), then some revision of the class-mobilization scenario of its demise will definitely be in order.

A third source of contradiction and type of response suggests that corporatism will be threatened by the emergence of new substantive interests or by a shift in the salience of older, previously subordinate, interests. These should provide the basis for a new wave of aggressive associability that will seek access to the established corporatist arrangement. According to this perspective, societal corporatism has succeeded so far largely because it has been partial. It has involved primarily or exclusively those interests generated by the economic division of labor in society—classes, sectors, and professions for short. This has permitted these better-organized, collaborative actors to pass on the costs of their mutually self-serving agreements to the un- or underorganized. If the latter interests, for example, tenants, renters, pensioners, pedestrians, taxpayers, foreigners, workers, automobile drivers, students, sufferers from pollution, payers of insurance premiums, television watchers, welfare recipients, hospital patients, all "policy takers" (to use an appropriate phrase from Claus Offe's chapter) were to create singular, monopolistic, hierarchically structured, officially sanctioned associations, previous externalities would become internalized within the system of organized interest politics and make decisions vastly more difficult. Also, some of the new or more recently salient criteria of differentiation/exploitation—ethnic identity, regional location, religion, sex, age, language, and so on—might cut across existing functional categories or, where they did not, infuse them with renewed passion or ideological fervor. Either shift could seriously jeopardize the stable orga-

nizational base, the long-term interest definition, and the predictable contractual capacity of corporatist intermediaries.

The problem with this scenario is that in order for dispersed “entitled” interests, oriented almost exclusively around the provision of public goods, to obtain sufficient resources and access, they must depend on the sponsorship and connivance of public authorities. Their corporatization is less likely to be “societal” than “state” in inspiration, and this raises the question of *why* those in formal power would take such an initiative or *whether* they would be permitted to do so by vested established interests already sharing the benefits of privileged access. In the event that the source of new interest or salience lies in the “cultural division of labor,”<sup>29</sup> the resultant need to mobilize identities around broad ideological goals should make corporatization insufficient. Mere specialized participation in a complex set of policy compromises and services is no adequate substitute for having one’s own state or dominating the whole political process.

This brings us to the fourth type of contradiction in which those new status, style, and identity issues cannot be contained within the bounds of “mere” interest intermediation and spill over into other forms of collective political activity. These range from public interest lobbies to spontaneous protests, “green” parties, and successionist movements. Their broader goals, greater intensities, unconventional tactics, and crosscutting differentiations would both weaken existing corporatist associations and shift the attention of the entire political process away from the issues and tactics the latter are most capable of handling. Whether this would be sufficient to dissolve existing corporatist arrangements or to arrest further movement in that direction depends ultimately on if the emergent cultural identities, status sensitivities, situs calculations,

territorial loyalties, and/or qualitative demands prove to be permanent. Are they capable of displacing over a protracted period the “functional” cleavages inherent in capitalist property relations and the industrial division of labor? Some may turn out to be ephemeral, especially in conditions of renewed scarcity. Others may be successfully accommodated through symbolic concessions, territorial readjustments, partisan restructuring, and so forth. If so, the apparent shifts in content, despite their raucousness and occasional attention-gathering capability, are not likely to be successful in countervailing the trend toward societal corporatism. At most, they might delay its emergence for a while, or keep it confined to a narrower range of policy arenas.<sup>30</sup>

All the sources of contradiction discussed briefly here originate within civil society, that is, in the economic, social, and cultural division of labor. An alternative possibility, not usually entertained by students of corporatism, is that problems might arise from within the political order itself, which could limit the spread or encourage the dissolution of such arrangements. Instead of just facilitating the management of the state, they could eventually threaten the status and resources of public authorities and party politicians and introduce additional rigidities and irrationalities into public policy making. State bureaucrats might find that devolution of authority to corporatist intermediaries deprives them of their unique status and of important instruments for resolving broader public issues and intersectoral conflicts. Professional politicians are likely to resist the progressive short-circuiting of party channels, territorial

29. Michael Hechter, “Group Formation and the Cultural Divisions of Labor,” *American Journal of Sociology* [84(2) (1978): 293–318].

