THE INFLUENCE AND BEHAVIOR OF INTEREST GROUP LEADERS IN THE PUBLIC DECISION PROCESS: A MODEL WITH FOUR RURAL APPLICATIONS

Dissertation for the Degree of Ph. D.

MICHIGAN STATE UNIVERSITY

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1975

This is to certify that the

thesis entitled

The Influence and Behavior of Interest Group Leaders In the Public Decision Process: A Model with Four Rural Applications

presented by

Allen Carl Grommet

has been accepted towards fulfillment
of the requirements for

Ph.D. degree in Agricultural Economics

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Date January 10, 1975

O-7639

ABSTRACT

THE INFLUENCE AND BEHAVIOR OF INTEREST GROUP LEADERS IN THE PUBLIC DECISION PROCESS: A MODEL WITH FOUR RURAL APPLICATIONS

By

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This study seeks to determine how large interest groups gain influence in public decisions. To the extent that these groups or their leaders are successful in this task, students of the decision process should want to know those mechanisms to either apply them or recommend curbs for important abuses.

As occupations and production mechanisms become more specialized, each of the separate tasks becomes more interdependent on the others. This interdependence increases uncertainty and externality problems that are the costs added from aggregating and coordinating related, but functionally separated, operations and from exogenously determining more of the input variables. As these costs increase, each separate interest usually turns to the public sector for behavioral guidelines and help for failures considered beyond their control. Interest groups are a means to vent those concerns.

Rather than concentrating on the day to day activities of a group or its leadership, this study focuses on the strategies underlying the group's attempt at influence. This entails recognizing the

ideological base of a particular group, the principle concerns of its members, the availability of influential resources, and access to the decision-makers.

The central figure of the analysis is the group leader. Leaders are the principle spokemen for interest groups and generally control the group resources. Traditionally, leaders are the core portion of the membership and are the most dedicated to the objectives and goals of the organization. Furthermore, the leadership usually gains the most from the successes of the organization's efforts.

The role of the leader is examined in both the context of his relationship with members and in his relationship to decision-makers and other figures who are also attempting to influence public decisions. The emphasis, however, is on the latter relationship with the leader as a participant in the public decision process.

The public decision process is viewed as a trading exchange wherein decision-makers, interest group leaders, and other players interact to barter over issues. The decisions ultimately balance the intensity of feeling among the various traders and reflect the strengths of the interests which are successful in bargaining for their position.

The scope of the study includes consideration of decisions made in the legislative, executive, and judicial branches of the federal and state governments. Conceptual models are drawn from four disciplines: economics, political science, sociology, and mathematics. This work is another extension of the current economic leterature adapting to the public good market certain concepts developed in the private market. N-person game theory suggests the framework for maximizing a leader's strategical interaction in the public decision process.

Unfortunately, the model cannot be tested with any substantial mathematical rigor. Instead, a case study approach is used to examine appropriateness of the model in real-world policy debates. Four cases are used. They explain and analyze the decision process evidenced for the Agriculture and Consumer Protection Act of 1973, the Colorado River Basin Act of 1968, the Michigan Agriculture Marketing and Bargaining Act of 1972, and the farm truck driver revisions of the Bureau of Motor Carrier Safety in 1972.

Among the conclusions reached is the idea that groups have different comparative advantages depending on the level of government in which the decision is made. Low governmental levels begin with subcommittees or committees of the legislature. Advancement is made to the floor of the first legislative body, to the second legislative body, legislative conferences, executive agencies, the White House, and ultimately to the Supreme Court or Constitutional amendment. The levels cut across and include all three branches of government. As issues are decided at higher governmental levels, additional interests have legitimate entry to the debate. Groups which concentrate on singular or identifiable issues tend to have a comparative advantage at the lower levels of governmental decision-making. Multi-interest groups, such as large-sized organizations, tend to have comparative advantages at higher levels of government where a large number of interests have legitimate access to debates.

Groups jockey for a position which allows them to bargain influentially. Changes in the relationship between groups (i.e., the ability to cooperate) effects their ability to reconcile differences at lower levels of government which in turn determines the level at which the public decision will be made. Thus, the public position of each group participating in the process affects their ability to form winning coalitions. This in turn affects the size or kind of group which will be most influential.

The decisions on an issue are final when the traders are willing to accept the terms of the decision at that level. When either the costs of continuing the debate at higher levels or the decision is acceptable, a group will not extend the debate to higher levels.

With more traders participating in the process, more trades are possible. Too many additional trading partners, however, increases the cost of bargaining. Consequently, the ideal combination and number of traders may depend on the level of government at which the decision is made which coincidentally is determined by the ease with which competing interests can find agreement.

The influence of a particular leader is dependent on the governmental level of public policy decisions, his ability to participate in winning coalitions, and the available group resources. The willingness of the group leader to pursue influence will be determined largely by his welfare function. This function reflects salary, prestige, and perquisites available through holding the office.

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A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Agricultural Economics

1975

This dissertation is dedicated to my parents

FLOYD and WILMA GROMMET

for their continuous support and encouragement.

ACKNOWLEDGMENTS

The interdisciplinary approach of this research made me extraordinarily reliant on advice outside my department and major discipline. I am indebted to all those who gave of their time to make this project possible.

I express my humble gratitude to my program and thesis adviser, Dr. James T. Bonnen. His personal warmth and helpful guidance will be a model for the remainder of my career. Undoubtedly, he made my work far more relevant than it otherwise would have been. Many of the conceptual ideas presented here must be credited to him.

Special thanks is given to my thesis committee. Dr. David Rohde in the Political Science Department advised me of the notion of anticipatory trades in public decisions and helped me appreciate the complexities of governmental decisions. Dr. Denton Marrison in the Sociology Department directed my progress to understand societal pressures outside economics that prevail on interest group activity.
Dr. A. Allan Schmid in the Agricultural Economics Department impressed upon me the importance of rigorous and precise identification of the trades in public decisions. Dr. Daniel Kruger in the School of Labor and Industrial Relations, a member of my program committee, allowed time to read and suggest important improvements in my thesis draft.

My appreciation extends to the Michigan Agricultural Experiment Station, the Agricultural Economics Department, and Dr. Harold Riley, Department Chairman, for their continuous financial support of this project.

Special thanks go to my wife, Janet, for her invaluable proof reading, extensive typing including the final thesis copy, and her sympathetic understanding of social science research all while she pursued a biological science Ph.D. degree of her own.

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CHAPTER I

INTRODUCTION

Identification of the Problem

Interest groups influence public decisions. Their members join to attain benefits either directly from the group or indirectly through public programs. Their leaders, however, direct the group resources to win public benefits and to return enough other benefits of all kinds for continued membership interest. The roles of interest group members, group leaders, and the decision-makers they influence are unique in the public decision process.

Interest group impact varies on the decision process. Often the seemingly least effective groups are among the most successful at attracting and maintaining membership. The variety of interest groups appears to allow persons an alternative to elected public officials for expressing their position on public issues. Group leaders seem to use a number of strategies and tactics to win or lose their goals. Perhaps a pattern or method of group behavior and influence can be deduced.

Ideologies or values and beliefs tend to give direction to the desires of people. As constituents these people are able to affect the types of governmental programs adopted by elected decision-makers. While ideologies help describe which groups in a society may work together, they do not accurately predict which coalition of groups will win public debates or describe strategies and tactics of

groups in a winning coalition. Maybe then within the ideological constraints of a governed citizenry, a conceptual framework can be derived for understanding the methods of influence for individual groups.

The central questions are as follows: What constitutes and alters the influence of interest groups? When an organized group of people have a gripe, how do they get something done about it? How does an interest group leader use the group's resources to satisfactory or maximum advantage in attaining public policy objectives?

Influencing public decisions can be a long involved process. Public decision-makers must be made aware of the problem. And the decision-makers must be sufficiently convinces that the action the group desires is the "right" decision to make. Introduction of other interst groups with potentially opposed views and the contrary values of individual decision-makers complicate the problem.

The popular press draws attention to the brash tactical methods of lobbying by interest groups. But public relations, open bribing of legislators, and personal contracts are not the whole story or even the major part of the story. Why are some interest groups ignored while others are intimately involved in decision-making activities? Why do some highly visible interest groups fail to gain significant action in public programs? To quote from V. O. Key (1964, p. 130):

> As he speculates about the significance of pressure groups the student may well keep in mind a warning about the popular stereotypes of these organizations. The term "pressure" itself can be misleading, for much of the work of these groups does not involve turning the heat on Congress. Nor is the notion correct that groups invariably seek indefensible privilege; their objectives spread over as wide a spectrum of good and evil as do the motives of mankind generally. The view that pressure groups are pathological growths in the body politic

> is likewise more picturesque than accurate. A safer assumption is that groups developed to fill gaps in the political system.

Quite logically there are some determinants of influence that depend on strategic positioning of an interest group. Because of planning in advance, an interest group may be more effective in gaining access to decision-makers, achieving support from other interest groups, and building other factors for successful passage of public programs. How does an interest group approach such planning?

Interest groups in all sizes and shapes differ in the number of issues of concern, the actual content of the issues of concern, the forcefulness of their positions, and still others. To simplify the analysis, certain parameters may be established on the type of interest group examined. This analysis concentrates on established organizations with large memberships, e.g. over 10,000 members. The group leadership is selected regularly and for a relatively short term, e.g. elected annually. This type of organization will attempt to influence government programs of more than one kind although it may represent one primary area of interest. Within those interests the group strives to maximize its influence.

The above definition separates this analysis from that applicable to groups including members benefiting enough from public programs that each would gain by supporting the entire cost of the lobby effort. Furthermore, groups limited to one issue, such as specialized trade groups, build their influence on different resources and strategies. While parts of the analysis may apply to these one-interest groups, the strategic bargaining among interest groups surely will not.

Unorganized groups are excluded because initiating a group structure entails some special problems. Even though those problems are quite interesting and related to the subject examined here, these matters are left for future study. In summary, this analysis examines the determinants of influence for all large multi-interest groups.

The central figure is the leadership. Leaders are the principal spokemen for interest groups and generally control the group resources. Traditionally, leaders are the core portion of the membership and are the most dedicated to the objectives and goals of the organization. Furthermore, these leaders are also that portion of the membership gaining most from the successes of the organization's efforts. Many of these gains are personal such as prestige and salary. To quote again from V. O. Key (1964, p. 126):

> In the formation of the views of interest groups the controlling oligarchy, the "active minority," usually plays an influential, if not a determinative, role. The leadership may indoctrinate the membership, speak in the name of the group without much guidance from group sentiment. The character of these internal group relations becomes a matter of public concern as the organs of the group seek to influence the course of public policy.

Often the motives of the group membership and leaders differ. Members may join to save on jointly purchased items and for access to professional information. Leaders, however, may seek their position for salary, for the purpose of championing public programs, or for the prestige of association with important public figures. In order to understand interest group behavior, these motivations will be examined and leader strategies in the public decision-making process will be explored.

Leadership is defined as a role rather than a description of certain individuals. Often aspects of one individual who at one moment serves as a recognized leader will also at another moment appear more as a member. This research examines his behavior when serving as a leader.

Selection of this topic recognizes the growing importance of interest groups. As occupations and production mechanisms become more specialized, each of the separate tasks becomes more interdependent on the others. This interdependence increases uncertainty and externality problems that are the costs added from aggregating and coordinating related but functionally separated operations and from exogenously determining more of the input variables. As these costs increase each separate interest usually turns to the public sector to standardization guidelines and help for failures considered beyond their control.

Furthermore, the specialized interests tend to include fewer people in each category, and consequently, they can organize less expensively. As this representation becomes more effective, the more special favors public decision-makers appear to grant. And the more favors granted the greater the incentive for additional interests to join the process. In the words of Buchanan and Tullock (1962, pp. 286-287):

> . . . as the importance of the public sector has increased relative to the private sector, and as this expansion has taken the form of an increasingly differential or discriminatory impact on the separate and identifiable groups of the population, the increased investment in organization aimed at securing differential gains by political means is a predictable result.

Much of the problem that public decision-makers face in controlling the growing state and national budgets occurs because of the expanding influence of special interests.[1] Specialized groups develop effective means of gaining favors for the small part of the budget affecting them. As the influence of one interest group improves, other actors in the policy process are relatively disadvantaged. This research seeks to improve the knowledge of interest group behavior and influence methods in the public sector.

Analytical Framework

The term influence has been used loosely without appropriate definition. A suitable description for influence is the ability to attain results without force or direct authority. Interest group influence does not result from the raw ability to command given actions. Rather, the term implies the use of available incentives and and knowledge to tempt governmental officials and legislators to take a desired action. No big stick is available to interest groups, only the ability to persuade.

Support is an influential action taken in another's behalf. This may and usually will occur in return for reciprocal support on another issue. Support may be publicity, votes, monetary contributions, information, or other politically useful items of trade. A

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[1]Don Paarlberg in a seminar presented at Michigan State University, East Lansing, Michigan, March 21, 1974. He suggested that the growing effectiveness of interest groups is ruining sensible budget control through a ratchet-like effect as additional special interest groups gain still more special costly programs while none of the other groups appear directly to confront each other.

more complete description of political trading will be given in Chapter 3.

In a theoretical sense, such as in game theory, a strategy is a plan of choices covering all possible contingencies. For every possible choice made by other policy actors, an interest group leader may pre-plan his response so as to maximize his potential outcome. Strategy is a heuristic concept to pre-plan the "best" moves. In the real world, and in much of this study, the assumption of identifying all possible contingencies may be relaxed to include only the most probable contingencies in the strategy plans.

Interest groups are identifiable organizations of people that tend to have common problems and desires. The group of people must be numerically large. Interest groups are usually small enough, however, to represent only a minority of the population that is asked to act on the groups' problems and desires. While the term interest group implies only one main concern, the term will be used to describe any large organized group attempting to influence a number of policy decisions affecting the group.

Decision-makers in this analysis are governmental figures in either the legislative, executive, or judicial branch. Thus, the decision-makers are legislators, the president or governor, agency heads, administrators, judges, and others making decisions on public programs. Various interest groups tend to direct their efforts at one branch of government. The legislative branch has traditionally been the working sphere of lobbyists. The very fact that numerous rather than just a few individual legislators must make a decision on each bill facilitates bargaining and trading vital to interest groups. Recent press coverage of the dairy lobby's influence on the president highlights interest group potential in the executive branch.[2] And certainly no one would deny the importance of the NAACP court cases propagating racial integration.[3]

The leaders of an interest group may be defined as the principle organizational decision-makers. In many groups the leader would be the president. In others the leader may be a hired executive secretary where the presidency is only perfunctory. And still in other groups, a board of directors or executive committee may make the important decisions. Thus, the leadership of a group may be singular or collective and may even vary with the personalities selected for available positions.

The term goods will be used in a non-normative sense. They may be good or bad, but here the intent of the term is to describe the package of services, programs, items, or products offered by the interest group. This usage of the term follows the economic literature.

Selective goods are saleable to individual persons. The effect of their good or bad qualities can be excluded from other persons wanting and those not desiring the effects of the good.

