

Comparing Political Systems

Week 17: Interest Groups

Dr. Julian Limberg

Department of Political Economy
King's College London

March 9, 2022

- ① Organisational Issues
- ② Interest groups – characteristics and functions
- ③ Interest groups – sources of influences
- ④ Biased decision-making?

- ① **Organisational Issues**
- ② Interest groups – characteristics and functions
- ③ Interest groups – sources of influences
- ④ Biased decision-making?

Organisational Issues

- Dr. Julian Limberg
 - Lecturer in Public Policy
 - Research: Comparative Public Policy, Political Economy, Fiscal Policy-Making, Taxation, Inequality Dynamics, Environmental Policy
- Contact Details
 - Email: julian.limberg@kcl.ac.uk
 - Office hours: Monday 12.00-13.00 (online) and Tuesday 12.00-13.00 (in person)
 - Room: Bush House North East Wing, 30 Aldwych, WC2B 4BG, Room 9.15
 - You can book the Monday online appointments here: <https://julian-limberg.youcanbook.me/>

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:
 - 1) Bureaucracies – 02.03.2022 (no session due to strike)

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:
 - 1) Bureaucracies – 02.03.2022 (no session due to strike)
 - 2) Interest Groups – 09.03.2022

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:
 - 1) Bureaucracies – 02.03.2022 (no session due to strike)
 - 2) Interest Groups – 09.03.2022
 - 3) Public Policy – 16.03.2022

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:
 - 1) Bureaucracies – 02.03.2022 (no session due to strike)
 - 2) Interest Groups – 09.03.2022
 - 3) Public Policy – 16.03.2022
 - 4) Political Economy/Essay Preparation – 23.03.2022

Organisational Issues

- We will be looking at topics connected to Comparative Public Policy, Political Economy, and Public Administration.
- A lot about the modern nation state, what it is, what it does, etc.
- Five Parts:
 - 1) Bureaucracies – 02.03.2022 (no session due to strike)
 - 2) Interest Groups – 09.03.2022
 - 3) Public Policy – 16.03.2022
 - 4) Political Economy/Essay Preparation – 23.03.2022
 - 5) Essay Preparation – 30.03.2022 (No session due to strike)

Organisational Issues

- Just as in the previous CPS weeks, there are three types of readings:
 - Textbook chapter
 - Scientific article
 - Newspaper article
- Do read them!
- Two types of assessment at the end of the semester:
 - 1x Exam, similar to the exam of the last semester but covering this semester's topics.
 - 1x Essay
- Topics not covered due to strike days will not be part of the exam.

- ① Organisational Issues
- ② **Interest groups – characteristics and functions**
- ③ Interest groups – sources of influences
- ④ Biased decision-making?

Interest groups – characteristics and functions

- Characteristics: Size

Interest groups – characteristics and functions

- Characteristics: Size

The logo for ADAC (Allgemeiner Deutscher Automobil-Club) is displayed. It consists of the letters 'ADAC' in a bold, black, sans-serif font, centered on a solid yellow rectangular background.

Interest groups – characteristics and functions

- Characteristics: Size



Interest groups – characteristics and functions

- Characteristics: Size



- Characteristics: Level of operation – subnational to supranational (e.g. BusinessEurope).

Interest groups – types and functions

- Characteristics: Issue specificity.
- Targeting specific policy field (or even specific policy).
- Or, rather broad issues being promoted.
- Textbook differentiates between protective and promotional groups here.

Interest groups – types and functions

- Characteristics: Issue specificity.
- Targeting specific policy field (or even specific policy).
- Or, rather broad issues being promoted.
- Textbook differentiates between protective and promotional groups here.



European
Automobile
Manufacturers
Association

Interest groups – types and functions

- Characteristics: Issue specificity.
- Targeting specific policy field (or even specific policy).
- Or, rather broad issues being promoted.
- Textbook differentiates between protective and promotional groups here.



European
Automobile
Manufacturers
Association



Interest groups – types and functions

- Characteristics: Heterogeneity of members as well as openness of organisation.
- Heterogeneity – how does the socio-cultural composition of group members look like?
- Can be very homogenous (e.g. British Tomato Growers' Association or ACEA) or heterogeneous (e.g. ADAC or Greenpeace).
- Strongly connected to openness of the organisation – who can become a member?