30. Cf. a recent essay by Robert Salisbury, where the continued strength of constituency is regarded as a fundamental element inhibiting the emergence of societal corporatism in the United States—along with other factors. “On Centrifugal Tendencies in Interest Systems: The Case of the United States,” paper presented at the ISA World Congress, Panel on Interest Intermediation and Corporatism, Uppsala, August 14–9, 1978.

constituencies, and legislative processes. To the extent these dilemmas become important, the result is less likely to be renewed militancy, ideological mobilization, or new collective struggles than a legalistic reform effort to preserve the “sanctity” and “distinctiveness” of state/public institutions and to regulate the activities and resources of interest associations.<sup>31</sup>

All these potential sources of difficulty for the future of societal corporatism, and for the relative governability that has accompanied it, can be discerned, to differing degrees, in the contemporary politics of advanced industrial/capitalist societies. Corporatism’s very success at keeping political life ruly and effective has been purchased at the price of organizational sclerosis, rigidification of differentials, perpetuation of inequalities, and, most of all, disregard for the individualistic norms of citizen participation and accountability characteristic of a liberal democratic order. How long this form of corporatism can continue in its pragmatic manner to produce such negative behavioral effects and to ignore such fundamental normative aspirations, without resort to coercion, is questionable. Just as it has proved hard to “tone down” established pluralist structures unsuccessful in dealing with existing problems, so it may be difficult to “tune up” previously successful corporatist ones to meet emerging issues.

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31. Here the recent discussion of a *Verbändegesetz* in Western Germany is a case in point. . . .

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## Inside Campaign Finance: Myths and Realities

Frank J. Sorauf

The question of motive haunts every campaign finance system relying on voluntary contributions. *Why* do they give? When a disclosure system discloses as much as the American one does about a visible set of organized givers representing society's major interests, the question rises to a salience that campaign finance rarely achieves. The answer to it is beyond dispute; they give to influence governmental decisions. The hard questions come next: the nature of the influence the contributors seek, the ways they go about seeking it, and the extent to which they achieve it.

The debate over the purchase of legislatures is not about generic contributors. It is about PAC contributors, whether they appear explicitly or are merely implied in such phrases as "the best Congress money can buy." Their splendid visibility as the organizations of the "special interests" links them and their contributions to the ongoing, century-long debates over the three-way alliance of money, organization, and interest in American politics. Now that PACs increasingly give to secure legislative access, a strategy in which their ties both to incumbents and to lobbyists are closer, they underscore all of the old concerns. We no longer talk of PAC attempts to penetrate electoral politics but of their part in the traditional struggle of interests in American legislatures. Almost imperceptibly, but fundamentally, the debate has shifted from influence in election outcomes to influence over legislative outcomes.

Thanks to the reporting and publicity the FECA forced on candidates, PACs, and parties, the FEC oversees the largest data archive on any system of campaign finance anywhere in the world. Its

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data are easily accessible, and the "law of available data" has led to a flowering of research on them, both by the scholarly community and by journalists and public-interest organizations. Their industriousness has produced works of many genres, but one of the most common—a veritable industry in itself—is the exploration of the PAC-Congress nexus. The variants on the theme, too, are recognizable: the largest PAC contributors to congressional candidates over a cycle or a decade, the major recipients of PAC money in the Congress, the contributions from PACs of one industry to the members of one committee or to supporters of a particular bill or cause, the mounting flow of PAC money from one sector of the economy as its interests are threatened or challenged. Often the investigations have a current stimulus; they are the campaign finance angle on the broader story, say, of the savings-and-loan crisis, the rewriting of the federal tax code, or the attempt to pass the Brady bill's restrictions on the sale of handguns.

Such reports share one limiting defect: they establish correlation, not cause. Yes, PACs do largely give money to candidates who will vote the way they want them to; it would be surprising if that were not the case. Contributors contribute to like-minded candidates, just as voters vote for like-minded candidates. That relationship is easy to document, but the harder question remains: do PACs contribute to candidates because they know how they will vote, or do legislators conform to the wishes of PACs that gave money to their campaigns? Does the money follow the votes, or do the votes follow the money? It is a problem in simultaneous cause, cause that seems to move both ways between one act and another. Any analysis of campaign finance is repeatedly bedeviled by such problems. . . .

Academic scholars, for their part, attack the same questions in more systematic ways. They cannot, however, escape the need to establish

correlations and to infer cause from them, nor can they escape the problem of simultaneity in doing so. Using larger bodies of data—large numbers of roll-call votes, for instance—and more sophisticated measures of correlation, they generally find little if any relationship between the money and the votes. . . .

How does one explain the gap between popular knowledge and academic conclusion? In part it results from the usual popular overestimation of PAC will and capacity. PACS themselves are more realistic about their bargaining position with incumbents than is the general public. They say over and over that they want to support like-minded men and women in public office and that they seek only “access” to legislators, an opportunity to persuade or make a case. Organizationally they are not adapted to greater political ambitions than that, and they have come slowly to realize it. . . .

Such conclusions run counter to the conventional wisdom, and like most academic writing on campaign finance, they fail to disturb or dislodge it. The supporters of the conventional wisdom are tireless, and they have a platform. They also have telling testimony from members of Congress that PACS do indeed change votes—always the votes of other members—with their contributions. . . .