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[2]See the article by William V. Shannon, "Milk Run," New York Times, September 15, 1972, and many subsequent news articles covering the dairy coop's contributions to President Nixon's 1972 campaign.

[3]See especially the 1963 U.S. Supreme Court case NAACP v. Button in which the court ruled ". . . litigation may well be the sole practicable avenue open to a minority to petition for redress of grievances."

Collective goods, on the other hand, have a joint impact on people (e.g., military defense protection), a high associated cost of excluding non-paying users (e.g., use of secondary roads), or both. Joint impact refers to a situation when a good is provided it affects all individuals whether or not they want or dislike the good. High exclusion costs refers to the situation where a good may be provided to a group of people cheaper than it may be provided to just those individuals wanting the good.

Some discrepancy exists regarding the direction of causality in public decision-making. Various models suggest that officials seek election by promising prominent groups of constituents what they want. The action flows from official to the group. To a great extent public policy, therefore, simply reflects public officials' perception of comparative group strengths. The official makes strategic moves as he seeks election, reelection, or appointment. Alternatively, public officials may respond to the changing relative group strengths. That is, instead of public officials and candidates jockeying for advantageous positions, the interest groups maneuver to gain additional influence over the decisions of public officials.

Gamson (1968, p. 2) discusses this same dichotomy:

> One view takes the vantage point of potential partisans and emphasizes the process by which such groups attempt to influence the choices of authorities or the structure within which decisions occur. The second view takes the vantage point of authorities and emphasizes the process by which they attempt to achieve collective goals and to maintain legitimacy and compliance with their decisions in a situation in which significant numbers of potential partisans are not being fully satisfied.

Gamson concludes that both perspectives are helpful and essential to understanding "power and discontent" within a society. The goal of this research differs in that it tries to find how the leadership of a preestablished group maximizes that power or influence.

This research starts with a preconception that emphasizes the "interest group initiative" approach. While in the real world both the above approaches will undoubtably have some effect, the defined problem area is as follows: How do interest group leaders attain their influence? Even though the direction of causality affecting public policy may occur in both directions, changes in interest group strength are presumed to have significant impact on public decision-making.

Substitutability is particularly important if a group is to understant how to compensate for a diminished factor. For example, how much money balances the effect of a smaller group membership?

This research is deductive in nature. A model of the public policy process will be tested against empirical situations to deduce generalizations which explain interest group leader behavior and their potential methods of influence.

Scope of the Study

This study is directed at interest group influence generally, but the Michigan and United States governments provide specific case material. As mentioned previously, the analysis will deal only with the governmental sector. That does not negate applying the principles employed and results found to the private sector on appropriate occasions, but the intention concentrates on the public decision process. A state and national level are chosen rather than lower governmental levels because the operation of interest groups are similar at these levels. Furthermore, these are the levels at which the major interest groups direct most of their political effort. The State of Michigan and the United States government are chosen because of the convenience of examination and the significance of impact at the federal level, respectively.

The public policy decision model derived is meant to apply to public decisions made in all three branches of government. Case studies are drawn from legislative, executive, and judicial decision-making.

This research uses analytical tools from four disciplines: economics, political science, sociology, and mathematics. The exchange concept as the basic premise for attaining influence stems from economic theory. Just as trades in the private market enable consumers to attain their wants, the trades over public programs allow interest group leaders, legislators, and other participants in the public policy process to gain some of their desires. In this context, this work is another extension of the current economic literature adapting to the public good market certain concepts developed in the private market.

Analysis of public institutions, decision-making, and decision-makers are within the perview of political science theory. Principles of political science theory shed explanatory light on the policy process within which interest group leaders operate.

Sociological theories facilitate understanding the broader scheme of human interaction: Why do people join groups, what functions do groups fulfill in society, and how do groups affect the behavior of participants? The problems underlying group action manifest in a group's public influence and the complacency or unrest in its membership.

And finally, the game theory and coalition principles are derived from mathematics. These theoretical concepts are useful to interpret the strategical options open to interest group leaders when bargaining for influence. While this research will not test the public policy model with any substantial mathematical rigor, game theory is necessary to the conceptual analysis.

While many facets of organization theory are involved in studying interest group behavior and influence, this work will examine only the potential behavior and influence of leaders in existing groups. That is, the problems of organizing a group from "scratch" are not a part of the study. This restriction will not preclude increasing the membership of an organized group nor does it deny a common sharing or an interaction between the variables explaining the two different behaviors.

Research Objectives

The research objectives of the study are as follows:

1. To review the literature relevant to understanding interest group influence

2. To develop a conceptual model of interest group leader influence in the public decision-making process. This model in-

cludes a determination of the significant factors affecting the strength of interest group leaders

3. To use the model to predict interest group leader behavior in the public decision process

4. To test the model by observing case study situations where real world groups participated in public decisions

5. To suggest related areas of work for other to test

Study Design

The study includes an examination of the relevant literature on interest groups and their methods of gaining influence, a conceptual background of group leader interactions, the development of a theoretical model of the public decision process, a rudimentary test using case studies of interest group roles in public decision making, and concludes with a summary of the important results.

Taking the parts individually, the review of literature includes prior research and publications covering the initial work on organizational concepts, interest group impacts on the policy process, the special politics of adjudication, the sociological exchange process, the political exchange process, and strategy building through game theory and coalitions. This literature provides the foundation for the exchange model proposed in this research.

Understanding interest group leader participation in the public decision process requires a background of the public trading environment. Chapter III includes a conceptual description of differences between group leaders and members, an explanation of the factors constraining leaders, an interpretation of the sociological impacts on group behavior, and an enumeration of possible interest group trades in both legislative and adjudicative situations.

The theoretical model attempts to explain interest group leader behavior and the ingredients of leader influence in the context of the larger public decision process. Various parts of the model are examined separately. The simple concepts of exchange are expanded in an attempt to explain leadership behavior manipulation of these changes to expand their influence. These manipulations are analyzed through N-person games in terms of identifying appropriate strategies for potential public decision conditions.

Case problems are used to test the model. These cases examine actions of public decision-makers and interest group leaders involved in passing the Agriculture and Consumer Protection Act of 1973, the Colorado River Basin Act of 1968, the Michigan Agricultural Marketing and Bargaining Act of 1972, and in reexamining the farm truck driver regulations in the United States Bureau of Motor Carrier Safety. This case study approach avoids a rigorous analysis that would not be possible with the intangible characteristics of the factors. Given the current state of the conceptual knowledge, case studies appear most appropriate to examine this broad and highly complex political process.

The conclusions of the study, in Chapter VI, indicate that much of interest group leader behavior can be predicted. Much of the behavior is explained by interest group leader attempts to gain influence in the public decision process.

A leader's influence depends on the governmental level of public policy decisions, his ability to participate in winning coalitions, and the available resources. Public policy-making includes decisions made at a number of governmental levels. The decision is made, for all practical purposes, when competing interests compromise their differences and/or accept the decision as the best they can afford to attain. Winning coalitions develop from strategies structured in the context of N-person games. Group resources may depend on the size of the group, the commitment of its members, the issue under consideration, the number of issues deemed important, the organizational constraints, and other factors.

CHAPTER II

A SUMMARY REVIEW OF RELEVANT LITERATURE

This chapter is a review of the development of the literature applicable to this study. While there is an extremely large amount of literature that could be summarized here, the review is not intended to cover all source possibilities. The intention is to focus on the more important related works and to pinpoint the significant elements in the theory pertaining to this analysis.

The following areas will be reviewed:

1. Initial work in related areas
2. Interest groups and linkages to decision-makers
3. Judicial politics
4. Sociological exchange process
5. Political exchange process
6. Game theory
7. Coalitions

Initial Work in Related Areas

Organization Theory

One of the first social scientists to research organizations was Max Weber. Talcott Parsons translated part 1 of Weber's Wirtshaft und Gesellschaft to The Theory of Social and Economic Organization (1947). Weber centered on the development of organizations and the roles of their members in the greater scheme of human development. He organized his work around the concepts of sociology, sociological relationships with economics, types of authority and coordination and summarized the impact of these factors on social stratification and class structure. Because of his emphasis on the economic ramifications on sociological phenomena his organizational analysis was slanted toward corporate, business models.

Weber's discussion of authority appeared relevant to understanding the position of interest group leaders. He set forth types of authority: rational-legal, traditional, and charismatic. While all influence the behavior of a leader this thesis will build upon the first type. His analysis described the roles of individuals in authoritative positions. Essentially leadership is analogous to a pyramid. Each of the levels of the structure gains power "fundamentally" by controlling knowledge; each level has greater and greater control. Rationality characterizes these leaders through precision, stability, discipline, and reliability (Weber, 1947, p. 337).

Chester Barnard in The Functions of the Executive (1938) took a more specific approach in his contribution to organizational theory. He provided a comprehensive theory of cooperative behavior in formal organizations, mainly in management situations. From his view as an executive and not an academic, he explained the relationship between members and groups in cooperative endeavors, the theory and structure of organizations, the essentials of organization leadership, and the functions of business organizations.

While this outlook is admittedly biased toward a business management application, it still offers potential applications for interest groups. Executive and interest group leader decision-making are similar; Barnard felt both types of leaders use incentives balanced with persuasion. The proportions of each depends on the type of organization. Incentives that may be offered to individuals are "material inducements, personal non-material opportunities, desirable physical conditions, (and) ideal benefactions" and generally are "associational attractiveness, adaptation of conditions to habitual methods and attitudes, the opportunity of enlarged participation, (and) the condition of communion" (Barnard, 1938, p. 142). A successful organization will efficiently meet all these individual goals and will effectively achieve the collective aims.

Bernard defined an organization as a "system of consciously coordinated activities or forces of two or more persons" (1938, p. 81). He attempted to describe the psychological, biological, and social limitations on an organization and its individual members. Furthermore, he explained the unique qualities and necessary functional structures of organizations. The essential elements of a viable organization are "communication, willingness to serve, and common purpose" (Barnard, 1938, p. 82). Barnard categorized organizations as formal and informal and subcategorized formal organizations as complete, incomplete, subordinate, and dependent.

Herbert Simon in Administrative Behavior (1945) expanded Bernard's concepts of organization to develop a theory of business administration behavior. The organization surrounding the administrator affects this behavior. Administrative behavior centers on "the boundary between the rational and non-rational aspects of human social behavior" (Simon, 1945, p. xxiv). Essentially, he concluded that administrators tend to satisfice rather than maximize their goals. Thus, decisions yielding good results rather than the best results defines a new kind of decision-maker.

The similarity of the decision-making process in business and interest groups is significant for the proposed research. Just as Simon discussed "entrepreneurs," "customers," "employees" (1945, p. 18), the similarity of roles in voluntary, religious, government, and business organizations make his analysis applicable in some degree to all roles.

Economic Theory Applications

Anthony Downs in An Economic Theory of Democracy (1957) used economic principles to analyze the democratic government decision-making processes. Even though this is a change from the business firm to the public government as a unit of analysis, much of his treatment of the "politics" of leadership is the same.

Downs started with the basic assumption of rationality for voters, political parties, and public decision-makers. By introducing the constraints of uncertainty and information costs, his model explains much of the behavior of voters, parties, and decision-makers in democracies. Persuasion stems from the uncertainties among voters. A voter need not change his mind if he is already certain of the results or impact from his decision. To the extent that there are doubts, competing leaders work to persuade. This uncertainty affects some voters more than others. Rational voters will want to reduce this uncertainty by seeking additional information. However, information costs and economies of scale result as leaders develop the information flow system. Control over information results in power in the decision-making process.

James M. Buchanan and Gordon Tullock in The Calculus of Consent (1962) expanded the rational thought patterns by basing their book on the individual. They adapted the micro-economic model to describe the individual decision-making calculus of collective choices and pointed out that collective decision-making entails two separate costs. These costs are both external: 1.) the costs to an individual of action taken against his will and decision-making, and 2.) the costs of convincing others of your point of view. When these two costs are combined, the total lowest cost will vary as a proportion of the total group size and other factors. As for size, the larger the group the higher the decision-making costs expected; therefore, reaching a decision requires a lower percentage of the total group.

Near the end of their book, Buchanan and Tullock explored the possibility of treating separate interest groups as individuals when influencing the public decision process. They surmised that pursuing all these separate interests would exploit the general welfare of the population as a whole. As each interest rationally tries to attain a program bestowing inordinate benefits for itself while the costs are evenly divided over the population, the total or generalized interest will end up supporting more costly programs than if each of the groups aggregately considered the decisions. Thus, organized interest groups can improve the relative position of its members, but in doing so the aggregate effect hurts the total population by employing resources at greater than optimal levels.

As expressed in their work logrolling and bargaining in the legislative process allows the minority to express their wishes; this allows the minority to bargain for otherwise unobtainable benefits in exchange for votes favoring important benefits for the majority.

Interest Groups and Linkages to Decision-Makers

Interest Groups as Participants

Arthur Bentley in his classic work, The Process of Government (1908), suggested that interest groups form where a common interest exists. His anthropological approach described the "forces of nature" at work in a functioning government. Bentley defined an interest group by comparing it to other groups rather than to itself. Once an interest group forms, it will exist until it clashes with changing group interests or stronger competitive groups. All branches of government respond to the state of interest group strengths and desires.

Building on the Bentley analysis, David Truman in The Governmental Process (1971) continued the view that interest groups naturally arise around common interests. He concentrated on the role of interest groups in the governmental process and emphasized the how, where, and who of forces in governmental decisions. Decidedly less importance is placed on how interest groups form or build their political strength. As a description of the impact of interest group conflicts on the public decision process, Truman neglected to analyze why some interests are organized while others are not or the contribution of non-political groups to their political successes.

V. O. Key, Jr. in Politics, Parties and Pressure Groups (1964) explained the outside forces at work in the democratic decision process. Although he emphasized the role of political parties, a significant portion described the many types of pressure groups such as farmers, workers, businesses, and others. Key described the role of pressure groups in the context of one actor among the many influential parties to public decisions. Legislators, bureaucrats, judges, and the press all affect public decisions.

Seen in this context, Key categorized the various techniques of pressure groups as those affecting public opinion, legislators, administrators, courts, and other lobbyists. Decision-making then resolves conflicts among all these various groups. Through careful negotiation pressure groups build credibility, help other actors in the process, and otherwise trade to gain favorable decisions.

Lobbyists

Lewis Dexter in How Organizations are Represented in Washington (1969) and Lester Milbrath in The Washington Lobbyists (1963) described legislative lobbying. Both emphasized the daily activities of successful lobbyists. Writing speeches, providing data, giving unbiased advise, and doing other personal favors are the regular, but important ingredients of building access and credibility. Milbrath even outlined the "elements of a successful presentation" to a legislator. Both authors indicated that a lobbyist's attention to the particulars of legislation differentiate the successful from the unsuccessful.