Interest groups – types and functions

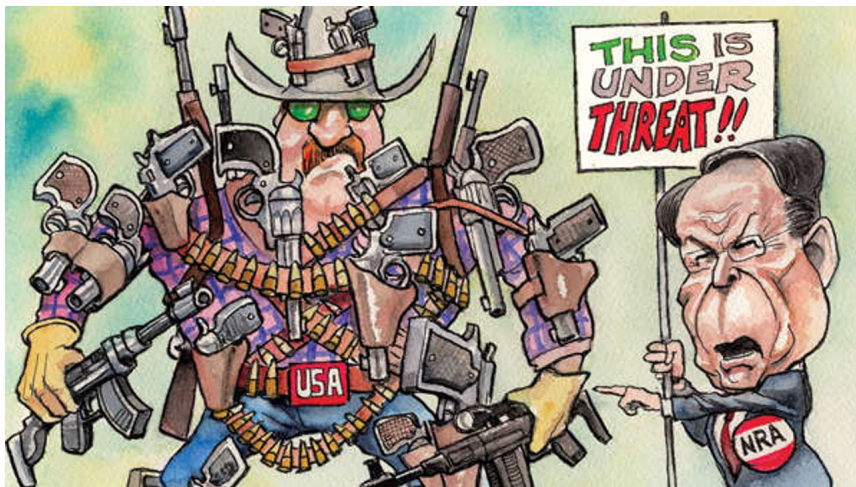
- Functions?
- Several unpolitical functions: setting (professional) standards, enhance professionals, disseminate information among members...
- Aggregating and representing interests.
- Education of members / political socialisation.
- Providing expertise to policy-makers.
- Policy influence.

- ① Organisational Issues
- ② Interest groups – characteristics and functions
- ③ **Interest groups – sources of influences**
- ④ Biased decision-making?

Interest groups – sources of influences

- Three faces of power (Bachrach & Baratz 1962, Lukes 1976)
- First face of power: direct political action
 - Offering financial means, e.g. donating money to political candidates.
 - Offering expertise in specific policy areas.
 - Making use of integration into dense political networks and "revolving doors".
 - Electoral weight of group.
 - Causing (political costs), e.g. strikes.
 - Engaging in legal action.

Interest groups – sources of influences



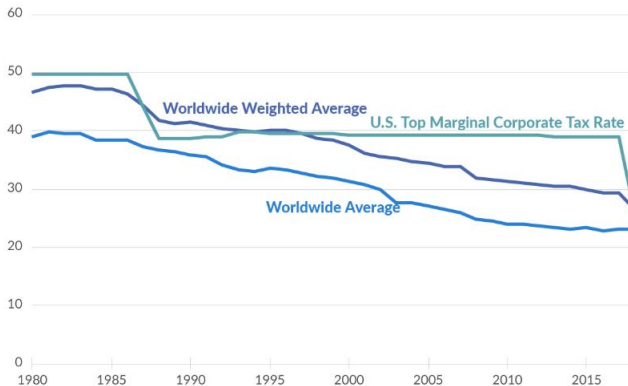
Source: Economist (2015)

Interest groups – sources of influences

- Second face of power: indirect agenda setting.
- Non-decision making equally important – which issues make it into the political process at first?
 - Creating (long term) legitimacy for certain policies.
 - Affecting agenda setting behind closed doors.
 - Long term indirect use of structural power to prevent consideration of policies.

Interest groups – sources of influences

Top Marginal Corporate Tax Rates Have Declined Since 1980



Source: Tax Foundation (2018)

Interest groups – sources of influences

- Third face of power: shaping preferences and ideology.
 - Hegemony and ideas that affect common ideology.
 - Changing people's preferences.
 - In other words, manipulation or power to shape desires.

Interest groups – sources of influences



Source: EU Observer (2016)

- ① Organisational Issues
- ② Interest groups – characteristics and functions
- ③ Interest groups – sources of influences
- ④ **Biased decision-making?**

Biased decision-making?

- Interest groups as essential parts of a pluralistic society
 - (Largely) independent of the state and its bureaucracy
 - Allows to continuously check political decision-making
 - Fostering exchange on the market place of ideas
 - Boosting citizens political engagement
- However, interest group's influence is also under critique. Why?

Biased decision-making?

- Starting point: Some interest groups have structural advantages.
- Mancur Olson: "Logic of Collective Action" (1965)
 - Most interest groups produce public goods – non-excludable and non-rivalrous.
 - Incentives to free-ride.
 - This may hinder effective collective action even if people have very similar interest.
 - Free-riding problem is weaker for 1) smaller groups, 2) selective interests of homogenous group, 3) when interest group can offer selective incentives.

Biased decision-making?

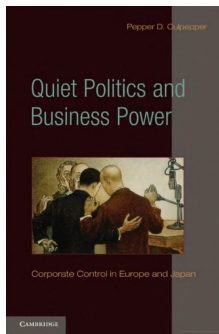
- Starting point: Some interest groups have structural advantages.
- Mancur Olson: "Logic of Collective Action" (1965)
 - Most interest groups produce public goods – non-excludable and non-rivalrous.
 - Incentives to free-ride.
 - This may hinder effective collective action even if people have very similar interest.
 - Free-riding problem is weaker for 1) smaller groups, 2) selective interests of homogenous group, 3) when interest group can offer selective incentives.
- Thus, small groups with selective, concentrated interests might have an advantage in representing their interests.