The common sense of the word *access* also makes the case for the conventional wisdom. If access is indeed the goal of PAC contributions, will PACS settle merely for the “opportunity to persuade”? Won’t they expect success in a certain number of instances? Will they be satisfied with an invitation to the gaming table if they lose every spin of the wheel? Moreover, the nature of influence in a legislative body involves much more than final roll-call votes. PACS exert influence at other points in the legislative process—in initiatives not taken, in committee amendments, or in special rules affecting floor consideration. Some academic political scientists, one should add, have long shared reservations about an exclusive reliance on roll calls. . . .

Political scientists Richard Hall and Frank Wayman begin the report of their research on PAC money and House committees by reconstructing the logic of what PACS seek with their contributions. . . . Hall and Wayman focus . . . on three House committees and three different issues before them—and on the effects of PAC contributions to members of the committees. Instead of using votes in committee as the dependent variable, Hall and Wayman construct a measure of various kinds of participation in the business of committees (such as speaking in committee or offering amendments during markup). In each of the three cases they found that PAC contributions had a moderate but significant degree of influence, explaining more than 55 percent of the variance in participation by individual members. PAC money, therefore, mobilized already like-thinking members to more active support of the PACS’ interests in committee. . . .

. . . Regardless of why the PACS give, they seem to get heightened activity and support from their congressional sympathizers. We are left, however, to speculate about the ultimate results of such support and activity on congressional decisions.

A consensus about PAC influence is emerging among scholars of campaign finance. It is founded on two central conclusions. First, the influence of PAC contributions tends to be strongest on the narrower, less visible issues before the Congress. Members have long called them “free votes,” free in that they are liberated from the usually dominant influences of party, district, leadership, and mass opinion. These are the votes available for less influential constituencies (such as contributors) or even for classic legislative log-rolling or horse-trading. Second, the influence of contributions can be directed at all the points of access and influence in the legislative process in the Congress. The kinds of policy refinements and strategic maneuvers crafted in committee may be important for specific interests even though they do not involve

great issues of policy. The same can be said of many appointments to the courts and to executive agencies. Contributors do not necessarily seek, or even expect, to score impressive policy victories measured by final roll-call votes. In the world of reduced expectations in which PACs are forced to live, the smaller accomplishments have to suffice.

The Hall and Wayman findings narrow the gulf between the academy and conventional wisdom, but the gulf remains. In part it results from major disagreements about evidence and authority, about the credibility of participants and observers in the Congress versus the data-based analyses of scholars, and about fundamental questions of what evidence it takes to come to conclusions. In essence, the gulf reflects different wills to believe. Some scholarship, to be sure, but even more journalistic analysis, begins with deeply set convictions, rooted in the Progressive worldview, about the impact of money on public officials. The line between dispositions to believe and foregone conclusions is very thin.

Most durable are the differences across the gulf on analytical issues. One concerns the credibility of the testimony of participants, and even the weight their words carry vis-à-vis the detailed data of the scholars. . . .

. . . The danger of granting authority status to participants—contributors or recipients—is that authority is conferred even on clearly self-serving conclusions merely because the authority's message is useful or congenial.

Beneath the controversies over the conventional wisdoms, there are also great differences over who carries the burden of proof. Scholars will not readily consent to demands that they accept responsibility for proving or disproving an assertion they do not make: the one about PACs' buying influence over the making of policy. Nor will they concede that any assertion is valid until it is disproven. Ultimately, however, the debate comes down to the kinds and weight of evidence that will establish the tie between

money and votes or other activity in the Congress. One of the greatest strengths of any conventional wisdom is that by definition it is validated by the sheer number of people who subscribe to it. Such validation does not yield easily to the desiccated numbers and equations of empirical social science.

The conventional wisdom is vulnerable also for its assumption that PACs dominate the exchange between contributor and candidate—an analytical predisposition that comes out of the late 1970s. But we now have abundant evidence that the exchange is bilateral rather than unilateral, that candidates have leverage in it, and that the incumbents among them increased that leverage in the 1980s as their reelection rates soared. As PACs have shifted more and more to the support of incumbents, and to the search for access to them, their freedom of action has diminished. Whereas incumbents have organized with increasing effectiveness, PACs have not. Nor have they maintained their ability to enforce expectations. PAC sanctions depend on the value of withdrawn contributions, and since PACs have continued to disperse their contributions widely, the average PAC contribution amounts to well less than one-half of 1 percent of the average House incumbent's receipts in an electoral cycle. Even a major contribution of \$5,000 or more accounts for only a few percent of the average candidate's receipts. Consequently, the PAC position in the 1990s is not what it was in the 1970s.