Dexter and Milbrath differed in their perspective. Milbrath, an academic researcher analyzed the significant lobby techniques reported from a systematic sample of interviews. Dexter, an accomplished lobbyist, revealed the inside thoughts of colleagues at work. Despite this difference, they concluded much the same thing; both deemphasized the significance of lobbying in the total decision process. Neither author explained the interaction process of developing a lobbying strategy. The personal contacts, speech writing, and other activities are not placed in any long-run perspective. Certainly, these activities may have a long-run orientation and may be planned for efficient use. Furthermore, both authors treated lobbyists at such a general level that they did not develop the interface between lobbyists and any large organizations they represent. Milbrath did find in his sample several "lobbyist entrepreneurs" who sold their services to groups or business firms wanting representation on certain issues.

Public Relations

Stanley Kelley, Jr. in *Professional Public Relations and Political Power* (1956) contributed some insight into public relations, one of the tools available to interest group leaders. While he presented the subject for all actors in the public decision-process, it applies to interest group leaders as well as any of the others. Descriptively, positive public relation programs improve public images through selective and concentrated advertising. In terms of long-range strategy, interest group leaders can improve the public image of themselves and their organization so that public support for their programs will be easier to attain. This public support can be an important tradeable item in gaining influence.

Kelley's case study approach offered few guidelines for innovative programs. He pointed out, however, that negligence of this tool could be costly to a leader seeking success.

Judicial Politics

Adjudicative decision-making differs from the legislative process since the decisions are restricted to refined questions and the judicial atmosphere is less clogged with direct influence from colleagues and outside forces. Nevertheless, the literature never failed to point out that the courts are one member of the total governmental process. This means adjudicators are subject to some form of influence from interest groups as well as meaning representatives of other branches of government influence adjudicators.

The literature on interest group involvement in judicial affairs is sparse with the larger proportion written in the latter 1950's and early 1960's. None of the literature dealt with trades involving justices and litigants. Rather, it described organizations attempting to indirectly influence decisions and defined plausible tactics for that purpose.

The United States Supreme Court recognized the legitimacy of interest group efforts in the adjudication process in a series of court cases culminating in NAACP v. Button (1963). The court held that the first and fourteenth amendments granted organizations the right to work for their interests before the courts. Specifically, the court ruled that an association can rightfully represent the interests of its members before the court where the interests are genuine and the association is not in the business of stirring "excessive trouble." In an earlier case, NAACA v. Alabama (1958), the court ruled as follows: "Effective advocacy of both public and private points of view, particularly controversial ones, is undeniably enhanced by group association, as this court has more than once recognized by remarking upon the close nexis between the freedoms of speech and assembly."

Jack Peltason in Federal Courts in the Political Process (1955) offered one of the first comprehensive views of adjudication as part of the political process. His analysis of the federal courts places judges as just one of the actors in the complete political process. And the political process is primarily the conflict of a multitude of interests. The potential impact of interest groups on adjudicators occurs at three points in the process. First, interests may have some impact on the selection of the adjudicators; secondly, interest groups may affect the decisions of adjudicators by pursing resolution of particular cases by developing new interpretations of points of law and by constructing thorough case material; and thirdly, interest groups may influence the amount of enforcement or the preciseness of the interpretation after the decision is made. Some important special conditions of judicial decision-making include the general public ignorance of court or regulatory decisions, the lack of adjudicator visibility, and the absense of credibility for non-lawyers seeking admittance to the process.

Published about the same time as Peltason's work, Victor Rosenblum in Law as a Political Instrument (1955) offered a related study from a different perspective. He examined a series of court cases dealing both with mild order pricing and segregation in public schools. He concluded that the courts recognize the changing views of society as represented by interest groups and respond by changing the weights of conflicting legal principles applying to the cases. Consequently, while judicial decisions are couched in legal verbage, the needs of society as represented by interest groups impact upon court interpretation of the constitution and statutes. Over time the courts reverse and reinterpret the laws to meet public opinion. There is some conflict between accepting majority positions and protecting the minority. One of the main purposes of the court system is to protect the rights of minorities, but history reveals that the courts seldom veer far from public opinion for long periods of time.

Walter Murphy and C. Herman Pritchett (1961) collected in one volume many relevant Supreme Court cases, law review articles, and popular literature on the role of the judiciary in the American political decision process. The general theme is that adjudicators have a role in policy-making and as such take account of the interests affecting policy albeit in a different way than in the legislative process. Chapter VIII Interest Groups and Litigation, one of the more significant chapters, considered group participation in the court process. In this chapter Clement Vose and separately Fowler Harper and Edwin Etherington identified the important interest groups with histories before the Supreme Court as well as evaluated their results.

In a later section excepts from two Supreme Court cases, NAACP v. Alabama and NAACP v. Patty, identified the court position recognizing the right of interest groups to bring suit in courts. And finally, in the last section in Chapter VIII, Wright Patman highlighted the significance of law reviews as a communicator to judges. Locating the most effective median of access to decision-makers leads to effective influence.

Much of the literature on the Supreme Court emphasizes the role of the court as one of the actors in the national policy-making process. In a symposium reviewing the role of the court, Robert Dahl (1957) in his article "Decision-Making in a Democracy: The Supreme Court as a Antional Policy-Maker" maintained that the court must choose among controversial alternatives of public policy and that some of these choices among facts and values are not found in precedents, statutes, or the constitution. "It is in this sense that the court is a national policy maker, and it is this role that gives rise to the problem of the court's existence in a political system ordinarily held to be democratic" (Dahl, 1957, p. 281). After appraising the "majority criterion" and the "criterion of right or justice," Dahl concluded that "the policy views dominant on the court are never for long out of line with the policy views dominant among the law making majorities of the United States. Consequently, it would be most unrealistic to suppose that the court would for more than a few years at most, stand against major alternatives sought by a law making majority" (1957, p. 285).

In Dahl's position, a long-run perspective, he concluded the courts will eventually reflect the wishes of the dominant political coalition of interests. The court is least likely to succeed as a policy-maker where it bucks this coalition and is most likely to succeed on issues affecting weak coalitions, fragile coalitions, or with unimportant issues. The method of selecting and replacing judges may successfully delay national policy changes for a period of time.

> The main objective of presidential leadership is to build a stable and dominant aggregation of minorities with a high probability of winning the presidency and one or both houses of Congress. The main task of the court is to confer legitimacy on the fundamental policies of the successful coalition. There are times when the coalition is unstable with respect to certain key policies; at very great risk to its legitimacy powers, the court can intervene in such cases and may even succeed in establishing policy (Dahl, 1957, p. 294).

The previously noted work by <u>Bentley</u> (1908) included a chapter on interest group activity in the judiciary. This work appeared to be one of the first attempts to include the judiciary as part of the public decision process. Bentley's approach was more descriptive than analytic, however, as he highlighted the importance of interest groups in financing legal battles and otherwise furthering the cause of a special interest through the judicial branch. His analysis mentioned the judicial branch acting as a special interest of its own in the broader decision process.

<u>Truman</u> (1951) included a chapter on interest group activity in the judicial branch as well. His emphasis, too, was on the interrelationship of the judiciary and the public decision process. Without mentioning specific trades, he analyzed interest group activity in gaining access to judges and in promoting court cases. These court cases may be promoted through funding, information source, and especially <u>amicus curiae</u> briefs.

Glendon Schubert in Quantitative Analysis of Judicial Behavior (1959) used mathematical models to examine the decision process among justices of the Supreme Court. While his analysis did not venture into exchanges between court members and outside interests, his research did offer examples of the usefulness of mathematical relationship models in the court process. Schubert examined block, game, and scalogram analysis. All three help in understanding the announced votes of Supreme Court justices. His evidence supported the concept that the court has sub-groups which consistently vote together on similar issues. The models appeared useful as still another tool to predict court decisions. Schubert's primary example of game theory analysis was taken from the Franklin Roosevelt period where he clearly identified three groups among the nine Supreme Court justices. The record revealed that members of each of the groups consistently voted with each other and that the real bargaining occured among members of the bench. The analysis could then be handled in a three person game. Furthermore, in many periods in the court's history, he found that a single majority dominated its decisions.

In his more recent book, Judicial Behavior (1964), Schubert edited an extensive examination of anthropological, political, psychological, and mathematical contributions which help to understand court decisions. This work reflected the broad spectrum of views concerning court behavior. Certainly research on the courts has not led to any strong agreement either within or across disciplines as to what kind of court research is relevant. This collection suggested that court understanding develops by bits and pieces rather than by giant strides.

Herbert Jacob in Justice in America (1965), a follow-up on Peltason's 1955 monograph, extended the literature on the federal courts to state courts and all participants in the judicial process. Jacob began with the premise that the courts are "political institutions, performing functions that are similar to those of legislative bodies and executive agencies, but operating under different sets of decision-making rules" (1965, p. v). While this research concluded with suggestions for improving the judicial system, his observations on interest group involvement led him to believe that group activity is an integral part of the judiciary's policy-making process. He offered no evidence that group support of cases has any affect on court decisions; but furthermore, he reported no evidence that this group activity hinders the public confidence or objectiveness of the court. "For the moment the only conclusion possible is that group activity before the courts provides them with information that they sometimes use" (Jacob, 1965, p. 123).

Clement Vose in his article "Interest Groups, Judicial Review and Local Government" (1966) examined public policy court cases relevant to state and local governments. He found interest group involvement in this litigation widespread. Since the courts can rule only after the litigants have properly presented a dispute, interest groups ligitimately affect and define public policy most clearly through bringing a matter to court. Through case examples Vose indicated that groups can affect accepted public policy by deciding which cases to pursue court judgment, how far in the judicial process to pursue a judgment, and the volume of research effort applied to their arguments.

Since any society consists of a multitude of special interests, court decisions that improve the well-being of a group make paying attention to court-directed action worthwhile.

At the other extreme of thought on adjudicatory involvement in policy-making, Nathan Hakman in "Lobbying the Supreme Court - An Appraisal of 'Political Science Folklore'" (1967) argued that organized interest groups have minimal affect on court decisions. In essence, court cases are so precise that few interest groups would want to invest the resources for meaningful impact on a problem so small in scope. For this reason as well, amicus curiae briefs reflect independent efforts rather than a combined or negotiated united effort for winning a decision. Furthermore, the legal jargon in decisions of judges dictate that meaningful arguments must concentrate on the precedents, statutes, and constitution rather than on the ill effects on particular groups in society. Hakman recognized, however, that groups can supply the often limiting legal expense money necessary for bringing a case to final resolution.

Sociological Exchange Process

Georg Simmel, one of the first sociologists to use the concept of exchange as the basis for human interaction, concentrated on simple human behavior between two or more individuals in The Sociology of Georg Simmel (1908). He perceived exchange as the central process of social life. The contacts among men "rest on the scheme of giving and returning the equivalence" (Simmel, 1950).

George Homans in "Human Behavior as Exchange" (1958) and in Social Behavior: Its Elementary Forms (1961) used the exchange concept as the basis for social association. Certain intangible rewards are gained from the association with other persons. Specifically, social exchanges involve personal favors and gifts. The actions of one party are either based on a prior favor of the other or the anticipation of a future favor by the other.

Using Simmel and Homan's work as a foundation, Peter Blau in Exchange and Power in Social Life (1964) used the exchange concept in explaining the complex structure of societies from the foundation of simple daily interaction among individuals. He recognized that not all human interaction evolves from exchange, i.e. mutual attraction, friendship, and love. "Social exchange, then, is an intermediate case between pure calculation of advantage and pure expression of love." It ". . . involves unspecified obligations, the fulfillment of which depends on trust because it cannot be enforced in the absence of a binding contract. But the trust required for social exchange is generated by its own gradual expansion in a self-adjusting manner" (Blau, 1964, pp. 112-113). A person distributing benefits to others either builds friendship with them or gains claim to a position of superiority (position to gain a favor) over them. Reciprocity becomes the important avenue to neutralize another's claim of superiority.

The basic concept of exchange explains much of human behavior. Diminishing marginal utility suggests that continuous building of favors will not create greater superiority by arithmetic proportions. Through exchange with many individuals or groups, a person trades most efficiently.

In the same vein of thought, James Coleman in "Foundations for a Theory of Collective Decisions" (1966) utilized the exchange concept in researching the basis for collective decisions. Essentially, his answer to the Arrow paradox in collective decisions recognized that persons exchanged votes or support, generally, to gain acceptance or rejection of programs they feel strongly about. A person, therefore, may support a program he dislikes so that his position on a issue more vital to him will prevail. Thus, the exchange concept may be useful for rational analysis of societal behavior in collective decisions.

Depending on an underlying exchange process, Albert and Raymond Breton in "On Economic Theory of Social Movements" (1969) suggested a way to conceptualize social movements. Instead of assuming certain interests develop that direct a society, they suggested social entrepreneurs that sell programs and ideas to disadvantaged or potentially disadvantaged groups. The outgrowth of this phenomenon is that the principle cause of social movements must be the individual desire of social entrepreneur leaders to make a profit by leading organizable collective efforts. Just as business entrepreneurs effectively market their produce to stay in operation, social entrepreneurs sell their programs to receptive groups. This leads a new social movement.

The Political Exchange Process

Mancur Olson in his book The Logic of Collective Action (1965) used economic market analysis to improve the understanding of interest group behavior. He separated the analysis of large groups from small groups and determined that the free-rider problem is especially relevant to understand the unique complications of providing collective goods. The free-rider problem occurs with collective goods where there is no means to discriminate between supporters and non-supporters among those who benefit. Essentially, he concluded that rational members of a large interest group will not be willing to pay for collective good services unless they were enticed to join the group through low-priced selective goods which save more than the cost of joining.

In small groups members realize that a collective good will not be provided without their support. Furthermore, Olson defined a small group where at least some of the members benefit enough from the collective goods to sustain the cost of providing it individually if necessary. This situation assures that the collective good will be provided. Between large and small groups are the intermediates where each member's contribution is perceptible and essential to obtaining the good, but no member benefits enough individually to sustain the costs. Thus small, intermediate, and large groups are not defined in terms of membership numbers but in terms of reaction to potential collective goods.

Olson also differentiated between the kinds of collective goods. Benefits from includsive collective goods will be available when all possible benefactors do not participate in obtaining the goods. The remaining collective goods are exclusive only if the good can be provided with full participation. This thesis will tend to limit its consideration to inclusive goods.

Richard Wagner in "Pressure Groups and Political Entrepreneurs: A Review Article" (1966) profoundly extended this analysis by recognizing that the motivation for providing collective goods, such as lobby efforts, need not derive solely through an interest group. Instead, political entrepreneurs (whether leaders of an interest group, private "do-gooder" individuals, or self-styled legislators seeking an issue important to constituents) may seek political profit by advocating collective good issues in the public decision-making process. The political profit is the benefit gained by the entrepreneur when working to achieve acceptance of the collective good.

This concept of entrepreneurship was further extended by Robert Salisbury in "An Exchange Theory of Interest Groups" (1969). He too considered the role of the political entrepreneur in interest groups. Profits to these entrepreneurs are derived from the membership of the organization and then used to carry out collective good programs according to the designs of the entrepreneurs. The incentive for lobbying stems from the personal goals of the leaders/entrepreneurs. The leaders are reinvesting the profit surplus from selective goods. Salisbury peripherally suggested that the leaders/entrepreneurs may gain some profit from selling a certain amount of the collective goods to members.

