

Interest Group POLITICS

Third Edition



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INTEREST GROUP POLITICS

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AMES
A Division of Congressional Quarterly Inc.
Washington, D.C.

Cover design: Paula Anderson
Cover photo: R. Michael Jenkins

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1414 22nd Street, N.W., Washington, D.C. 20037

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Printed in the United States of America

Second Printing

Library of Congress Cataloging-in-Publication Data

Interest group politics/edited by Allan J. Cigler, Burdett A.
Loomis. — 3rd ed.

p. cm.

Includes bibliographical references and index.

ISBN 0-87187-562-4

I. Pressure groups—United States. I. Cigler, Allan J., 1943-

II. Loomis, Burdett A., 1945-

JK1118.1565 1990

322.4'0973—dc20

90-49519
CIP

PREFACE

The last ten years have witnessed both the proliferation of interest groups and the resurrection of an interest group subfield within political science. Drawing on the theoretical work of such scholars as E. E. Schattschneider, Mancur Olson, and Theodore Lowi, a generation of political scientists has returned to the basic questions that earlier confronted Arthur Bentley and David Truman: Why and how do groups form? How do they influence the governmental policy-making process? Through the work of Jeffrey Berry, Jack Walker, and Kay Schlozman and John Tierney, among others, we have learned a great deal about what interest groups do and how they organize themselves. The largely empirical projects of these scholars, along with the investigations of political scientist Robert Salisbury and his associates, provide an overview of how groups and their lobbyists operate within the inherently uncertain environment of American politics.

We hope that the earlier two editions of *Interest Group Politics* have played some modest role in the resurgence of academic interest in interest group politics, a trend that has paralleled the proliferation of interests within almost all parts of the political process. In our first edition (1983), we attempted to elucidate the initial stages of these phenomena, as we struggled to place the increasingly active groups within the broad context of American politics. The second edition (1986) of *Interest Group Politics* provided additional examples of group proliferation, as well as evidence that many interests were assuming new roles in such diverse areas as abortion and agriculture policy. In political action committees (PACs), we bore witness to powerful forces that had learned quickly to direct their funding in ways that benefited congressional incumbents. Indeed, PACs have helped solidify the congressional status quo over the past decade.

In this third edition of *Interest Group Politics*, we see interest groups continuing to evolve as they come to terms with organizational maintenance concerns (such as Mancur Olson's "free-rider" problem) stemming from the increasing competitiveness among groups for funds, members, and so-called policy niches, and with post-Reagan policy

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subsystems (in agriculture or the environment, for example). Still, we maintain our focus on three central elements of interest group politics: participation (Chapters 2-7), elections (Chapters 8-11), and policy making (Chapters 12-17). Likewise, there is great continuity among many of the issues addressed by the contributors to this edition. Abortion, agriculture, PACs, and the nature of the lobbying community all warrant renewed attention, but often in the context of adaptation rather than innovation.

As always, we have enjoyed our working relationship with CQ Press. Joanne Daniels and Margaret Seawell Benjaminson oversaw this project with the expertise to which we have grown accustomed. Sabra Bissette Ledent skillfully edited the manuscript, and Ann O'Malley served as our perceptive, energetic production editor. Our contributors provided stimulating essays that arrived, for the most part, on time, and we greatly appreciate their work and cooperation.

Finally, we dedicate this book to Jack Walker, who offered us many insights and who, absent his premature passing, would have offered many more. We and all interest group scholars stand in his debt.

Allan J. Cigler
Burdett A. Loomis

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1. INTRODUCTION: THE CHANGING NATURE OF INTEREST GROUP POLITICS

Burdett A. Loomis and Allan J. Cigler

From James Madison to Madison Avenue, political interests have played a central role in American politics. But this great continuity in our political experience has been matched by the ambivalence with which citizens, politicians, and scholars have approached interest groups. James Madison's warnings on the dangers of faction echo in the rhetoric of reformers ranging from Populists and Progressives near the turn of the century to contemporary so-called public interest advocates.

If organized special interests are nothing new in American politics, can today's group politics be seen as having undergone some fundamental changes? Acknowledging that many important, continuing trends do exist, we seek to place in perspective a broad series of changes in the modern nature of interest group politics. Among the most substantial of these developments are:

1. a great proliferation of interest groups since the early 1960s;
2. a centralization of group headquarters in Washington, D.C., rather than in New York City or elsewhere;
3. major technological developments in information processing that promote more sophisticated, timelier, and more specialized grass-roots lobbying;
4. the rise of single-issue groups;
5. changes in campaign finance laws (1971, 1974) and the ensuing growth of political action committees (PACs);
6. the increased formal penetration of political and economic interests into the bureaucracy (advisory committees), the presidency (White House group representatives), and the Congress (caucuses of members);
7. the continuing decline of political parties' abilities to perform key electoral and policy-related activities;
8. the increased number, activity, and visibility of public interest groups, such as Common Cause, and the Ralph Nader-inspired public interest research organizations;
9. the growth of activity and impact by institutions, including

corporations, universities, state and local governments, and foreign interests; and

10. a continuing rise in the amount and sophistication of group activity in state capitals.