Finally, the countervailing controls of American pluralism constrain even the most determined PACs. Organizations of interests have greatly proliferated since the 1970s. The larger the number of groups (that is, PACs), the greater the offsetting and limiting effect on the political claims of any one of them. The greater the number of PACs making contributions to a specific member of Congress, the greater the likelihood that the claims of one on his or her loyalties will be opposed by the claims of another. . . .



A caveat to that conclusion is, however, in order. The mechanism of offsetting, countervailing group activity probably best fits policy disputes over the larger issues that are part of broader ideological positions—over issues such as medicaid funding or hazardous waste disposal. The model works less well when the dispute is single-sided, where the activity of one set of interests does not jolt another set of interests, perhaps those of consumers, into action. The nonresponding interests may be too general, too invisible, or of too low a priority to warrant political action. So, the hypothesis of countervailing interests meshes well with the conclusion that PACs have their greatest impact on the less visible politics of narrow and particularistic interests in which the conflicts, and thus the controls, of pluralism are not joined. . . .

That an increasingly national “contributor constituency” has entered American electoral politics seems beyond contest. Electoral politics remain local because the constituencies are geographically defined with only one representative and two senators per constituency and because the American political parties have been decentralized and local. Now PACs and other representatives of national interests find a small but measurable additional edge in electoral politics. They increasingly ally themselves with the lobbying of the interests they share, and it becomes increasingly difficult to say whether their victories come through contributing or lobbying. It is far easier to say simply that contributions have become one more limited means among many in the pursuit of policy goals—and one more piece of evidence that the localism of American electoral politics is increasingly anomalous. Campaign finance serves as a shaper of national politics as well as one of its consequences . . .

. . . It is precisely on the maldistribution of campaign money, especially the paucity of it in the hands of challengers, that the second great argument of the post-1974 regime centers. After the alleged buying of the Congress, it is the

alleged buying of the elections to the Congress that most worries Americans. Many of them are convinced that incumbents are winning reelection at such stunning rates precisely because the incumbents have too much money and their challengers have too little.

The facts are undeniable. Challenger financing has deteriorated in the 1980s by all measures. . . .

. . . General-election challengers found it increasingly difficult to raise money from PACs; PACs gave them 25.8 percent of their contributions to House candidates in 1980, but only 6.7 percent in 1990. House challengers, in fact, became increasingly dependent on their own resources. . . .

For mass opinion and its shapers, such data lead to an easy conclusion. Incumbents win so often because they outspend their opponents so greatly, and challengers fail to win because they lack the resources with which to mount a winning campaign. For the scholarly community the conclusion does not come as easily, for once again they see a problem in simultaneous cause. Do candidates win because they spend more money, or do they get more money, and spend it, because they are likely to win? The structure of the causal problem is much like the problem of simultaneous cause in PAC contributions and policy outcomes in the Congress: Is the financial contribution made because of expectations about the recipient’s victory some months hence, or does the contribution actually buy the campaigning that shapes the election outcome? That is, do underfunded candidates fail because contributors think their fate is sealed months before election day?

The other side of the argument is equally straightforward: challengers lose because they cannot spend enough. It is a fact not only that challengers in the aggregate fail to raise and spend the sums incumbents do, but also that the challengers who spend the most collectively win the greater share of the two-party vote. The percentage of challengers’ general-election vote rises

**Table 7.1**

Relationship between challenger spending and challenger vote share: 1984–1988\*

Challenger: Incumbent spending ratios	Median general election vote (%)		
	1984	1986	1988
Up to 1:3	28	27	27
1:3 to 1:2	36	35	37
1:2 to 1:1	43	41	40
1:1 to 2:1	45	38	43
More than 2:1	46	41	39
Challenger total spending ranges	1984	1986	1988
Up to \$5,000	24	23	24
\$5,000 to \$25,000	27	26	26
\$25,000 to \$75,000	32	30	29
\$75,000 to \$250,000	38	35	36
More than \$250,000	45	43	42

\*Includes only major-party, general-election House challengers running against an incumbent in the general election.

Source: Federal Election Commission.

as they narrow the incumbent-challenger spending ratio or as they increase their dollar spending in the campaign (table 7.1).

Before one leaps to the conclusion that incumbents win and challengers lose because of the state of their campaign resources, there are contrary bits of data to reckon with. House incumbents won reelection at rates well above 90 percent long before they established their present funding superiority; the cumulative reelection percentage of House incumbents from 1950 through 1970 was 91.8 percent.<sup>16</sup> Furthermore, the general political strength of incumbents can

16. That is, 4064 of 4428 incumbents seeking reelection were successful. Data from Norman J. Ornstein, Thomas E. Mann, and Michael J. Malbin, *Vital Statistics on Congress, 1989–1990* (Washington: Congressional Quarterly, 1990), p. 56.

easily be traced, not to their campaign treasuries, but to all of the advantages of office they enjoy. The postal frank, their easy access to the media, their district offices, and their staffs for “servicing” constituents all have grown in recent decades, at least partly to buttress their reelection chances.<sup>17</sup> Less obviously, perhaps, the growing difference between the receipts and the expenditures of incumbents—their larger sums of cash on hand—suggests that contributors give to them not to help them win but because they are going to win, a conviction that accounts for the PACs’ having reduced their support of challengers. But all of these clues aside, the major attack on this problem in simultaneity has come in the scholarly work of Gary Jacobson.