The exchange concept underwent further development with the work of Frohlich and Oppenheimer in "I Get by with Little Help from My Friends" (1970) and in Frohlich, Oppenheimer, and Young's book Political Leaders and Collective Goods (1971). These researchers expanded the idea of the exchange to include not only interests but all actors in the public decision-making process. Their essential ideas are that the political exchange process includes buying and selling both selective and collective goods, collecting voluntary contributions to carry out public activities, and collecting taxes as still another way to accumulate the necessary resources for public activity and leadership profits. They conceptualized a framework wherein both political entrepreneurs and consumers could evaluate the benefits and costs of public activity according to these variables. Benefits and costs were measured in terms of utility. Utility measurements were balanced by the probability of each outcome occurring. This probability for public goods, however, relied on the potential of other players or consumers to contribute to covering the costs. The concept of strategic interaction was interjected as a way to understand how people decide on their involvement in collective goods. They further assumed that a spontaneous, voluntary, and calculated marginal cost-sharing arrangement was possible for collective goods.

The Frohlich, Oppenheimer, and Young analysis is given special treatment here because it differs from principles suggested in this research for the first area of exchange between leaders and members. Essentially, their analysis disregarded the significance of the free-rider problem. Where high exclusion costs exist, persons are affected by the special interests of collective goods if they pay for them or not (i.e., if a paid member or not). A significant characteristic of collective goods is the impossibility of marginal cost-sharing arrangements. The benefits of collective goods are not provided according to the contribution made by individual members. This criticism, of course, is invalid where enough individuals are committed to support the group's cause whatever the cost or when the cost of joining is nil. In this special case, the free-rider problem does not exist.

Secondly, their portfolio-type analysis of publically provided goods failed to recognize the nearly empirically impossible situation of establishing probabilities of others contributing when more than two players are involved. In fact, the large number of outcomes associated with N-person games indicates the potential of a low probability for any particular good to be provided under the conditions of uncertainty prevalent in the public decision-making process.

And thirdly, their analysis did not expand understanding of the second area of exchange in which political entrepreneurs attempt to gain acceptance of the collective good programs. Evidently, Frohlich, Oppenheimer, and Young considered their model applicable to the entire public decision-making process. Their concept, however, of strategic interaction among buyers and sellers of collective goods did little to explain the player's trading to gain influence in that process.

Gordon Tullock in "A Simple Algebraic Logrolling Model" (1970) presented a simplified version of political logrolling with three or more parties. He described trading among the legislators rather than between legislators and interest groups. Logrolling in his model improved the chances of success for those members who were willing to collude on passage of favorable government programs paid through broad-based taxes. While no new concepts are revealed, his work strengthened the use of game theory-type payoffs to analyse logrolling.

Relevant Game Theory

Studying game theory is important because it helps understand the interaction process between actors involved in public decision-

making. Strategies are designed between the leaders of one interest group and one or more interest groups, legislators, executive agencies, etc.

Before identifying individual contributions to the theory, an explanatory introduction may be helpful. Because the number of actors or players involved in these strategies is nearly always greater than two, this review will be limited to N-person games. Since N-person games are not very well-developed and are not widely understood, a thorough introduction may place the limited literature in perspective. This section, therefore, reviews the position of N-person game theory today and the following section on coalitions reviews individual contributions to game theory solutions.

An important part of gaining influence in an exchange setting occurs in combined actions. As interest group leaders and other public decision-making actors combine their resources, they gain the potential for bargaining advantage. Advantage occurs because of synergetic and/or simple additive effects. In N-person games, complimentary effects are sufficient, but not necessary, for forming influential coalitions.

Game theory may be viewed as the study of potential decisions in terms of their outcome values for a particular entity or set. In order to discuss value, however, goals must be discussed. Goals are expressed in terms of mathematical functions that in this case represent the maximizing or satisficing criteria of influence. Economists label this relationship a "utility function," and indeed in game theory strategies are compared in terms of a utiltiy influence function.

Disregarding the significant and classical problem of defining that utility influence function, the issue will be skirted by asking the reader to conceptually accept its existence. The problem then is finding the most efficient strategy to achieve an acceptable level of the function or finding the strategy that will maximize the function within the existing constraints. Thus, game theory is defined as a study of playing the game under prescribed conditions. Luce and Raiffa (1957, p. 63) reported that game theory "states neither how people do behave nor how they should behave in an absolute sense, but how they should behave if they wish to achieve certain ends."

Emphasis will be on the game theory dealing with N-person games. N-person games refer to games including three or more players. While the game theory fro two persons has been developed more fully (Rapoport, 1966 and Luce and Raiffa, 1957, pp. 39-154), the real world in which interest group leaders operate is more realistically explained when there is a potential for more than one trading partner.

N-person Games

N-person games start from some rather basic assumptions. Besides including more than two players, each of the players is assumed to act and decide rationally. This rationality or logic in decision-making makes possible an understandable strategy that may be used by other players. By calculating another player's most logical strategies, high return strategies for the first player may be calculated.

Understanding N-person game theory involves an element of dynamics. The short, intermediate, and long-run decisions must be differentiated. The short and intermediate decisions, however, must be evaluated in terms of the long-run position. All levels of these decisions are to maximize a player's utility on a problem or issue.

The point is that not only the present decision is important but also its affect on long-run alternatives. The real importance of this distinction will be clearer when the normal form of games is discussed.

Representative Levels of Game Theory

Until now the description of the essential questions of game theory has been vague because of the difference in the levels of game theory. Game theory has been defined in terms of choices, strategies, and values, but their relationship has not been defined.

The relationship can be briefly summarized. Remembering that strategies are defined as a plan of choices covering all possible contingencies for each player, values are simply the potential worth of each strategy to each player contingent on the strategies chosen by the other players in the game.

The first level of game theory, the extensive form, is depicted in Figure 1 as a game tree that indicates the interaction of player decisions. Figure 1 is a simple three-person game tree. And it is based on certain specifications or rules for this particular game: First, the players are cited. Second, the choices or alternatives for each player are indicated. Thirdly, the before decision information is defined (i.e., full knowledge or simultaneous). Then the payoff values are given. Finally, the finish of the game is defined. All of these rules are necessary for a game tree (Rapoport, 1970, p. 53).

By showing the available choices, a game tree specifies the potential strategies in the game for each player. In the hypothetical example in Figure 1, the first value within the parentheses refers to

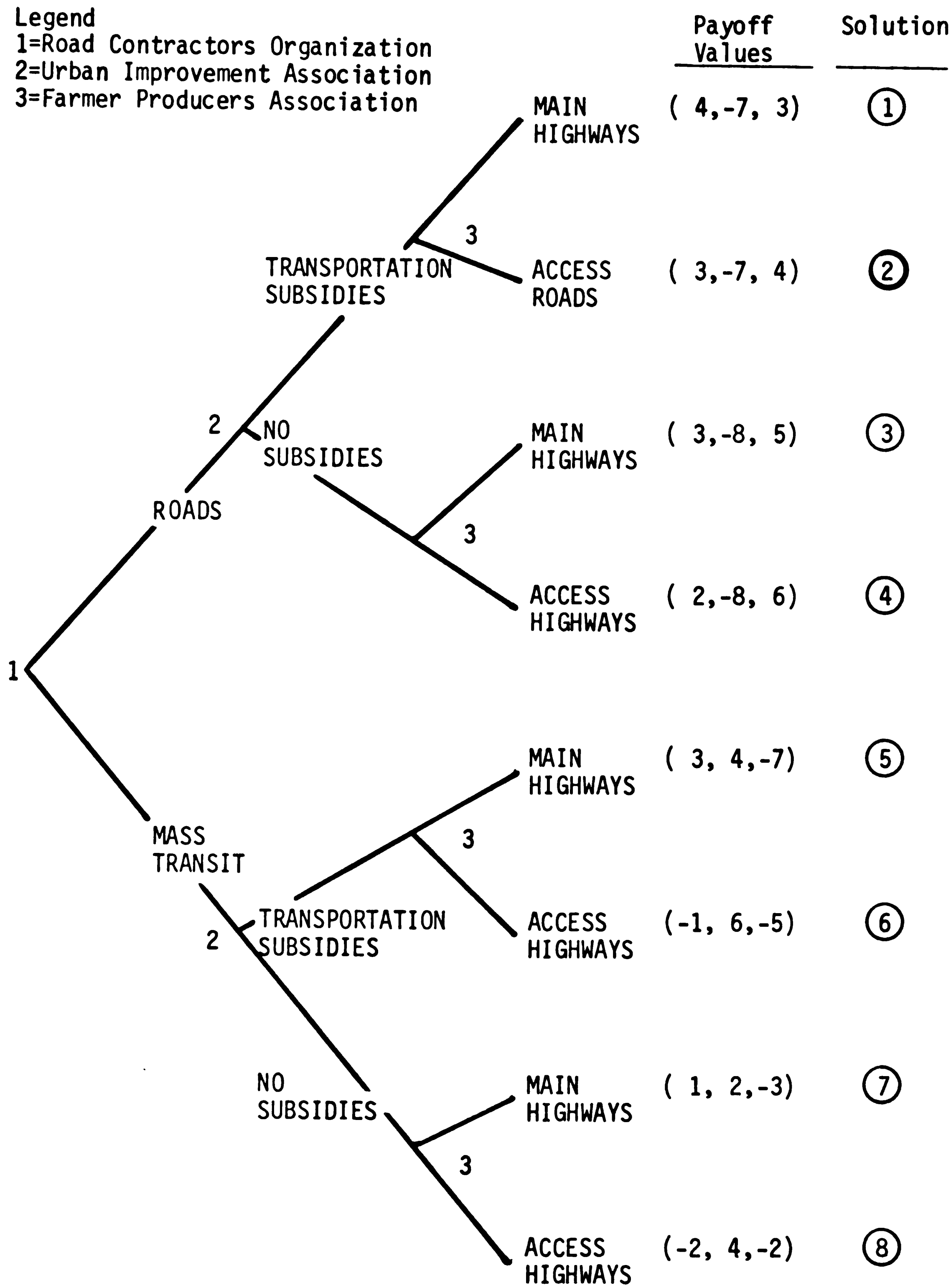

Figure 1. Example problem: Simple three-person game tree exemplifying the first level of game theory.

the value of that outcome for the Road Contractors Organization, the second value for the Urban Improvement Association, and the third for the Farmer Producers Association. If each of the players decided among their choices without knowing the decisions of the other players, Group 1 would desire solution outcome 1. Group 2 leaders would prefer outcome 6. And Group 3 would like outcome 4.

Rather than following the complicated lines of the game tree (especially in large games), the strategies of each of the players can simply compared. This comparison is the second level of game theory. In this level the results of the game are shown in a strategy matrix rather than a game tree. Since three persons are a minimum in a three-person game, this involves a matrix in three dimensions. In a N-person game a N-dimensional matrix is required. The example game in Figure 1 has a strategy matrix 2 X 2 X 2 and has eight cells _if_ the decisions are made simultaneously. When the game is played sequentially with full knowledge of player choices, the matrix is 2 X 4 X 16.

Neither the extensive or normal forms of games are very helpful for complex problems. With more than three players, the game tree expands geometrically to unmanageable proportions. And the normal form matrix, likewise, expands to uncomprehensible dimensions. For these reasons the third level of game theory, or the characteristic function form, is the main level used in N-person game analysis.

The characteristic function form uses a mathematical function to assign a value of the game to each subset of players (i.e., a value for each strategy and outcome in the game). In addition, in playing the game in characteristic function a value must be assigned for each of the players for each strategy. The emphasis is strictly on the values rather than on the underlying strategies. (An exception will be offered in the last coalition power theory.) Using the example problem in Figure 1, the characteristic function uses the values given for the payoff outcomes. The values help in finding the logical solution in the game tree in extensive form; but by examining the potential of various coalitions, the real worth of characteristic functions can be found.

When coalitions are allowed the Road Contractors and the Farmers Producers could gain outcome 4 as the worst position for Road Contractors and outcome 1 as the worst position for the Farmers. The interest group not represented in the coalition, however, would plainly lose less by deciding for transportation subsidies. Actually, regardless of which way the Urban Improvement Association leaders decide, the Road-Farmer Coalition can agree to guarantee the outcome of positions either 2 or 4. This means that the minimum value of the coalition for Road Contractors is 2. Likewise, if the Road Contractors form a coalition with the Urban group leaders to favor mass transit and a transportation subsidy, they can guarantee outcomes either 5 or 6. As a result the worst the Road Contractors can do in this coalition is end up with a value of minus 1 (in coalition 6). The information gleaned from this basic example is that a coalition with Farmers will guarantee the Road Contractors a higher valued minimum outcome.

The important point to remember is that any significant analysis of N-person games will be handled in characteristic function form. The extensive and normal forms underly the characteristic functional value. Differences in the types of problem games will become apparent in the following section on taxonomy of games.

Taxonomy of N-person Games

Researchers classify N-person games according to the following conditions:

1. Knowledge of prior moves by other players (i.e., either full information of earlier applicable decisions or no knowledge when the player is "kept in the dark" of what has already happened or when the decisions are made simultaneously)
2. Extent of allowable coordination (i.e., if coalitions are permitted)
3. Constant-sum or non-constant-sum values for the players in the game
4. Superadditivity or equlaity of the sum of player payoff values before and after joining a coalition
5. Allowing or not allowing side-payments (i.e., logrolling)

In the first classification the concern is the timing of the associated decisions. The type of game differs if the decisions are made sequentially and with full information <u>or</u> the decisions are made either simultaneously or with no knowledge of the choices made by the other players. When the decisions are made sequentially and the choices of each player are known to the other players (i.e., full information), the players making choices later in the game must decide among a larger number of possible strategies. Using the example in Figure 1, the Urban Improvement Association interests must decide among four strategies. These four strategies represent the four contingent situations they face depending on the choices faced by the Road Contractors. In similar manner, the Farmers must decide among sixteen contingent strategies. A different kind of game results, however, when the players must make their choices simultaneously or when they are not aware of the choices available to the other players. Again using the example, in either case each of the players needs to decide between only two contingent strategies. This second kind certainly is less complex.

A second distinguishing classification, the level of coordination or collusion among players, separates the types of games. Games may vary from pure coordination to pure conflict. Pure coordination games result when the characteristic function defines the game with highest values when all the players cooperate and the rules allow them to collude. At the other extreme the characteristic function gives lower values for potential coalitions and players are prevented from colluding. In between these extremes are mixed motive situations incorporating elements of both coordination and conflict that are important in describing a coalition (Gamson, 1964, p. 85).

Another distinguishing classification of games is the constant or changing sum of the values in the characteristic function when coalitions are allowed. With constant sum games any individual values in the function that are greater than the constant sum must be off-set by an equivalent amount to other players in the game. For the purposes here the constant sum may be zero or any other interger. Alternatively, with changing sum games there is no requirement that the sum of the values for players equal the same value with differing members in the winning coalition. An example of a characteristic function with changing sums follows:

$v(\emptyset) = 0$

$v(\overline{1}) = 2$

$v(\overline{2}) = 2$

$v(\overline{3}) = 2$

$v(\overline{23}) = 1$

$v(\overline{13}) = 1$

$v(\overline{12}) = 1$

$v(\overline{123}) = 4$ where $(\overline{\ })$ represents a coalition.