Biased decision-making?

- How do these advantages manifest themselves?
- Let's refer back to the three faces of power...
- First face: direct political action.
- Example: Campaign donations.
 - Boas, Hidalgo & Richardson (2014) look at donations in Brazil.
 - Donations seem to pay off – for example, government contract for those firms that have donated increase.

Biased decision-making?

- Second face: indirect agenda setting.
- Example: Rules of corporate control.
 - Not a very politicized issue – setting corporate governance rules are rather absent from public debates.
 - Culpepper (2011): This allows corporate interest groups to effectively shape the agenda over this issue.
 - "Quiet politics" as an advantage for big business – structural power.



Biased decision-making?

- Third face: shaping preferences and ideology.
- Example: Preference formation.
 - Emmenegger and Marx (2019): Referendum in Switzerland on tax on the super rich (an inheritance tax) in 2015.
 - Business interest groups had structural advantage.
 - Use of frames about potentially negative effects on jobs and growth were successful in shaping preferences.
 - Result: Bill was rejected.

Biased decision-making?

- Does this mean political decision-making is biased?
- Gilens and Page (2014) test this. Four theories of policy influence:
 - Majoritarian Electoral Democracy
 - Economic-Elite Domination
 - Majoritarian Pluralism
 - Biased Pluralism

Biased decision-making?

- Majoritarian Electoral Democracy
 - Less on interest groups – impact of democratic elections.
 - Preferences of the median voter decisive.
 - Policy-making follows general trends in the policy mood of the electorate.
 - Assumption: Unidimensional preferences orderings ("peaked").

Biased decision-making?

- Economic-Elite Domination

- "The flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent." (Schattschneider 1960: 35)
- People with higher economic wealth with more impact on policies.
- Not solely limited to economic resources – social status and institutional positions might also help (dense networks).
- Both Majoritarian electoral democracy approach and economic-elite domination approach based on individuals, hence not organised interest.

Biased decision-making?

- Majoritarian Pluralism

- Based on organised societal groups who share common interests.
- These are expected to broadly reflect society as a whole.
- Assumption: All interests with some type of influence on policy-making.
- Reflects the Majoritarian Electoral Democracy approach, just with a special view on organisation of societal groups.

Biased decision-making?

- Biased Pluralism

- Interest groups are important – but some interest groups dominate.
- More "power" – see three faces of power.
- In particular business interest groups.
- Hard to differentiate between elites' influence and business interest groups influence...

Biased decision-making?

- Empirical approach: Code policy change in the US and connect this with large survey dataset on citizens preferences as well as interest groups' positions.

Biased decision-making?

- Empirical approach: Code policy change in the US and connect this with large survey dataset on citizens preferences as well as interest groups' positions.

The separate policy impact of business-oriented and mass-based interest groups

Average citizens' preferences	.05 (.08)
Economic elites' preferences	.78 (.08)***
Mass-based interest groups	.24 (.07)***
Business interest groups	.43 (.08)***
R-sq	.07

*** $p < .001$

Note: All predictors are scaled to range from 0 to 1.


Source: Gilens & Page (2014)

Biased decision-making?



Source: BBC (2014)


Biased decision-making?

OPEN SOURCED RECODE THE GOODS FUTURE PERFECT THE HIGHLIGHT FIRST PERSON MORE ▾🐦 📘 📺 📡 👤 🔍

Study: Politicians listen to rich people, not you


By Andrew Prokop | andrew@vox.com | Updated Jan 28, 2015, 4:15pm EST

[f](#) [🐦](#) [📄](#) SHARE




David and Julia Koch. | Andrew Toth, FilmMagic/Getty Images

MOST READ



3 winners and 4 losers from the Nevada Democratic debate



Source: Vox (2014)

Biased decision-making?

THE
NEW YORKER

News Books & Culture Fiction & Poetry Humor & Cartoons Magazine Crossword

JOHN CASSIDY

IS AMERICA AN OLIGARCHY?



By John Cassidy

April 18, 2014

From the Dept. of Academics Confirming Something You Already Suspected comes a new study concluding that rich people and organizations representing business interests have a powerful grip on U.S. government policy. After examining differences in public



Source: New Yorker (2014)

Biased decision-making?

- However, as always in social sciences, this debate is not settled.
- Some have demanded more cautious interpretations of the results (Enns 2016, Bashir 2015).
- Others have found similar results (Bartels 2016).
- Also in other countries:
 - Schakel (2019) in the Netherlands.
 - Elsasser, Hense, & Schaefer (2018) in Germany.
 - Elkjaer (2020) in Denmark.
- Crucial to think about the role organised interest from a comparative perspective.
- Also essential to shed light on mechanisms (Fouirnaies and Hall 2018).

Thank you for your attention.