The problem is easily defined. The percentage of the vote the challengers get is related to the sums they spend; the greater the dollars, the greater the votes. Money and votes are reciprocally related, however, because challengers raise money on expectations about their ability to get votes. So, how to show that the spending of challengers actually does affect the size of the vote they get? One way is through the same two-stage least-squares procedures Janet Grenzke used to stipulate the direction of cause in the similar problem of the correlation between PAC contributions and the roll-call votes of their recipients in Congress. A second is to use poll data to relate incremental changes in spending to incremental changes in probable vote stage by stage during the campaign. Both avenues brought Jacobson to the conclusion that challenger spending did indeed lead to increases in challenger votes.<sup>18</sup>

17. Generally on the use of congressional perquisites for developing constituent support, see Morris A. Fiorina, *Congress: Keystone of the Washington Establishment* (New Haven: Yale University Press, 1977).

18. Gary C. Jacobson, *Money in Congressional Elections* (New Haven: Yale University Press, 1980). See also Jacobson’s restatement and reconsideration in “Money and Votes Reconsidered: Congressional Elections, 1972–1982,” *Public Choice* 47 (1985), pp. 7–62.

The dynamic that relates challenger money to challenger votes can then be outlined. Spending money in the campaign buys visibility and greater “likely support” for challengers, which also means that spending results in the rising expectations that enables them to raise even more money. . . . The problem, therefore, is that although money *would* help them greatly, challengers have increasing trouble in raising it in the first place.

The importance of campaign funds for challengers, moreover, was highlighted by Jacobson’s conclusion that incumbent spending produced no increase in the incumbent’s share of the vote. In fact, the more incumbents spent, the worse they did—not because their spending lost them votes, but because they had to spend more when challengers began to encroach on their electoral margins. Other scholars have challenged that finding about incumbent spending, and the debate is yet to be resolved.<sup>20</sup> Nonetheless, few would argue that the effect of incumbent spending matches that of challenger spending; it seems likely, at least, that one increment of challenger spending, an extra \$25,000 perhaps, has more effect on voter awareness than does the same increment in incumbent spending. If the challenger is spending at lower levels than is the incumbent, challenger spending will also be more efficacious per increment because of the decreasing marginal utility—the smaller successive impact on the vote of each increment—of campaign spending.

For another review of the theoretical problem and additional poll data, see Jacobson, “The Effects of Campaign Spending in House Elections: New Evidence for Old Arguments,” *American Journal of Political Science* 34 (May 1990), pp. 334–362.

20. Contra the Jacobson conclusion, see Donald P. Green and Jonathan S. Krasno, “Salvation for the Spendthrift Incumbent: Reestimating the Effects of Campaign Spending in House Elections,” *American Journal of Political Science* 32 (November 1988), pp. 884–907.

Incumbents continue to outspend and then to outpoll their challengers, but to conclude that incumbents “buy” reelection or that spending leads to the margin of victory misstates the problem somewhat. Incumbents build support in their constituencies largely by virtue of the perquisites of office and by reason of the visibility and name recognition they routinely achieve. Ultimately the greatest advantage the incumbents have is not their campaign money; it is the expectation early in the election cycle that they can and will win reelection. It is that expectation that makes it so difficult for challengers to raise the money by which they might effectively overcome the incumbents’ advantage in the campaign and election.

For Americans who value competitiveness in elections, the issue is of the greatest magnitude. It is simply that the campaign finance system offers challengers no weapons with which to overcome the advantages of incumbency. The challengers lack money because the incumbents’ reelection prospects are so strong as to discourage both the emergence of appealing challengers and the willingness of potential contributors to invest in electoral politics. The solution to the problem, therefore, rests either in reducing the advantages of incumbency or in getting money to challengers in time to entice both strong candidates and more contributors. The post-74 regime faces no greater challenge.

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### Artful Dodging and Skillful Avoiding

The conventional wisdom is right at last: the regulatory vessel is in fact leaking. Important activity and individuals escape its requirements for reporting, and money flows outside of its controls in swelling torrents. One need only tick off the specifics: bundling, soft money, brokers, independent spending, fund-raisers netting six-figure totals in America’s urban centers. However one may wish to describe the structural flaws—as “leaks” or “loopholes”—the integrity

of the post-1974 regulatory structure is at grave risk.