All these developments have their antecedents in previous eras of American political life; there is little genuinely new under the interest group sun. Political action committees have replaced (or complemented) other forms of special interest campaign financing. Group-generated mail directed at Congress has existed as a tactic since at least the early 1900s.¹ And many organizations have long been centered in Washington, members of Congress traditionally have represented local interests, and so on.

At the same time, however, the level of group activity, coupled with growing numbers of organized interests, distinguishes contemporary group politics from the politics of earlier eras. Current trends of group involvement lend credence to the fears of such scholars as political scientist Theodore Lowi and economist Mancur Olson, who view interest-based politics as contributing to governmental stalemate and reduced accountability.² If accurate, these analyses point to a fundamentally different role for interest groups than those suggested by Madison and later group theorists.

Several contemporary studies, such as those by Olson and political scientists Robert Salisbury and Terry Moe, illustrate the weakness of much interest group analysis that does not account adequately for the reasons groups form and persist.³ Only during the last twenty-five years, in the wake of Olson's path-breaking research, have scholars begun to examine realistically why people join and become active in groups. It is by no means self-evident that citizens should naturally become group members—quite the contrary in most instances. We are faced, then, with the paradoxical and complex question of why groups have proliferated, as they certainly have, when usually it is economically unwise for individuals to join them.

Interest Groups in American Politics

Practical politicians and scholars alike generally have concurred that interest groups (also known as factions, pressure groups, and special interests) are natural phenomena in a democratic regime—that is, individuals will band together to protect their interests.⁴ In Madison's words, "the causes of faction . . . are sown in the nature of man," but controversy continues as to whether groups and group politics are benign or malignant forces in American politics. "By a faction," Madison wrote, "I understand a number of citizens, whether amounting to a majority or minority of the whole, who are united and actuated

by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.”⁵

Although Madison rejected the remedy of direct controls over factions as “worse than the disease,” he saw the need to limit their negative effects by promoting competition among them and by devising an elaborate system of procedural “checks and balances” to reduce the potential power of any single, strong group, whether representing a majority or minority position.

Hostility toward interest groups became more virulent in an industrialized America, where the great concentrations of power that developed far outstripped anything Madison might have imagined. After the turn of the century many Progressives railed at various monopolistic “trusts” and intimate connections between interests and corrupt politicians. Later, in 1935, Hugo Black, then a senator (and later a Supreme Court justice), painted a grim picture of group malevolence: “Contrary to tradition, against the public morals, and hostile to good government, the lobby has reached such a position of power that it threatens government itself. Its size, its power, its capacity for evil, its greed, trickery, deception and fraud condemn it to the death it deserves.”⁶

Similar suspicions are expressed today, especially in light of the substantial growth of PACs since 1974. PAC contributions to congressional candidates rose from almost \$23 million in 1976 to \$148 million in 1988, which amounted to almost a third of all their funds. Still, the number of PACs has leveled off at just over 4,000, and only a fraction of these are major players in electoral politics. Reformers in and out of Congress have sought to limit purported PAC influence, but as of 1990 legislators could not agree on major changes in laws regulating campaign spending or group activity. PACs continue to be an attractive target for reformers. One typical expression of dismay came from Common Cause, the self-styled public interest lobby: “The Special Interest State is a system in which interest groups dominate the making of government policy. These interests legitimately concentrate on pursuing their own immediate—usually economic—agendas, but in so doing they pay little attention to the impact of their agendas on the nation as a whole.”⁷

Despite the considerable popular distrust of interest group politics, political scientists and other observers often have viewed groups in a much more positive light. This perspective also draws upon Madison’s *Federalist* writings, but it is tied more closely to the growth of the modern state. Political science scholars such as Arthur Bentley, circa 1910, and David Truman, forty years later, placed groups at the heart

of politics and policy making in a complex, large, and increasingly specialized governmental system. The interest group becomes an element of continuity in a changing political world. Truman noted the "multiplicity of co-ordinate or nearly co-ordinate points of access to governmental decisions," and concluded that "the significance of these many points of access and of the complicated texture of relationships among them is great. This diversity assures various ways for interest groups to participate in the formation of policy, and this variety is a flexible, stabilizing element."⁸