An example of a three-person constant sum game characteristic function could be shown when $v(\emptyset) = 0$ (zero sum) by changing the payoff values for single member "coalitions" to -1, the two member coalitions to 1, and the grand coalition (all three) to 0.

A fourth classification in games, but where coalitions exist, occurs when the value of the characteristic function improves or remains constant for each player. That is, his proportion of the coalition payoff does not decrease. Where the payoff per player in the coalition increases, we have the quality of superadditivity. Where this payoff per player remains constant we have only the equality of value and the lack of superadditivity. The presence of superadditivity defines an essential game, and its balance defines an inessential game. If the functional value for each of the players is greater when they are not in a coalition, superadditivity is absent and thus the game is inessential.

Finally, the last classification centers on allowing or not allowing side-payments. Side-payments is another label for transfers of (utility) value in addition to the payoffs prescribed by the characteristic function. In political parlence side-payments are the equivalent of logrolling by whatever measure of exchange. Where side-payments are allowed, they may be used to provide an extra incentive for players to join a coalition. Where side-payments are not allowed, less bargaining among the players is expected and over many games fewer coalitions form. In addition, the outcome of the choice among many alternative strategies is more predictable without side-payments.

Solutions

So far, playing the basic games has been explained and the principle differences in the kinds of games has been defined. The unique problem of finding a "solution" of N-person games has not been explained.

One of the unique characteristics of N-person games is that they tend to have more than one favored solution. For example, consider again the hypothetical problem in Figure 1. If all the players would decide their choice without considering the decisions made by the other players, the end solution would be outcome 2 (based on their preferences represented in the characteristic function). However, what keeps the Urban Improvement Association from offering a transfer of several value "utils" in a coalition to guarantee at least a value of 4 to the Road Contractors in return for Road Contractor support on mass transit? Given the potential of a coalition with side-payments between the Road Contractors and the Urban Improvement Association or the Road Contractors and the farmers, no simple rule exists for determining the final outcome. The problem is more complex when the characteristic function defines the values for all two-person coalitions in three-person games equally.

One of the obvious differences between two-person and N-person games is the difficulty in achieving dominant solutions. In two-person game theory each of the players attempts to maximize his security levels. That is, each of the players chooses the strategy that includes the largest minimum payoff value. A unique equilibrium achieved in this manner by each player using a pure strategy is a saddle point solution. When pure strategies do not achieve an equilibrium solution, each of the two players may use a mixture of their available strategies, a mixed strategy, to again achieve an equilibrium solution (where each player has maximized his security payoff level).

Research by game theorists from Von Neumann and Morgenstern (1953) to the present shows that in all constant-sum games there is no single dominating strategy. The next section points out that much of the work in N-person games since that done by Von Neumann and Morgenstern concentrated on the different mechanisms and possibilities for finding a solution.

Coalitions

In this section and in the remainder of this research a specific type of game will be examined unless otherwise specified. In this game all the players will have full knowledge of the choices made by the other players. The setting is a mixed motive situation (coalitions allowed) and constant-sum payoffs to the players. Characteristic functions of the games will exhibit superadditivity (essential games only). Side-payments will be allowed among the players.

Game theory has already given some insights for improving strategy building for interest group leaders. Understanding the interdependent nature of the decision-making process, as shown in game trees and the matrix in normal form, should help interest group leaders to plan or formulate strategies in such a way to use their choices to better advantage. As is often the case, however, interest group leaders decide among their choices with more assurance of the outcome if they take advantage of pre-arranged agreements (including those with other interest group leaders, legislators, and other actors in the decision-making process). That is where coalitions become important.

To use W. A. Gamson's (1964, p. 85) definition, "a coalition is the joint use of resources to determine the outcome of a decision in a mixed-motive situation involving more than two units." The resources of interest are the items traded. Essentially, the concern is how interest group leaders combine their efforts and their expected outcome as compared to actions available to them independently.

Coalitions among minority-sized interest groups offer the opportunity to reduce conflict where their special interests differ. Conflict can be reduced by gaining support on the second issue when losing on the first. Furthermore, when side-payments are allowed, the bargaining process in forming coalition positions takes account of the differences in intensity of feeling on the various issues. An issue of strong importance to one group can be won if the interest group leaders are willing to trade enough resources on issues of higher priority to other interest groups. Because interest groups are minority-size in the real world and by definition in both membership size and resources, bargaining to form a coalition gives these interest group leaders power they otherwise would not achieve.

The various solutions to coalition games help explain the potentially useful strategies. But in addition two other important questions need answers: Who will join with whom in a coalition? How will the total rewards of the coalition be divided among the joining groups? Actually, most of the literature on games and coalitions concentrates on one or the other of these questions.

Basic Coalition Theories

To review the basic theories of approaches to coalitions, an outline in part suggested by Gamson (1964) follows:

1. Equilibrium theories
2. Power theories
3. Resource theories
4. Other theories

Each of these will be investigated to explore the potential uses of these approaches to interest group leaders.

Equilibrium Theories. The separate solutions examined under this category are Core solution, Von Neumann-Morgenstern solution, and Psi-stability concept. The Von Neumann-Morgenstern work established conditions of payoff vectors which they subsequently labeled imputations. An imputation meets the following criteria:

1. $x_i \; v(\bar{i})$ where i = 1, 2, ...n individual players in the game

x_i = the payoff to individual i

v = the value of the game

$\bar{i}$ = a coalition of i individual

2. $\displaystyle \mathop{}_{i=1}^{n} x_i = v(N)$ where n = number of players in the game

N = the grand coalition of all players together

In the first condition any player may receive a payoff from a coalition of a value at least equal to what he would receive by himself when all other players formed a coalition against him. The second condition states that the sum of the payoffs of all members in the game must equal the total value of the game. The first condition is often called the individual rationality condition, and the second the group rationality condition. These two conditions define an imputation.

Von Neumann and Morgenstern developed the concept of the Core for N-person games by adding a third condition to imputations:

3. $v(S) \quad \displaystyle \mathop{}_{ieS} x_i$ for all S where S = a subset of players belonging to a specific coalition

means "is a member of"

Essentially in this condition the sum of the payoffs for all members of a coalition must be greater than the value of the coalition itself. From this description in a constant sum game with superadditivity, meeting condition 3 is obviously impossible. This is precisely why the concept of the Core is of no value to the problem in this thesis. The third condition proves to be very strict. Luce and Raiffa (1957, pp. 192-196) and Rapoport (1970, pp. 87-92) give further explanation of the Core.

Von Neumann and Morgenstern, however, further examined the concept of imputation to find other conditions they might substitute that would more effectively limit the solutions to the imputation to more useful answers. As a result, the Von Neumann-Morgenstern solution to N-person games replaced condition 3 with conditions 4 and 5:

4. A set of imputations V such that every imputation not in V is dominated by some imputation in V

5. No imputation in V dominates other imputations in V

Just as in the Core, Von Neumann and Morgenstern attempted to find dominating imputations but not necessarily unique imputations. These conditions stipulate looking for a coalition or group of coalitions having a total value for the member players greater than those not in the group but equal to all others in the group. Thus, coalitions surviving conditions 1, 2, 4, and 5 will be pareto optimal to the players, will be one of the highest valued coalitions for each of the players, and will have a total value for all the players equal to the value of the game.

The problem with this "solution" is that the two questions coalition theory is supposed to answer are still unanswered. Namely, we do not know which coalitions among the dominant imputations will be formed and we do not know how the members of a winning coalition will divide their rewards. Consistent with this solution mechanism, game solutions do exist where no imputation dominates any other. Thus, the large number of imputations makes the "solution" meaningless. In fact, in games of this type every existing imputation may be in some solution. In general, the Von Neumann-Morgenstern solution lacks preciseness. For further discussion of these points and examples of application in different types of games see Rapoport (1970, pp. 93-105).

R. D. Luce (1955), the originator of the next "equilibrium seeking" solution approach, called it psi (Ψ)-stability. The significant characteristics are 1.) pairs of an imputation and a corresponding coalition considered together in arriving at a solution and 2.) a high degree of social stability limits change in the coalition structure making equilibrium easier to achieve. A stable solution is found when none of the admissable changes to the coalition structure are found more profitable.

More formally, a given imputation and a coalition structure is said to be psi-stable for a game if conditions 1 and 3 are met within the boundary limitations of the game. Luce assumed that the second condition was valid too, but it is actually irrelevant. Since the game is played in characteristic function form, players are not really concerned with the underlying rules of the game and the resulting strategies. Thus, the second condition becomes irrelevant and nothing is lost when assuming the condition holds.

Recall that when conditions 1, 2, and 3 are assumed, we are back to the conditions of the Core and when we are dealing with essential, constant-sum games the Core is empty. The fact that the Core is empty though, tells only that players outside any given coalition have the ability to disrupt the established coalition and form a new coalition. That is, no coalition or imputation dominates. With psi-stability, however, certain coalitions are defined possible (on the basis of some sociological or other outside rule) and when winning they are considered as a stable condition. A stable coalition is achieved when realignment is defined impossible.

The advantage of a psi-stable solution is that it offers a theoretical tool to the real world player trying to find relevance in game theory in a realistically biased world. While game theory may open new vistas of strategy-making to interest group leaders, these leaders are extremely aware of the limited number of groups with which they can realistically bargain. Prejudices, historical events, and personality conflicts with non-coalition members may provide the coalescing force to hold a coalition together even when there is a theoretical potential for outside players to lure members away.

Some significant problems accompany the psi-stability concept. First, it is not always obvious what the realistic limitations are or who should define them. Secondly, the psi-stable pairs are not generally unique, and users must confront the problem of selecting whatever coalition they join. Thirdly, no help is offered in determining how the players in a winning coalition will divide the rewards. Luce and Raiffa (1957, pp. 220-236) and Rapoport (1970, pp. 137-144) offer a complete description of the psi-stability concept.

Power Theories. While the previous portions of this section on Coalitions concentrated on finding equilibrium coalitions, this portion emphasizes distributing the rewards of winning coalitions. Four types of solutions will be considered with emphasis on two:

1. Aumann-Maschler solution
2. Kernel solution
3. Shapley value
4. Harsanyi model

In the Aumann-Maschler solution (Aumann, 1964) the essential concept is that the players trade until they establish a coalition called a bargaining set such that no player has a valid objection to the payoff he receives. Players achieve a bargaining set through a series of objections and counter objections by members of a coalition. When no player has an objection without another member of the coalition having a valid counter objection, a two-member coalition is at the bargaining set.

The relevant conditions for this solution are numbers 1 and an adaption of number 2 which shall be labeled number 7. Number 7 is stated as follows:

6. $\displaystyle\mathop{}_{i\ B_j} xi = v(B_j)$ where B_j = a particular coalition among B coalitions in the game

The new condition states that in the bargaining set coalition the sum of the payoffs to all the members of the coalition shall be exactly equal to the characteristic functional value of the coalition. This is the coalition group rationality condition.

The mechanics of this method bare strong resemblance to psi-stability except that the emphasis in the Aumann-Maschler solution established the payoffs to coalition members when these members have no reason to expect a higher payoff in another potential coalition. Within the bargaining set the coalition members bargain over the distribution of total coalition payoffs by threatening to join an alternative winning coalition. Thus, in an objection a coalition member states that he can gain a larger payoff in another coalition. A counter objection occurs when other members of the first coalition threaten to form still a third coalition giving them at least the same payoff that they would receive in the first coalition. A valid objection occurs when the remaining members of the first coalition cannot make a counter objection. Thus, for a player's objection to be valid he must be able to do better elsewhere. When no member makes a valid objection, the set of stable payoffs for that coalition is the bargaining set.

The Aumann-Maschler solution is important because it gives insight into the process of distributing rewards after a coalition is formed. The applicable suggestion for the real world is that when coalitions form they will tend to distribute their payoffs according to the power they can threaten by suggesting to leave the coalition. A principle disadvantage of this solution, however, is that it does not tell who forms the coalition in the first place. Other factors may be supposed in establishing membership initially. Rapoport (1970, pp. 114-124) and in Davis (1970, pp. 161-172) further analyse the Aumann-Maschler game.

The kernel, an extension of the Aumann-Maschler solution, examines the alternatives available to each player and determines the stable payoff distribution for the players for given coaltion structures. Once a coalition structure is formed it is assumed fixed while the players do their bargaining. The kernel does not tell the most likely coalition structure, however, it does tell when that coalition structure is unstable. Since this solution mechanism is similar to the previous, but mathematically more complex, the details are omitted here. Davis and Maschler (1965), Maschler and Peleg (1966), and Rapaport (1970, pp. 125-136) describe the kernel.

In all models discussed to this point, formation of a complementary coalition to the one examined has been assumed. Consequently, the models show what the winning coalition and its players can expect regardless of the actions of the remaining players in the game. If the complementary coalition does not form, the winning coalition may expect a higher payoff (in constant-sum games).

The Shapley value, another power theory, attempted to find a value for each game before the game was played by analyzing the characteristic function (Shapley, 1953). This value can then be used to help the player decide which coalition to join, and then the value can be used as a measure of the player's expected returns.

Two rationales appraise the Shapley value: axiomatic and bargaining power. The first includes three axioms which are stated as follows:

1. The value of the game to each of the players depends only on the characteristic function

2. The sum of the Shapley values for all players equals the total value of the game for the grand coalition

3. When a player participates in a composite game his value equals the sum of the value of component games

Both rationales started with imputation solutions (i.e. conditions 1 and 2 are assumed). The bargaining power rationale attempts to average the marginal gain in value as defined by the characteristic function when the player joins as the last member of each of the potential coalitions. For example, in a three-member game the Shapley value first sums the difference in the functional value for each potential coalition before and after the player joins. This sum is then divided by the number of potential coalitions. Symbolically the Shapley value may be defined for a player as follows:

$$\emptyset = {}_{i=1}^{j} \frac{(s-1)!\ (n-s)!}{n!}$$

where S = each separate coalition

D_S = difference between values of coalition S without player i

s = number of players in S

n = number of players in game

j = number of potential coalitions in game

The Shapley value offers some real world possibilities. By knowing the utility values as expressed in the characteristic function, a player may determine his power in relation to the other members before committing himself to a game or an issue. Furthermore, the Shapley value gives the player some indication of the outcome or payoff (on the average) from joining the game.

The main problem with the Shapley value is its sole reliance on the characteristic function. The value completely abstracts from the rules of the game and the strategies underlying the characteristic function. This problem becomes clearer when examining the Harsanyi model. Rapoport (1970, pp. 106-113) and Luce and Raiffa (1957, pp. 245-250) further discuss the Shapley value.