The assault on the structure of regulation, the statutorily defined campaign finance system, comes in various ways. There are, first, the actors and the activity in violation of explicit statutory limits. The individuals exceeding the \$25,000 annual limit on contributions are the most widely publicized case; ambitious investigators now vie to find new miscreants in the computer records of the FEC. Second, there are the invisible brokers and transactions that remain only partially within the governance of the system; the money they raise, and its origins, are reported, but neither their role nor the aggregate sums they organize are. Similar are the formal bundlers, many of whom press the limits of permissible control over contributions. Third, there are the sums raised and spent outside of the limits of the system. Soft money (previously discussed) and independent spending provide the major examples. The 1974 amendments to the FECA set strict limits on the sums of money that groups or citizens could spend independently in a campaign—that is, without the control or even the knowledge of any candidate. Like everything else in the FECA those provisions have a history. Spending by groups other than the candidates had been the stock device for dodging earlier attempts to control spending and insure full

reporting of all contributions. The Supreme Court, however, struck down those limits in *Buckley v. Valeo*, leaving only the requirement that independent expenditures be reported to the FEC. . . .

The post-1974 beginnings of independent spending are obscure. Record keeping at the FEC was in its infancy in 1976, and its data on independent spending in that cycle are incomplete; the best guess is that about \$2 million was spent independently, with all but \$400,000 spent in the presidential campaign. Another \$300,000 or so was spent in the 1978 congressional elections, and then came the eye-grabbing jump to a total of \$16.1 million in 1980 (table 7.2). . . .

Even at their zenith, independent expenditures on congressional elections never accounted for major sums. The record \$9.4 million in 1986 was only 2 percent of the cash expenditures (\$450.3 million) by all candidates in that year's campaigns. Moreover, the effective sums were greatly exaggerated. The splashiest spenders in the 1980s—NCPAC and an assortment of PACS supporting Republican presidential candidates—were PACS without parent organizations, “non-connected PACS” in the parlance of the FEC. They raised their money in costly direct-mail solicitations; and with no parent to pay overhead, not to mention fund-raising expenses (postage, printing, computerized mailing lists), they had to

**Table 7.2**

Independent spending in presidential and congressional elections: 1980–1988

Year	Presidential			Congressional		
	Total \$	% against	% rep	Total \$	% against	% rep
1980	\$13.75 m	5.9%	96.6%	\$2.34 m	58.9%	83.9%
1982	\$ .19 m	.8%	50.2%	\$7.10 m	72.5%	75.9%
1984	\$17.47 m	4.8%	93.4%	\$5.95 m	44.3%	49.7%
1986	\$ .84 m	5.4%	88.9%	\$9.36 m	14.2%	58.9%
1988	\$14.13 m	24.8%	94.9%	\$7.21 m	16.5%	64.1%
1990	\$ .50 m	35.1%	98.0%	\$1.77 m	15.7%	48.6%

Source: Federal Election Commission.

absorb all of these costs out of the money they raised. Estimates vary, but shrewd and careful reports found that only 5 to 20 percent of their receipts went into campaign activity as it is usually understood—into television or newspaper ads or campaign brochures or mailings.

... Independent spending created intra-organizational problems for the PACs that tried it; some of their donors either did not approve of it generally, or they were outraged at the PACs' choice of targets. It also raised the wrath of incumbents, especially when it was spending in favor of challengers, and they quickly learned to ignite voter backlash to it. Indeed, candidates complained even when the spending favored them; none of them wanted any part of what the public sees as their campaigns to be beyond their control.

Those explorations by mainline PACs opened up another issue that had festered for some years: the meaning of independence. How, for instance, could a large PAC making contributions to congressional candidates and discussing their campaigns with them also make independent expenditures in which there was no cooperation or contact with the candidate? Or what of an independently financed media campaign supporting candidate J when the commercials are designed and placed by the same media consultants working for candidate J's campaign? And how are voters to know who is responsible for independent expenditures on television when the credit line is invisible to most viewers? Independence comes down in the end to very small but very important details. . . .

Independent expenditures happen to exploit a gap in the regulatory system created by the Supreme Court's application of the First Amendment to it. Soft money, however, flows in presidential campaigns as a result of an intended exclusion from the system and the constitutional status of American federalism. Most of the bundling and high-stakes brokering result from the failure of the authors of the FECA, whether out of faintheartedness or lack of foresight, to place

intermediaries securely within the regulatory structure. So, the natures of the leaks differ; they are far too varied in both origin and purpose to bear the single pejorative label of loophole. Calling them loopholes blurs moral and ethical distinctions in a subject in which moral and ethical judgments abound.