Derived from Truman's work, and that of other group-oriented scholars, is the notion of the pluralist state in which competition among interests, in and out of government, will produce policies roughly responsive to public desires, and no single set of interests will dominate. As one student of group politics summarized,

Pluralist theory assumes that within the public arena there will be countervailing centers of power within governmental institutions and among outsiders. Competition is implicit in the notion that groups, as surrogates for individuals, will produce products representing the diversity of opinions that might have been possible in the individual decision days of democratic Athens.⁹

In many ways the pluralist vision of American politics corresponds to the basic realities of policy making and the distribution of policy outcomes, but a host of scholars, politicians, and other observers have roundly criticized this perspective. Two broad (although sometimes contradictory) critiques have special merit.

The first critique argues that some interests systematically lose in the policy process; others habitually win. Without making any elite theory contentions that a small number of interests and individuals conspire together to dominate societal policies, one can make a strong case that those interests with more resources (money, access, information, and so forth) usually will obtain better results than those who possess fewer assets and employ them less effectively. The numerically small, cohesive, well-heeled tobacco industry, for example, does well year in and year out in the policy-making process; marginal farmers and the urban poor produce a much less successful track record. Based on the continuing unequal results, critics of the pluralist model argue that interests are still represented unevenly and unfairly.

A second important line of criticism generally agrees that inequality of results remains an important aspect of group politics. But this perspective, most forcefully set out by Theodore Lowi, sees interests as generally succeeding in their goals of influencing government—to the point that the government itself, in one form or another, provides a

measure of protection to almost all societal interests. Everyone thus retains some vested interest in the ongoing structure of government and array of public policies. This does not mean that all interests obtain just what they desire from governmental policies; rather, all interests get at least some rewards. From this point of view the tobacco industry surely wishes to see its crop subsidies maintained, but the small farmer and the urban poor also have pet programs, such as guaranteed loans and food stamps, which they seek to protect.

Lowi labels the proliferation of groups and their growing access to government "interest-group liberalism," and he sees this phenomenon as pathological for a democratic government: "Interest-group liberal solutions to the problem of power [who will exercise it] provide the system with stability by spreading a *sense* of representation at the expense of genuine flexibility, at the expense of democratic forms, and ultimately at the expense of legitimacy."¹⁰ Interest group liberalism is pluralism, but it is *sponsored* pluralism, and the government is the chief sponsor.

On the surface, it appears that the "unequal results" and "interest-group liberalism" critiques of pluralism are at odds. Reconciliation, however, is relatively straightforward. Lowi does not suggest that all interests are effectively represented. Rather, there exists in many instances only the appearance of representation. Political scientist Murray Edelman pointed out that a single set of policies can provide two related types of rewards: tangible benefits for the few and symbolic reassurances for the many.¹¹ Such a combination encourages groups to form, become active, and claim success.

Climate for Group Proliferation

Substantial cleavages among a society's citizens are essential for interest group development. American culture and the constitutional arrangements of the U.S. government have encouraged the emergence of multiple political interests. In the pre-Revolutionary period, sharp conflicts existed between commercial and landed interests, debtor and creditor classes, coastal residents and those in the hinterlands, and citizens with either Tory or Whig political preferences. As the new nation developed, its vastness, characterized by geographical regions varying in climate, economic potential, culture, and tradition, contributed to a great heterogeneity. Open immigration policies further led to a diverse cultural mix with a wide variety of racial, ethnic, and religious backgrounds represented among the populace. Symbolically, the notion of the United States as a "melting pot," emphasizing group assimilation, has received much attention, but a more appropriate image may be a "tossed salad."¹²

The Constitution also contributes to a favorable environment for group development. Guarantees of free speech, association, and the right to petition the government for redress of grievances are basic to group formation. Because political organization often parallels government structure, federalism and the separation of powers principles embodied in the Constitution have greatly influenced the existence of large numbers of interest groups in the United States.

The decentralized political power structure in the United States allows important decisions to be made at the national, state, or local levels. Even within governmental levels, there are multiple points of access. For example, business-related policies such as taxes are acted upon at each level, and interest groups may affect these policies in the legislative, executive, or judicial arenas. Because several organizations such as the U.S. Chamber of Commerce are federations, their state and local affiliates often act independently of the national organization. Numerous business organizations thus focus on the varied channels for access.