The Harsanyi (1959) model, a modified version of the Shapley value, took into account the strategies embedded in the extensive form of the game. The solution was still an average expected payoff for each player for the game. To find the solution a player first examined the strategies exemplified in the extensive form of the game. Using these strategies he found the "status quo" values or his showdown payoffs that were equivalent to the minimax solution in two-person games. Since there were more than two players, the solution actually considered the strategies available to all potential coalitions simultaneously in determining the status quo value. Secondly, the Shapley value solution was determined using the status quo values rather than the original characteristic function values. And finally, the result was a unique payoff solution just as in the Shapley value, but weighted by the underlying extensive form. This model too had conceptual value; the mathematical procedure, however, was too involved for adequate coverage here. Rapport (1970, pp. 170-180) presented a more complete description of the Harsanyi model.

The power theories gave procedures to evaluate the potential distribution of rewards from a coalition. To be more specific, the Aumann-Maschler solution gave a player the value of a particular coalition that he may consider joining. The kernel expanded on this solution by determining if the coalition considered was stable or unstable. Instead of centering on specific coalitions, the Shapley value gave a player the value of the entire game based on the average expected marginal payoff for playing. And as just examined, the Harsanyi model improved on the Shapley value (at the cost of greater complexity) by including the information in extensive form when evaluating the game. All of these solutions would distribute the payoffs on the basis of the "power" inherent in the game for each player.

Resource Theory. While the power theories achieved their payoff solutions based on the utility values of characteristic functions, the resource theory would distribute payoffs or rewards on the basis of each player's contribution of resources toward winning.

These contributed resources may be thought of as the items of trade defined in the next chapter. The winnings of the coalition are shared according to the parity norm of distributive justice. That is, by contributing a greater percentage of resources, a player claims a greater percentage of the coalition winnings.

Due to the assumptions for the sharing process when distributing rewards, we find the answer to the question 'who will join the winning coalition?'. No player would want to admit more resources to a coalition than necessary because that would dilute his percentage of the winnings. This pressure tends to make the winning coalition the one where the members contribute collectively the minimum resources necessary to win. Riker (1962) labeled this phenomena the size principle.

The games played according to resource theory models are not as mathematically rigorous as the theories already discussed. Where the Shapley value, for example, used the complex average of the marginal expected payoffs of coalitions, the size principle suggests merely finding that combination of players whose sum of resources just equals a minimum-size coalition.

Assuming zero sum or normalized constant-sum games, consider the following characteristic function for a five-member game:

$$
\begin{aligned}
v\ (\emptyset) &= 0 \\
v\ (\text{1 player}) &= -1 \\
v\ (\text{2-member coalition}) &= -2 \\
v\ (\text{3-member coalition}) &= 2 \\
v\ (\text{4-member coalition}) &= 1 \\
v\ (\text{5-member coalition}) &= 0
\end{aligned}
$$

In games of this type obviously a coalition of three members could maximize the potential payoffs available. The five members then played the game chosing among themselves to form a three-member coalition so that the combined resources of the three would be the minimum of any combination of three possible.

The same general game assumptions were made: 1.) players had full knowledge of the choices made by all the game participants, 2.) the situation was mixed-motive with coalitions allowed, 3.) the characteristic functions were constant-sum, and 4.) in fact zero-sum, super-additivity was assumed, and 5.) side-payments were allowed. But in addition, several other rules of the game were made. Riker called these the political restrictions (Riker and Ordeshook, 1973, pp. 179-180):

1. Winning coalitions have positive value; losing or blocking coalitions have negative or zero value

2. The primary goal of players is to form winning coalitions

3. Winning coalitions are associated with imputations in which all members receive positive payoffs

4. Members of a winning coalition have control over its membership so that they can increase the size at will

The assumption was made that the resources contributed by each player were measurable. This was necessary to determine the fair distribution of rewards; and when the proportion of resources differed between players, the resources must be measurable to determine the minimum winning coalition and the underlying characteristic function.

Supposing a three-member example where the members contributed resources in the following proportions: 48, 30, and 22. The minimum winning coalition of two was found by determining that combination of players whose resources summed to just over 50 percent. Thus, the coalition of players 2 and 3 contributing 30 and 22 percent of the available resources was the minimum winning coalition and was the solution to Riker's resource theory.

Another basic assumption of the resource theory solution was that the returns of the game were the same no matter which players were members of the minimum winning coalition. In game theory parlance this was a simple game. When the payoff returns of the game differed according to the players, the percentage of winnings was no longer the sole determinant of returns to a player, but the player also considered the total returns to which his percentage was applied.

Riker's resource solution answered both primary questions of a coalition, but the type of game to which this analysis can be applied is severely limited. Perhaps the limitations or conditions though severe are still reasonable in the public decision-making process. The user must make certain that the conditions are applicable before attempting this type of solution. The size principle application to game theory was summarized well in Riker and Ordeshook (1973, pp. 176-201). A more complete description, however, can be found in Riker's earlier work (1962).

Other Theories. Just as the resource theory was based on the parity norm, still another "theory" with an anti-competitive norm can be derived. The quotation marks are employed because the theory derived from this norm has not been advanced as rigorously as even the resource theory. Conceptually, however, the social scientists must be aware of the influence this norm may have in public decision-making.

The anti-competitive norm suggested that coalitions form along the path of least resistance. This norm, too, would seem to be more appropriate in simple games where the payoff returns for a coalition were equivalent for all potential players. Therefore, where strength can be gained through a coalition, this type of solution suggests that the players getting along best with each other are favored to form the winning coalition. Presumably the rewards or benefits of the game would be distributed according to the parity norm or an equal amount to each of the coalition members.

The anti-competitive norm solution would seem most appropriate in situations where certain decision-makers or interest group leaders had previously worked with each other harmoniously. Furthermore, where time was of the essence instead of belaboring the game through continued negotiations for bargaining power, the players might simply settle for a quick "reasonable" solution. Another expectation would be that this solution would include members having approximately equal resources. When the players offered resources in similar amounts, arguments for more than an equal share had little legitimacy. Significantly, when all members of a coalition offer equal resources, the distribution of payoffs would be the same under the anti-competitive norm, the parity norm of Riker's minimum-sized coalitions, the Shapley value, and the Harsanyi model.

Under the anti-competitive norm, playing to win was playing to lose. Any player appearing too competitive and trying to improve his bargaining position would find himself outside the winning coalition. Those who bargained the least were more apt to be in the winning coalition (Gamson, 1964, pp. 90-92).

Still another solution to the bargaining possibilities was random choice. A certain element of complete confusion surrounds public decision-making. Often leaders must realize this fact. When all else failed and time was of the essence, interest group leaders might well consider choosing partners at random as long as the characteristic function of the game revealed advantage to a coalition--to any coalition. This solution offered no answer to the distribution of benefits, but this may well be random too. Random choice was important because in a number of situations this "theory" made the same predictions as other solutions and often explained historical real world conditions quite well (Gamson, 1964, p. 92).

The ideological relationship of groups can affect coalition formations. Leiserson in "Coalition Government in Japan" (1970) suggested coalitions form in a Parliamentary government by bargaining with groups closest to its right and left when all groups are aligned in an ideological spectrum. He then suggested a "bargaining proposition" stating that "winning coalitions with fewest members form" (1970, p. 90). Therefore, winning coalitions of the largest adjacent groups on the ideological spectrum are most likely to form. Riker's concept of minimal winning coalitions appeared implicit in the description. Even though the theory originated in the context of Parliamentary governments, it would seem appropriate wherever the relationships of groups is affected by their differences in ideology.

A further extension of Leiserson's work cam from De Swaan in Coalition Theories and Cabinet Formations (1973); another look at Parliamentary government coalitions. An earlier version appeared in

1970. De Swaan assumed that actors or groups can determine a preference order among potential coalition members on the basis of their policy positions if all potential coalition members and their policy positions are placed on a spectrum. A preferred coalition for a group would be one where the group's policy position would be midway between the weighted policy positions of trading partners such that the first group would occupy a pivotal position within the coalition. In this pivotal position the group would be able to maximize its influence or power in much the same way as the power theories would suggest. He labeled his concept the policy distance theory.

Significantly, both Leiserson and De Swaan accounted for ideological relationships among potential trading partners. The theories mentioned previously, with possible exception of Luce's psi-stability, assumed that actors can and will trade with <u>any</u> other actors. The reason these theories are not more prominent in this review, however, occurs because they are not constant-sum games. Alternative coalitions will not necessarily produce the same "value or utility" of the game as would occur with the "winning coalition." Non-constant-sum games were definitionally excluded from consideration both because 1.) the problem in this thesis is to find the coalition that can most successfully pass or defeat a particular public program (thus, the payoff is defined constant) and 2.) the review can be considerably simplified with the introduction of additional game types.

Problems

Rapoport (1970, p. 301) began his concluding chapter with, "The principle lesson to be drawn from a study of game theory is, in

my opinion, a realization of how much must be clarified before one can even raise the question 'How do I act in this conflict situation?'" Before any particular solution type is adapted to a problem situation, the user must analyze all the constraints. A misrepresentation of the constraints or assumptions may lead the user to completely erroneous answers even though he used a tested game theory. The game must be applicable to the theory used.

The game theory presentation in this chapter has purposefully been peripheral and abstract rather than mathematically specific for each solution since a more rigorous description would over-emphasize the theory in the broader context of solving public decisions. The approach has been intuitive and meant for stimulating thought on its potential uses. Too many intervening conditions and constraints exist in the real world that negate the practical value of precise mathematical calculations for this use. The intent was to present a working framework of possible solution approaches to give the interest group leader a working outline for a more thorough examination of logical alternatives.

Several problems underlie game theory of which the user should be aware. First, the identification of the relevant player is not always obvious. The observed conflict may be part of a larger conflict, and thus the preferred solution of the lower level conflict may not be optimal in the context of the larger game. This is a common real world situation. The second problem stems from the use of utility in the characteristic function. For this function to be meaningful, utility must be measurable or comparable and transferrable. Accepting these concepts without question troubles most economists. The work of Arrow (1951) and others revealed blatant inconsistencies in utility theory. Users of game theory, therefore, must at least be aware that the utility measurements represented in the characteristic function are not God-given and are subject to woeful miscalculations.

Still another important assumption potentially problematic is rationality. Often the goals of players may not be defined making rational actions hard to predict. Furthermore, time may be limited so that hurried actions and game decisions will not be rational in the context of an analysis allowing more time. To add to the confusion, games may be interrelated so what is rational for a player in the context of many games may not be rational in the context of a single game. Decisions in a particular game may appear inconsistent and the transitivity condition of rationality is violated.

And finally, the assumption of perfect information in the games may be questioned. Both uncertainty and risk may cause players to act differently than predicted by the game solutions. Uncertainty is a lack of knowledge of the decisions made by players. Risk is when a player does not know what other players are choosing but does know the chances of each player selecting each of the choices. That is, under risk more information is available about the desires of players. Players may assume that other players will act rationally toward those ends. The expected influence of less-than-perfect knowledge is an over-reaction by the players in a coalition and an excess accumulation of power or resources depending on the type of theory.

One way to conceptually handle the risk problem would be to multiply each utility value expressed in the characteristic function by the probability of that alignment of players accuring. The probability values could be based on any historical evidence of prior choices made by the players, prior knowledge of joint experiences between particular players, and expected responses consistent with the player's special interests and values. After the utility values were weighted by the probabilities, the new characteristic functional values would mean that the risk factor would be included in the determination of the game.

CHAPTER III

CONCEPTUAL BACKGROUND

Using an intuitive approach this chapter highlights the premises underlying the theories explaining the behavior of interest group leaders. These premises are based on a combination of real world observations and previous research. Essentially the observations describe the environment in which interest group leaders operate.

Leaders v. Groups

One difference between the interest group leaders and members is the nature of goods provided. Interest group theories perpetuated by Bently (1908) and Truman (1951) emphasized the necessity of a binding common interest. The very basis for all the members joining is at least one common interest which usually identifies the collective goods offered to the members in a large group, e.g., a legislative or lobby effort. Here individual members can benefit from a combined lobby effort for the common interest.

Mancur Olson, Jr. (1965) showed that the collective good by itself would not assure that a large group will form. Even though each member would benefit from the collective good, this alone may not provide enough incentive to persuade large numbers of members to join. When a group becomes large in number, non-members with similar interests can reap the benefits of this collective action without paying organizational dues. Thus, group members need more incentive than collective goods for them to join the large group. This is the free-rider problem, previously mentioned.

Olson extended his analysis to recognize the importance of a second type of good, selective goods. These goods are available only to dues-paying members. Thus, regardless of any collective goods that are available through an organization, a member would be enticed to join because of the selective goods available only to the membership. From the member's view selective goods may be a more compelling reason for membership than collective goods depending on the intensity of the member's interest in public policy programs.

The static nature of collective goods may contribute to member disinterest. After successfully lobbying a government program providing a collective good, members might have little need for the interest group without selective goods. New and continuing collective good programs must be forthcoming to retain member interest in groups which do not offer selective goods.

The leaders of interest groups must recognize the difference between collective and selective goods in order to maintain the organization (after the most concerned members have been satisfied), and to seek their own private interests. By providing selective goods, the leaders gain the resources of the interest group. Within limits the group leadership has latitude to direct the group's resources in such a way to attempt to maximize the leader's goals.

A difference of interests exists between group members and the group leadership. Members only need to give money or marginal support for a group to be successfully organized. Actually, the input of one more or less member will make little difference in the effectiveness of the group's action as directed by the leaders. The members will continue in the group as long as selective benefits are greater than the cost of belonging or as long as collective goods of intense interest are forthcoming. If selective goods are the primary determinant of membership, the group members may have many different issues of concern.

On the other hand, leaders may find that the organization's resources are more effectively handled by concentrating on a limited number of issues. But in order to maintain or even expand those resources, the leaders must realize that the future of the organization depends on a viable organized group. Thus, by concentrating on the selective goods to build membership, they gain the human resources to effectively gain the collective goods that are closer to the interest of group leaders. Lobbying is a collective good and primarily a leader function.

Membership dues are necessary for the leadership to gain profit and influence. The control of the leadership over this money gives them the power to direct the issues lobbied, the services offered, and often to select the new or junior leaders. In a large organization an individual pays only a nominal fee and he is generally not concerned with spending the money as long as the selective goods are forthcoming.

Robert H. Salisbury (1969) further explained the separation of the membership and leadership in an interest group. He suggested, and it will be assumed here, that members and leaders conduct their affairs through an exchange process. This process is analogous to the economic perfect competition model. Leaders are considered as entrepreneurs that offer various goods to consumers that are members of the organization. The leaders strive for profits whereas the members seek favorable goods. An important point to remember here is that both benefits to members and profits to leaders are necessary ingredients of the organizational exchange.

One of the premises for this theoretical model is that interest group leaders use selective goods to build membership in order to gain significant profit or returns from the organization. This profit is then reinvested in the interest group to produce collective goods, like lobbying, that will further benefit members, but more importantly, it will expand the influence of the leaders. As a result, through selective goods leaders can build the group membership above the maintenance levels and reap a surplus of profits that will subsequently be invested in collective goods.

To legitimize this action, the leader must sell the collective goods to the membership in the name of furthering the common interests of members. This is usually relatively easy to do because the selective goods are directed at a defined membership in the name of a common interest. And, furthermore, often only a small portion of membership in a large generalized interest group really cares about each issue in a lobby effort. For either reason, leaders are usually allowed a considerable amount of latitude in lobbying.