Such judgments are the first reason for concern about the integrity of the regulatory structure. Its impairments invite and receive public denunciation of campaigns, campaigners, and campaign finance. Americans do not take kindly to avoidance, no matter how legal or even ethical, of systems of regulation; avoidance carries the stigma of self-servingness compounded by excessive cleverness. Independent spenders may be exercising a First Amendment right in the most open and direct way, but they are not treated much more charitably than the trimmers and shavers who bundle ever more creatively to escape the statutory limits on the size of contributions. In short, breaches in the integrity of the structure give rise to blanket judgments untempered or ungraded by any fine distinctions among the kinds of breaches.

The problems, however, extend beyond those of public judgment. The breaches create massive administrative problems, especially in reporting. Again, independent spending is a splendid case in point. The only other spending in the campaign permitted by the FECA is that by the candidates and the party committees, both of which must register with the FEC and make periodic reports to it. Their officials become institutionalized reporters and trained compliers, most of them also aided by accountants, lawyers, and computer software. . . .

On this and other matters of administration and enforcement, the FEC suffers from an uncertain authority. The placement of exchanges and flows of money on the peripheries of the regulatory system means, in effect, that they sit also on the peripheries of the FEC's authority. One need only cite the great controversies, including the intervention of the federal district court for the

District of Columbia, over the FEC's handling of the soft-money controversy. It has been almost equally vexed by the bundling inventions of the National Republican Senatorial Committee. Underfunded by the Congress and kept on a short leash for 15 years, the FEC has never been able to establish its independence as a regulator; its even division between three Democrats and three Republicans has additionally made it difficult for the Commission to deal with problems that are inevitably partisan. These leaks in the regulatory system have only further embarrassed it and given its sterner critics more reason for criticism.<sup>23</sup>

Administrative problems are closely related to mechanisms of responsibility. The major institutionalized actors—PACs, parties, and candidates—respond to various systems of control or responsibility: voters, members, parent organizations, representative bodies, public officials, or mass opinion, as the case may be. On the other hand, brokers such as Charles Keating or a well-heeled individual contributor make no reports to the FEC, and no other institutions or responsible bodies stand behind them. With no visibility and no long-term interest in the political system, the brokers may have no political reputation at stake; often, too, they offer no target at which the wrath of voters can be directed. The political controls of reputation and the ballot box are imperfect at best, but they do work more effectively on visible, committed political actors with continuing stakes in politics.

When the integrity of the regulatory system suffers, so too do the morale and the law-abidingness of those clearly within the regulatory perimeters. Compliance with both the letter and the spirit of a regulatory structure cannot easily survive the impression that the structure catches only some of the players while others go free. The belief that “I’ve been playing by the rules

while those guys have been getting away with murder” has a corrosive effect on compliance. And compliance is that act of self-enforcement on which all legitimate and effective systems of regulation depend.

It almost goes without saying that breaches in the regulatory system sabotage the achievement of the initial purpose of the regulation. If the purpose was to limit PAC contributions to \$5,000 per candidate per election, any modus operandi that permits groups of potential PAC contributors to give their cash instead as individuals defeats both the limit and the congressional intent that their money be identified with the interest that recruited it.

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### Are Campaigns Too Expensive?

Each round of debates over congressional campaign finance is, in the words of Yogi Berra, déjà vu all over again. Putting a cap on campaign expenditures was high on the agenda of reform in 1974, and it still is. The Supreme Court struck down the FECA's limits on all spending in *Buckley*, and reformers have been trying to find a way of restoring them ever since. So strongly convinced are the American people that campaigns cost too much, so firmly placed on the agenda of reform is the issue, that it flourishes in the 1990s despite the stability of expenditures in congressional campaigns. Not only does the issue persist, but its rhetoric about skyrocketing and escalating expenditures remains impervious to any new realities.

It is virtually a truism that the case for spending limits rests on the premise that the costs of campaigning are too great. It is far less easy, though, to establish that they are in fact too great. For many American adults the standards for making such a judgment are implicit; the spending is just “too much”—too much perhaps by standards of middle-class personal finance, too much because of the imagined rate of runaway increase in them. Or too much perhaps

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23. See, for example, Brooks Jackson, *Broken Promise: Why the Federal Election Commission Failed* (New York: Priority Press, 1990).

in terms of value, in terms of the worth of the product or service the money produces. The campaigns, or the parts of them they happen to notice, are simply not worth those sums, just as \$40 is not too much for a good steak dinner but is an outrageous price for a bad one.