In addition, the decentralized political parties found in the United States are less unified and disciplined than parties in many other nations. The resulting power vacuum in the decision-making process offers great potential for alternative political organizations such as interest groups to influence policy.

Finally, American cultural values may well encourage group development. As Alexis de Tocqueville observed in the 1830s, values such as individualism and the need for personal achievement underlie the propensity of citizens to join groups. Moreover, the number of access points—local, state, and national—contributes to Americans' strong sense of political efficacy when compared to that expressed by citizens of other nations.¹³ Not only do Americans see themselves as joiners, but they actually tend to belong to more political groups than do people of other countries.¹⁴

Theories of Group Development

A climate favorable to group proliferation does little to explain how interests are organized. Whatever interests are latent in society and however favorable the context for group development may be, groups do not arise spontaneously as a result. Farmers and a landed interest existed long before farm organizations first appeared; laborers and craftsmen were on the job before the formation of unions. In a simple society, even though distinct interests exist, there is little need for interest group formation. Farmers have no political or economic reason to organize when they work only for their families. In the early history of the country before the industrial revolution, workers were craftsmen,

often laboring in small family enterprises. Broad-based political organizations were not needed, although local guilds often existed to train apprentices and to protect jobs.

David Truman has suggested that increasing societal complexity is fundamental to group proliferation, characterized by economic specialization and social differentiation.¹⁵ In addition, technological changes and the increasing interdependence of economic sectors often create new interests and redefine old ones. Salisbury's discussion of American farming is instructive:

The full scale commercialization of agriculture, beginning largely with the Civil War, led to the differentiation of farmers into specialized interests, each increasingly different from the next. . . . The interdependence which accompanied the specialization process meant potential conflicts of interests or values both across the bargaining encounter and among the competing farmers themselves as each struggled to secure his own position.¹⁶

Many political scientists assume that an expansion of the interest group universe is a natural consequence of growing societal complexity. According to Truman, however, group formation, "tends to occur in waves" and is greater in some periods than in others.¹⁷ Groups organize politically when the existing order is disturbed and certain interests are, in turn, helped or hurt.

Not surprisingly, economic interests develop both to improve their position and to protect existing advantages. For example, the National Association of Manufacturers (NAM) originally was created to further the expansion of business opportunities in foreign trade, but it became a more powerful organization largely in response to the rise of organized labor.¹⁸ Mobilization of business interests since the 1960s often has resulted from threats posed by consumer advocates and environmentalists.

Disturbances that act to trigger group formation need not be strictly economic or technological. Wars, for example, place extreme burdens on draft-age men. Thus, organized resistance to U.S. defense policy arose during the Vietnam era. Likewise, broad societal changes may disturb the status quo. The origin of the Ku Klux Klan, for example, was based on the fear that increased numbers of ethnic and racial minorities threatened white, Christian America.

Truman's theory of group proliferation suggests that the interest group universe is inherently unstable. Groups formed from an imbalance of interests in one area induce a subsequent disequilibrium, which acts as a catalyst for individuals to form groups as counterweights to the new perceptions of inequity. Group politics thus is characterized by

successive waves of mobilization and countermobilization. The liberalism of one era may prompt the resurgence of conservative groups in the next. Similarly, periods of business domination often are followed by eras of reform group ascendancy. Entering the 1990s, a period of post-Reagan reform may well develop, with groups pushing environmental and family issues coming to the fore.

Personal Motivations and Group Formation

Central to theories of group proliferation are the pluralist notions that elements of society possess common needs and share a group identity or consciousness, and that these are sufficient conditions for the formation of effective political organizations. Although the perception of common needs may be necessary for political organization, whether it is sufficient for group formation and effectiveness is open to question. Historical evidence documents many instances in which groups do not emerge spontaneously even when circumstances such as poverty or discrimination would seem to require it.

Mancur Olson effectively challenged many pluralist tenets in *The Logic of Collective Action*, first published in 1965. Using a "rational economic man" model as the basis of his analysis, Olson posited that even individuals who have common interests are not inclined to join organizations that attempt to address their concerns. The major barrier to group participation is the "free-rider" problem: "rational" individuals choose not to bear the participation costs (time, membership) because they can enjoy the group benefits (such as favorable legislation) whether or not they join. Groups that pursue "collective" benefits, which accrue to all members of a class or segment of society regardless of membership status, will have great difficulty forming and surviving. According to Olson, it would be economically irrational for individual farmers to join a group seeking higher farm prices when benefits from price increases would be enjoyed by all farmers, even those who contribute nothing to the group. Similarly, it would be irrational for an individual consumer to become part of organized attempts to lower consumer prices, when all consumers, members or not, would reap the benefits. The free-rider problem is especially serious for large groups because the larger the group the less likely an individual will perceive his or her contribution as having any impact on group success.