The relationship of leaders, members, and other actors in the policy process may be perceived as in the following scheme:

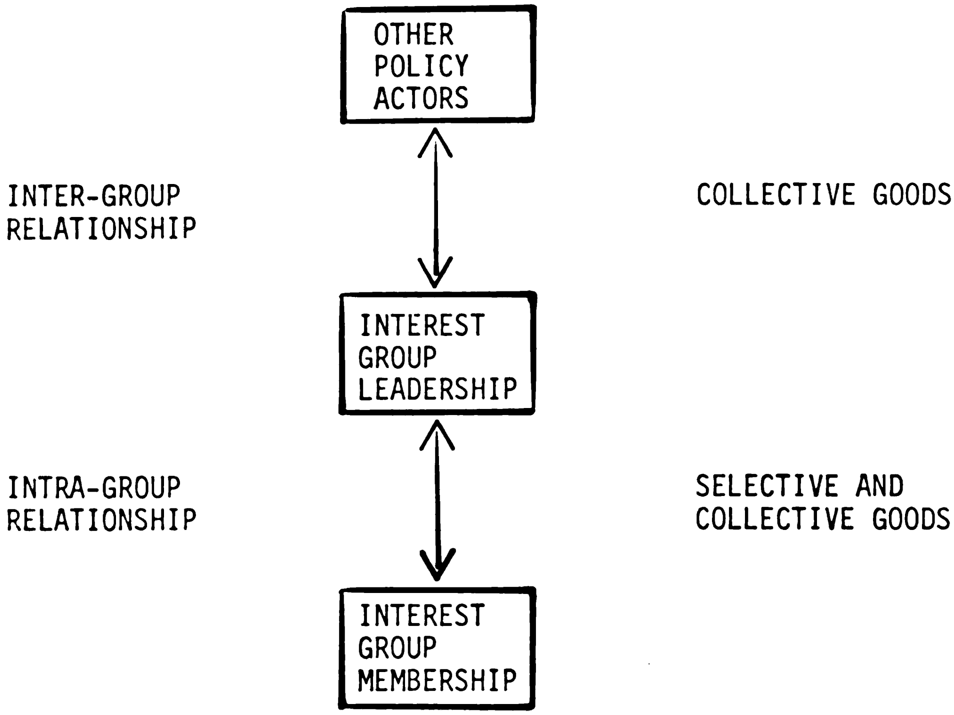

Figure 2. The relationship of leaders, members, and other actors in the policy process.

Both the relationship of interest group leaders with members and with other policy actors will be examined in terms of the two separately important exchange processes.

Leadership Constraints

The previous section emphasized that interest group leaders have latitude, within certain limits, to direct the group's resources. Those limits need further elaboration.

Membership Problems

This is one of the more obvious limitations on leadership. For whatever reason, when the number of members becomes less than adequate to support essential resources, the strength of the groups is hindered.

When this happens leaders need to direct their efforts from collective goods to selective goods and concentrate less on factors building leadership benefits.

Competitive Organizations

Since organizations which try to represent the same collective or selective good interests offer competition, they can limit a leader's flexibility. When members have no alternative organization to join or speak through, they may accept the existing organization as better than nothing. But when members or potential members are offered alternatives, leaders must devote more attention to member desires. The prospect of losing members or never attaining enough members to collect sufficient resources for effective influence should have impact on leadership priorities. Collective goods will be less of an incentive if other political entrepreneurs offer equivalent representation in government, and selective goods will offer less incentive if other equally economical or less expensive sources exist. Furthermore, a leader may have to accept more member participation in collective policy decisions when the private market already offers selective goods at prices as cheap as the interest group.

As an interest group membership grows this constraint may become more important. With more members a broader number of issues may be represented. And as more issues are represented, there is greater possibility of conflict among the members most interested in these issues. This conflict may neutralize the impact of the organization, thus disenchanting members on both sides of the issues. At this point the organization is ripe for competition from another group or political entrepreneur. If the established organization leadership does not react, they may lose the resources from members of both sides. If the leadership reacts, they will probably side with the majority of members or shift to policies more in tune with the most effective new organization. In this way established, status quo, organizations are injected with new life and new, vocal organizations are absorbed before they need to consider selective goods to hold their membership.

Group Leadership Competition

Leadership competition may be an important constraint particularly in the case of a newly elected leaders. Other candidates may continue an active interest in the position hoping for better luck in the future elections. If these competitors promise selective goods, leaders will be driven to devote more resources to selective goods than otherwise planned.

Distribution of Internal Authority

In an established interest group a bureaucracy exists wherein a presidential leader attempts to control several departmental managers who in turn have subordinate junior leaders. In clear-cut channels of command, the leader at the top can maximize his own utility since he has more latitude to direct the resources of the organization. The power relationship between the different echelons of leaders depends upon such factors as the physical location of offices, methods of selecting or hiring, office tenure, leader personalities, and perhaps others.

Organization Structure

Regional or national interest groups elect their leaders at the regional, state, district, or local levels. If the lower levels hold the strength of the organization, the activities of the higher level leadership may be severely constrained. Often the federation-type organization weakens higher level leadership. If lower levels embark on their own policy decisions or retain significant portions of membership dues, national leadership may be extremely ineffective. On the other hand, when members pay dues directly to the national level with distribution back to the local levels and national leaders make policy decisions with expected local acceptance, the national leadership has considerably more leeway.

Procedures Governing Selection and Tenure

Term of office and method of leadership selection affect a leader's flexibility. Several important factors are the frequency of elections, the length or a leader's term, the reelection restrictions, and the type of election or selection. The frequency of elections and length of term restrict the time span in which the leader must schedule his accomplishments for both selective and collective goods. Furthermore, his ability to succeed himself in office affects the toal time available to him to benefit from collective goods. The selection procedure for attaining office affects the leader's leeway as well. Elections force the leader to be answerable to the entire membership or designated electors at prescribed times. If an organization, however, hires an "executive secretary" as a de facto leader, he is subject to dismissal at any time, but he is not directly answerable to the entire membership and his tenure in office is not limited. Many interest groups employing an executive secretary regularly elect a figurehead president. This leaves the executive secretary as the only leader who usually knows the daily affairs of the organization. He has fewer constraints because he controls the information.

Budget Constraints

When directors of the organization control the allocation of the budget items, including the leader's salary, the leader has little means to gain control other than through persuasive influence over the directors. Often the detail of the categories in the budget is just as important as who approves the budget. Broad classifications constrain the budget less than detailed classifications.

Policy Constraints

Often in an established organization members mandate their collective good desires through a policy-making process. Local members direct elected representatives to state and national conventions to take positions on a host of problem areas. When these positions are publicized, interest group leaders may be constrained in their bargaining to gain influence in the decision-making process. To the extent that leaders can convince convention resolution committees, directors, and others to word these positions in general terms and to include conflicting statements, leaders retain flexibility.

Appointment of Employees

This constraint influences the distribution of internal authority mentioned previously. If a board of directors retains the hire and fire responsibility, the interest group leader has less means to control employees in managing daily affairs. When the employees owe their allegiance to the group leader, planning of confidential matters, such as the allocation of resources between selective and collective goods, will be easier to manage.

And finally, other factors bear on the leaders effectiveness. Abuse of priviledges which the board of directors granted or assumed may determine the flexibility in future decisions. The rapport the leader establishes with directors and members influences their trust of him. Even past successes of the leader remove doubts that may constrain the leader's flexibility.

Sociological Constraints

Some strategies, other than bargaining with government decision-makers and lobbyists, improve an interest group leader's influence. These leaders must "cultivate" their membership to maintain membership support. Public hearings held by legislators or bureaucrats provide a forum for these leaders to direct public attention to their work. Although these hearings rarely persuade decision-makers to change their minds, leaders have the opportunity to publically confirm official organization positions. To do so leaders must work through the organizational policy-making process to legitimize their arguments and to gain a feedback from membership opinions. Thus, in essence, maintaining or improving influence requires that interest group leaders work for the membership. Even primarily leadership programs must be justified in the name of membership desires.

One way to describe this element of influence is to say the leader must have credibility. His arguments and his positions on issues must have validity. Often the timing of issues will determine how credible an argument is. An influential group leader, therefore, will attempt to introduce issues into the public decision process when his arguments are most credible.

A legitimate gripe gains credibility. When something is really wrong, public officials are more inclined to listen and favorably react. Those who work for the cause of others for personal gain ("do-gooders") have much less credibility because they are not the injured.

Under certain conditions, collective goods may be sold to members in the same way as selective goods. Whenever the perceived benefits of working in the name of the organization are greater than the costs for some individuals, those members will be willing to pay the costs of the collective programs. This is essentially Olson's (1965) small group argument wherein individual members regard the benefits of a program large enough that they can justify underwriting the costs individually if need be. Since these members feel so strongly about the issue, the free-rider argument will not explain their actions because they are not willing to take the chance of losing the program. Therefore, the collective goods of the organization may be sold to some members, but this is not done on the basis of pro-rating the costs according to benefits through marginal cost sharing arrangements such as argued in Frohlich, Oppenheimer, and Young (1971).

This does not mean that selective goods will not also be sold to the membership in order to attract additional resources. Collective goods may be sold to only highly motivated members or the "core" that V. O. Key referred to. For the vast majority of large interest group members, collecting for selective goods will be much easier.

One purpose of the public decision process is to solve the disputes among the many interests of society. Thus, groups with legitimate problems should expect to get "bloody" in the process. This debate is just a cost of attaining the program (collective good). Naturally, the groups will try to reduce disagreements over the use of public resources as much as possible.

Legitimate problems result from relative deprivation. Relative deprivation is an observed difference between what one has and what one would like to have when what one would like to have can be observed in some other recognizable group. This differs from absolute deprivation in that the relative comparison is not between what is and some theoretical status desired. Since one of the constitutional guarantees in the United States is equality for all, relative deprivation arguments carry weight in public decisions.

Relative deprivation is more likely to occur in certain situations: 1.) When a large group experiences relative deprivation, it is more likely to take the issue to a public forum than in a small group. 2.) When the deprived group has close interaction, communication, or is located in close proximity, a group-wide injustice is easier to recognize. 3.) When the group has aspects other than the deprived issue in common such as role and/or status, it is easier to identify with the problem. 4.) When the barriers to improving the condition are clear, such as class strata differences or obvious differences of power, the group will find the deprivation easier to clarify. 5.) Where the group or society as a whole experiences considerable interest group activity, the precedent and leadership will be available to vent the concerns (Morrison, 1971, pp. 684-685).

Essentially, the conditions for relative deprivation are more apparent in a dynamic or changing society. Continual specialization tends to stratify individual groups and clarify their problems. And, furthermore, specialization results in more sophisticated organizations such that people are more willing to follow their precedents and organize to solve their problems. Generally, a changing society will realize the five conditions of deprivation more readily.

Resources other than economic are important to consider in bargaining over public programs. Certain qualities such as decency, fairness, freedom, and equality give relatively deprived groups greater strength. Monetary power is not the only language of influence. The voting franchise is distributed to the poor and wealthy alike. And when an issue is important enough to a disadvantaged group, they can be expected to use the power of their vote at the polls.

A difference exists between economic and political models primarily in the effect on the distribution of economic resources. The economic model may be drawn as follows:

ORGANIZATION ⟶ ECONOMIC RESOURCES

In this model organizations attempt to directly affect the distribution of economic resources. The second model may be labeled the political model:

ORGANIZATION ⟶ GOVERNMENT ⟶ ECONOMIC RESOURCES

In this model organizations attempt to impact upon government decisions which in turn affect the distribution of economic resources. Public opinion affects both models as an environment shaped by ideology affects the pursuasiveness of an organization. This second model describes the influence mechanims perpetrated here.

The importance of the difference between these two models lies in the potential policy tools available to affect the distribution of economic resources. Since we assume that the government can affect this distribution and that government makes these decisions on the basis of more than economic influence, we would also assume that economically disadvantaged groups should have a means to change the distribution of economic resources. Furthermore, this introduces the point that there are other means of influence than economic.

Interest Group Trades

While interest group leaders make exchanges with members and other policy actors, the trades with the policy actors are less clearly defined. The type of trade varies with the issue, the operating relationship between the parties in the trade, the forum in which the issue is decided, and perhaps others. These traded items are the legal currency of politics.

As cited below, influence can be gained through other means than solely through political trades. While these acts may not necessarily be trades themselves, each of them may be items of trade.

1. Personal contacts through lobbyists, friends, or groups of constituents

2. Personality matching by becoming friends or golfing buddies of influential people

3. Winning believability through a record of honesty

4. Letter campaigns by constituents to influence the decision-makers

5. Impressive presentations at public hearings

6. Extensive public relations campaigns

While all these characteristics potentially can influence the decision-making process, this analysis emphasizes techniques for gaining influence where the leaders must offer something in return for a favor from a second party, i.e. a trade.

Political support is gained through trading with various classifications of actors in the public decision-making process (e.g., other interst group leaders, legislators, executive action agencies, administrative regulatory agencies, and the judicial branch of government). The administrative action and regulatory functions may well be embodied in the same agency, but the names differentiate between two separate functions. The trades made with each of these different types of potential trading partners will differ.

Trading among the various decision-making actors can be reduced to two kinds of contexts. 1.) The legislative situation is much more adapted to handling all kinds of trades. 2.) The adjudication situation involves trades that are less overt, more implicit, and concentrate on different influence goals.

The Legislative Situation

The trade context of legislative trades is apparent when the trades are made with other interest group leaders, legislators, administrative action agencies, and with the rule-making functions of administrative regulatory agencies. These trades may be direct or implicit. In fact, they may be so implicit that the traders may make anticipatory trades where a trade occurs without communication yet in full expectation of likely reactions. The following section identifies some of those traded items whether explicitly or implicitly exchanged.

Currencies of Legislative Trade. The currencies of legislative trade are actually the items that are bartered in gaining influence. Certain kinds of political capital are more appropriate for an interest group leader to trade with leaders of another interest group. When a legislator is committed to support an interest group on a prescribed issue, an interest group leader may trade this IOU to another interest group leader. However, the tie between an interest group leader and a legislator is rarely that strong. A talented leader can trade his personal persuasion abilities on issues of more importance to other groups. Furthermore, a leader may offer the persuasive resources of his interest group in trade to another group. In this case, the resources traded could be speeches to the group membership, use of files identifying influential persons, newsletter services, special professional expertise, and perhaps even monetary resources. These trades may occur between sections of a single bill or over two or more legislative bills. In fact, the practice of attaching unrelated sections to bills in federal legislation is well explained by this trading process between special interests. And, finally, an established interest group may simply lend its name in support of an issue wanted by a smaller younger group so as to add legitimacy and strength to the second group's effort.