The many cries of “too much” reflect negative judgments about politics and the entire public sector. Those judgments similarly govern public opinion about the salaries of public officials. Inherent in them is a double standard, one code of behavior for the private sector and another for the public sector. Political scientists are fond of making the public-private comparison in campaign finance with data on advertising expenditures, for advertising campaigns are, like campaigns for public office, an exercise in information and persuasion. Americans are shocked by total expenditures of \$445.2 million in the congressional campaigns of 1990, but in that same year Sears Roebuck, the giant merchandiser, had an advertising budget in excess of \$1.4 billion.

The case against present spending levels is much stronger on pragmatic or consequential grounds. These arguments are, however, not about spending per se but about the need to raise the money in order to spend it. They go this way:

- Present levels of spending are too high because in order to raise the funds to spend, elected public officials must take too much time and energy from their public responsibilities. It is now almost a commonplace that a U.S. senator must raise \$12,000 a week for six years in order to amass the \$3.5 to \$4 million for a typical Senate campaign.
- Furthermore, the pressures to raise those sums for a Senate race, or close to half a million for a House campaign, drive candidates to seek money in large sums at a time when contribution limits are shrinking because of inflation. Initially, candidates replaced small individual contributors with large PAC contributions, and now even the usual PAC contribution is small compared to

the take at a brokered fundraiser in Los Angeles. A senator can make a flying trip to a distant spot for a quick reception and return to Washington with \$50,000 or \$100,000 in campaign resources. Spending levels, that is, affect how money is raised, where it is raised, and with whose help it is raised.

- The ability to raise funds becomes a substantial qualification for candidates. Candidates of knowledge, experience, and even wisdom may lack the skills or the stomach for begging funds from people they scarcely know; the need to do it may discourage them from seeking office. Worse than such a shrinking of the pool of talent is the possibility that the consequence will be to recruit and elect candidates whose skills in raising money and conducting a campaign are their chief or even their only major attributes.

The problem with elevated spending levels seems to be that one needs to raise the money in the first place. . . .

Leaving aside the strength of popular and reformist feelings on the point, there is a basic conceptual problem here. Not one, but two issues are entwined: the need for the money and the costs to the system of raising it. It is easier to justify the spending levels than the effort that has to go into raising the cash in the first place. So, we are raising too much money and yet not really spending enough in the campaigns for Congress. . . . Even the experts and activists find it difficult to reach a judgment about American campaign finance. The mass public necessarily comes to its understandings about it without any profound knowledge, often without even basic information. Citizens are compelled to watch the shadows projected on the vast wall in front of them. They take their conclusions and judgments as they see them in the dance of distorted images. Of necessity, their judgments are the judgments of those who project the images.

In the opinions on all of the major concerns about the post-1974 system, the consonances and dissonances are consistent. Whether it is the PAC-

Congress connection, the impact of money on the winning of elections, or the judgments about spending levels, mass opinion and image-making opinion are in agreement. Their consensus, moreover, diverges in all three instances from much of scholarly and other expert opinion.<sup>27</sup> ... It is hardly a novel outcome, for expert opinion is often at odds with mass opinion over the analysis of public problems and policy solutions. It is, in fact, one of the oldest and most troubling dilemmas in the governance of mass, popular democracies.

The successes and failures of the post-1974 regime present the dilemma in a heightened form. Mass opinion about campaign finance increasingly feeds a cynicism about, even a rejection of, basic democratic processes. Any threat to mass involvement in or acceptance of electoral politics threatens the essence of representative government. The resulting conflict of equities could not be more disturbing. Is one to adopt policies that address the real problems of the system, as the informed best understand them, or ought one to devise change that will lay to rest the fears and anger of a disaffected public? Can we indeed win back disaffected citizens and solve real public problems at the same time? It is the hardest of the policy questions, this intersection of image and reality, of mass politics and expert prescription—especially when the divergence is not only over ultimate policy goals, but over the reality of the problem itself.

Whether by accident or prescience, the justices of the U.S. Supreme Court recognized the dilemma in the majority opinion in *Buckley v. Valeo*. Congress could act to limit the constitutionally protected flow of campaign money only

in the case of “corruption or the appearance of corruption,” either in the instance of certifiable corruption by some unspecified standards, or in the instance of some widespread belief that institutions were being corrupted. So, Congress might apparently act on the basis of one reality or the other, on the basis of the image behind the viewer or the image projected on the wall. Is it to make no difference if one reality could meet standards of truth or validity and the other could not? The answer, in the world of democratic politics, depends on crafting reforms that serve both reality and its appearances.

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27. I want to be clear that in referring to scholarly opinion I am talking about more than my judgments. I have cited examples of scholarly opinion about the first two issues; as for the question of spending levels, see, inter alia, Larry J. Sabato, *Paying for Elections: The Campaign Finance Thicket* (New York: Priority Press, 1989), especially chapters 2 and 3.