For Olson, a key to group formation—and especially group survival—is the provision of "selective" benefits. These rewards, such as travel discounts, informative publications, and the like, go only to members. Organizations in the best positions to offer such benefits are those initially formed for some nonpolitical purpose and that ordinarily provide material benefits to their clientele. In the case of unions, for

example, membership may be a condition of employment. For farmers, the American Farm Bureau Federation (AFBF) offers inexpensive insurance, which induces individuals to join, even if they disagree with AFBF goals. In professional societies, membership may be a prerequisite for occupational advancement and opportunity.

Olson's notions have sparked several extensions of the rational man model, and a reasonably coherent body of "incentive theory" literature now exists.¹⁹ Incentive theorists view individuals as rational decision makers, interested in making the most of their time and money by choosing to participate in those groups that offer benefits greater than or equal to the costs they incur by participation.

Three types of benefits are available. As an economist, Olson was most concerned with *material* benefits—tangible rewards of participation, such as income or services that have monetary value. *Solidary* incentives—the socially derived, intangible rewards created by the act of association, such as fun, camaraderie, status, or prestige—also are significant. Finally, *expressive* (also known as *purposive*) rewards—those derived from advancing a particular cause or ideology—clearly are important in explaining individual actions.²⁰ Groups formed on both sides of such issues as abortion or the Equal Rights Amendment (ERA) illustrate the strength of such expressive incentives.

The examination of group members' motivations, and in particular the focus upon nonmaterial incentives, allows for some reconciliation between the traditional group theorists' expectations of group development and the recent rational actor studies, which emphasize the barriers to group formation. Nonmaterial incentives, such as fellowship and self-satisfaction, may encourage the proliferation of highly politicized groups and, according to Terry Moe, "have the potential for producing a more dynamic group context in which politics, political preferences, and group goals are more centrally determining factors than in material associations, linking political considerations more directly to associational size, structure, and internal processes."²¹ Indeed, pure political benefits may attract potential members as well, and even collective benefits can prove decisive in inducing individuals to join large groups. Like elected officials, groups may find it possible to take credit for widely approved government actions, such as higher farm prices, stronger environmental regulations,²² or the protection of Social Security.

Finally, several recent studies indicate that the free-rider problem may not be quite the obstacle to participation that it was once thought to be, especially within an affluent society. Albert Hirschman, for example, has argued that the costs and benefits of group activity are not always clear; in fact, some "costs" of participation for some individuals,

such as time and effort expended, might be regarded as “benefits,” in terms of personal satisfaction, by others.²³ Other researchers have questioned whether individuals even engage in rational, cost-benefit thinking as they make membership decisions. Michael McCann noted that “there seems to be a general threshold level of involvement below which free rider calculations pose few inhibitions for . . . commitment from moderately affluent citizen supporters.”²⁴ In short, there is increasing evidence that in the modern era individuals may join and participate in groups for reasons beyond narrow economic self-interest or the availability of selective benefits.²⁵

Contemporary Interest Group Politics

Several notable developments mark the modern age of interest group politics. Of primary importance is the large and growing number of active groups and other interests. The data here are sketchy, but one major study found that most current groups came into existence after World War II and that group formation has accelerated substantially since the early 1960s.²⁶ Also since the 1960s groups have increasingly directed their attention toward the center of power in Washington, D.C., as the scope of federal policy making has grown, and groups seeking influence have determined to “hunt where the ducks are.” As a result, the 1960s and 1970s marked a veritable explosion in the number of groups lobbying in Washington.

A second key change is evident in the composition of the interest group universe. Beginning in the late 1950s political participation patterns underwent some significant transformations. Conventional activities such as voting declined, and political parties, the traditional aggregators and articulators of mass interests, became weaker. Yet at all levels of government, evidence of citizen involvement has been apparent, often in the form of new or revived groups. Particularly impressive has been the growth of citizens’ groups—those organized around an idea or cause (at times a single issue) with no occupational basis for membership. Fully 30 percent of such groups have formed since 1975, and in 1980 they made up more than one-fifth of all groups represented in Washington.²⁷

In fact, a participation revolution has occurred in the country as large numbers of citizens have become active in an ever-increasing number of protest groups, citizens’ organizations, and special interest groups. These groups often comprise issue-oriented activists or individuals who seek collective material benefits. The free-rider problem has proven not to be an insurmountable barrier to group formation, and many new interest groups do not use selective material benefits to gain support.