The date or information source is a tradeable item to more than just other interest groups. Legislators and their staffs frequently depend on interest groups to supply them with answers for constituent questions. Even executive agencies needing information on specific issues can reduce their research expenses by utilizing the data banks of well-established interest groups. When a decision-maker, for example, wants to know about wheat, the National Wheat Growers Association is a dependable place to call. When labor problems are considered, the American Federation of Labor-Council of Industrial Organizations (AFL-CIO) office has a reputation for accurate answers.

Answering these questions develops IOU's that interest groups can lean on when an important issue is at stake. This leaning may consist of simply gaining easier access to a legislator's ear or as much as a solid vote on issues that are not too important to a legislator's district. Representative Bowen (Democrat/Mississippi) recently explained the matter quite concisely (Landauer, 1974, p. 1):

> Getting elected to Congress is a painful ordeal. When you come out of that cauldron you're extremely grateful to those who have helped you, financially or with votes. . . . Certainly the donors want influence. They want an open door to your office. They want to be able to come in any time and have you listen. . . . Of course, you'll take a longer look at their problems, and if it doesn't violate your principles you'll try to lean their way, especially on an issue that doesn't involve a lot of other people.

Furthermore, because of their generally small, over-worked staffs, legislators often depend on interest group leaders for fast, knowledgeable answers to constituency inquiries.

Some special currencies of trades exist between interest group leaders and executive agency bureaucrats. Interest group leaders need access to the decision-makers in these agencies. And in return these bureaucrats benefit from interest group support in selling their services to the intended clientele. Furthermore, these agencies appreciate support in maintaining or building their budget with budget bureaus and appropriation committees. In addition, group newsletters, publicity through news conferences, and personal persuasion from interest group leaders who have political access can be of substantial benefit to individuals seeking executive agency appointments. And, moreover, agencies may bargain for control over policy issues sought by other agencies invading their "turf."

Interest group leaders have some special currencies to trade with those seeking elective office. Campaigns for state or national office require many resources that interest groups often have available. For instance, manpower directed by interest group leaders can distribute campaign literature, make telephone calls in behalf of the candidate, conduct door-to-door campaigns, aid in voter registration drives, and help on election day to canvass the vote. Candidates also need office facilities that interest groups may already have available or may rent for the occasion. Interest group leaders may offer the votes of the group membership. However, this item of trade is often rather weak in large groups because among members there are so many inherent conflicts that control is nearly impossible. The roots of these weaknesses lie with the reasons given for organizing these large groups with selective goods rather than collective goods. Interest group meetings provide a campaign forum for candidates to address voters. The audience of this forum may be enlarged by newsletter facilities. Threatening a candidate by offering to help his opponent unless he grants a favor is, in effect, a reverse trade. In addition, interest group leaders can organize grass root propaganda and educational drives through extension staff and lower level organizational leaders in large interest groups. And finally, interest groups may offer the trade of a campaign contribution that may be used to purchase any of the needed resources for the campaign.

Nature of the Legislative Currency Market. In the real world, political trading combines all of these currencies. In fact, more than one item may be traded on a given issue, or a currency may be traded across several different bills.

Many legislative-type trades are executed within a triangular mold at the federal level. On a given issue interest group leaders, members of a Congressional committee or sub-committee, and an executive action agency may work out their differences through trades of various kinds. As long as the issue does not attract considerable national news coverage or affect the special interests of a broad corss-section of the country, the full House and Senate usually approve the end-result with relatively few amendments and the President signs the bill. In these cases the traders and actors in the game are readily identifiable, their interests are known, and the decision can be arrived at accommodating the various strong feelings.

When the issue attracts national attention, these are more potential traders. White House agencies may become involved as well as the administrative action agency. Furthermore, members of the full House or Senate may speak out in cases where some affected special interests have not been represented on the committee. While the number of players has increased, the number of issues bartered may expand as well. For example, in the 1973 case of raising the minimum wage, which involved many sectors of the economy, industry bargained for concurrent public support of higher product prices, farmers bargained for labor support for higher farm payments, welfare groups concerned about higher unemployment bargained for larger welfare payments, etc. (See the first case study in Chapter V.)

The items of trade vary with the office held, the issues under consideration, the relative strength of interest groups and their leaders, and perhaps others. The office affects the resources available for trading. Compared to legislators, bureaucrats have fewer issues over which to trade since they tend to work in only one area of programs. Legislators, on the other hand, vote on the total spectrum of issues and always have votes to trade. Even the level of office affects the amount of resources available for trading for a broader variety of issues is considered at the national level than at the state level.

Particular issues affect the tiems of trade because there are differences in the intensity of feeling. Thus, differentials are reflected in the urgency of trading, and on some issues decision-maker votes cannot be controlled due to the impact on such a cross-section of special interests.

And finally, trades will vary with the relative strength of groups because group leaders with smaller resources have less to trade and vice-versa. Likewise, an administrative agency with more "turf" has more resources to trade for interest group support or favorable legislative action.

Some currencies are controlled easier than others by interest group leaders and will probably be emphasized when trading for support. A group leader should be able to control the organization's data resources, newsletter coverage to members, and speaking opportunities for candidates during campaigns. It would be harder to effectively deliver member votes to legislators on election day, or when trading with another group leader to deliver the vote of a committed legislator. The

value of a trading currency will depend somewhat on the ability to deliver and/or the credibility of the trader.

Timing also determines the value of trades. Logically, campaign help is most important immediately before elections. The value of an information or data source is its ability to produce a fast answer when the decision-maker needs the material. Likewise, since many decision-makers do not control when decisions need to be made, support for an interest group position is only important at the time the decision is made.

The legislative currency market is unique not only because the currencies are bartered items, but also because those bartered items vary in value for different reasons. All must be taken into account when evaluating the market.

The Adjudication Situation

Trading in the adjudication situation may occur with administrative regulatory agencies or with the judicial branch of government. The context is trading with decision-makers ruling on the appropriateness or applicability of the basic laws and regulations. No intention is made to include non-policy decisions such as criminal cases. Some of the more active interest groups seeking influence in the courts are the National Association for the Advancement of Colored People (NAACP), the Commission on Law and Social Action of the American Jewish Congress, the American Civil Liberties Union, and the Jehovah's Witnesses. In the administrative regulatory agencies, controversy over the relatively recent Occupational Safety and Health Act (OSHA) and the Environmental Protection Act (EPA) has aroused the continuing interest of labor (AFL-CIO and United Auto Workers), big business (National Association of

Manufacturers), and farm organizations (American Farm Bureau Federation, National Grange, National Farmer's Union, etc.).

Currencies of Judicial Trade. The factors affecting the access of interest group leaders to the trading process are the technical rules of the agency or court, the public standing of the group seeking access, and the degree of organization and skill of that group's leadership. Access to the adjudicators is more crucial than in the legislative situation because explicit trades can be used even less.

In the process of gaining influence in the adjudication situation, interest group leaders may trade with other interest group leaders. Groups that have access can trade this access to other groups. One way to accomplish this is through filing *amicus curiae* briefs. This brief, also called a friend of the court brief, petitions the court to file their views and review their views with other court material. This adds further credence to the positions of interest groups already involved. Data or information files may also be useful in certain cases. An interest group with a particular line of interest can develop a high degree of legal expertise which is useful to other interest groups. Furthermore, one interest group may aid in funding the legal expenses for another group involved in a court case. This may be especially helpful in class action suits affecting many interest groups. And finally, in the relationship between interest groups, one group leader may threaten to bring a case to court that would potentially produce a decision to which the other group is opposed. This phenomena takes advantage of the judicial restriction to decide only the cases that are brought to court for adjudication.

Interest groups may trade with courts or court members. Particularly, the interest group leaders may support the appointment or election of certain judges. The group leaders may provide model codes, ordinances, or laws that aid in preparing written decisions by justices. In fact, the very research on these topics improves the access of the interest group by building its credibility. Furthermore, interest group leaders can use their newsletter and organizational channels to explain and publicize recent decisions affecting special interests.

Interest group leaders may make threats to obtain favorable court decisions. No judge likes to have additional court decisions that further burden his schedule, or does he like to have his case appealed and possibly overridden by higher courts. Offering to refrain from appealing a case in return for a more or less specific interpretation or milder or stronger wording in the court decision is possible. In addition, since interest groups bargain not only with the judicial branch but as well with the legislative branch that determines government spending, an interest group with access to appropriation committees may threaten to work against judicial budget operating funds. All of these matters must be handled subtly, or publicity could precipitate a backlash.

Interest groups can also trade with the administrative regulatory agencies. Members of these agencies or commissions are appointed and may return favors for aiding their appointment. In addition, the interest group leaders can provide legitimacy to decisions by publicly supporting those decisions. Further legitimacy may be added by suggesting qualified individuals for advisory committees and councils. Just

as in the court system, interest group leaders can threaten to press new or impossible cases before the agency or commission members. And where the interest group has access to the appropriation process, they can threaten to work for cutting the agency's operating funds, e.g., the attempt to cut the Occupational Safety and Health Administration (OSHA) funds for fiscal year 1974.

Nature of the Judicial Currency Market. A unique aspect of the judicial situation is the lack of explicit trades that tends to characterize the legislative situation. Trades made through adjudication are largely indirect, implicit, and the result of circuitous efforts. In fact, the judicial machinery formally excludes trades between judges and litigants. Any acts that may resemble trading must be of the kind wherein "if interest group 1 takes this action, judge A may decide such and such." Trading rarely if ever reaches the kind wherein "judge A decided such and such after gaining some specific action from interest group 1." Judicial trading is reactive and noncommunicative rather than current and open.

The name of the game is to gain access. Any party with access to the decision-makers as a confidant or counselor has influence beyond the reach of the regular judicial grievance. Judges and commission members are not all-knowing, and they must rely on outside information to make reputable decisions. Interest group leaders can exploit those needs to gain influence.

Just as in the legislative situation, a leader can expect a mixture of the various currencies in this barter-type market. Interest group leaders will react differently according to the type of proceeding, the standing of the parties involved in the dispute, the

legal or constitutional issues in the dispute, the characteristic and style of the organization itself, and the special interests of the group or groups (Vose, 1961, p. 283). All of these factors can affect the willingness of the adjudicator to grant access to an interest group and the willingness of the interest group leadership to push for judicial decisions. In fact, the consequences of these factors may help the interest group leadership to decide if the legislative or the judicial approach is a potentially better strategy.

Adjudicative trades often follow prior legislative-type trades. As appointment or election to a court or regulatory agency usually emanates from a successful executive election, the composition of adjudicators tends to reflect the most successful political coalition. However, instead of a dramatic change the usual practice is a slow replacement of these adjudicators over the term(s) of office of an executive. Therefore, legislative-type trades of interest groups with budding executive officers attempting to mold a successful political coalition may well produce long-term dividends in the adjudication process.

CHAPTER IV

THEORETICAL MODEL

This chapter presents some of the theoretical tools necessary for understanding the exchange process of interest group leader behavior. So far, a large number of problems associated with public decision-making has been explored, but the analysis must be structured and focused through a theoretical model from which hypothetical implications can be formulated for testing purposes. Because of measurement problems, the model cannot be tested directly. The meaning and validity of the model, however, will be examined in the context of case studies in Chapter V. This model will be based in an exchange or bargaining process with the central focus on interest group leaders as political entrepreneurs.

The discussion of the Theoretical Model will be subdivided into the following topics:

1. Assumptions
2. Model of the public decision process
3. Understanding group leader behavior
4. Exchange in the public decision process
5. Tools of exchanges in public decision-making
6. Hypothetical implications of the model

Assumptions

The assumptions made in this analysis are summarized in Table 1 and explained individually in the following text.

TABLE 1

ASSUMPTIONS UNDERLYING THE THEORETICAL MODEL OF THE PUBLIC DECISION PROCESS

Assumption 1: The success or failure of an interest group in the public decision process depends more on their leaders than the members. Therefore, to understand and predict group actions, it is most important to analyze the behavior of group leadership.

Assumption 2: Interest groups affect the public decision-making process, i.e., interest group leaders have access to the decision process.

Assumption 3: The voting population is divided into various interests characterized by minority-sized groups. No single majority group exists.

Assumption 4: Legislative public decisions are made according to a predetermined simple-majority voting rule.

Assumption 5: Side-payments or support trades are possible between group leaders and with other policy actors.

Assumption 6: The leadership of specific groups differ in intensity of feeling on given issues.

Assumption 7: Group leaders are expected to make rational decisions.

Assumption 8: Transferable utility occurs among participants in the public decision process.

Assumption 1

The first assumption separates the decisions of individual group members from the behavior of the group leaders. The concern here is to explain the actions of group leaders in conducting the lobby effort for the interest group. The range of rational behavior for individual mem-

bers may include dropping support of "their" group,[1] but that is not of concern in this analysis. Rather, the point is to identify the range of rational behavior for the group leader given the constraints of his office.

Assumption 2

This thesis supposes that interest groups are in fact a part of and have an impact on the public decision-making process. It follows that successful investigation of the causal relationships behind interest group influence would constitute an important addition to knowledge of the public decision process. It also follows that illuminating the strategies that improve or decrease the political "strength" of interest group leaders will be feasible and of some social significance.

If interest groups are to be a part of an influence the public decision process their leaders must have access to that decision process, or some combination thereof.

Assumption 3

All the relevant interest groups are assumed to be small enough that their leaders must seek support outside their own group before public decisions are decided in their favor. No single dominant majority group exists. The existence of a single majority would make bargaining between minority interest groups either unnecessary or futile. Thus, we assume that each minority interest group faces not a majority opposition, but rather one or more other minority groups with some degree of interest in

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[1]For an explanation of this phenomena see Anthony Downs, An Economic Theory of Democracy, 1957, pp. 142-163.

the same issue.[2] On a particular issue, the battles to attain more influence are fought among strongly-committed and mildly-interested groups.

Assumption 4

The decision on which party or individual will hold office and which laws will be enacted are decided by vote. The most common voting decision rule is a simple majority, i.e., at least one more than half. The analyses to be presented will employ the simple majority decision rule assumption because of its general acceptance in the democratic real world. Since the simple majority decision rule is predetermined, this defines a minority as any number of voters less than or equal to one-half the total and a majority as any number greater than one-half the total.

Assumption 5

Side-payments or support trades are assumed to be possible. If the leaders of one group persuade the leaders of a second group to support their programs, the first group leaders must feel so strongly about their position that they are willing to relinquish something valuable now or in the future to gain the necessary support from group two. In our democratic system the item traded is usually return support on a project which is important to the second group. When these "logrolling" trades are not feasible, individual group leaders can only express opinions on each issue without means to register their strength of opinion.

[2]David Truman, 1951, pp. 156-87 identifies the sources of natural tendencies that work to separate groups into specialized groups in competition with polar opposites.

When vote trading is allowed, however, a strong leader can bargain for support from less concerned group leaders by returning the favor on their issue of primary importance.

Assumption 6

To be successful in persuading others to support the first group, the leaders of this group must feel more intensely about their position on a specific issue than other group leaders do on the same issue. In order to gain the support of the others, the leaders must feel strongly enough about an issue that they are willing to pay the costs of supporting the other issues favored by the other group leaders. Without this difference in intensity of feeling on each issue, none of the groups would have anything to gain through trading of support (Buchanan and Tullock, 1962, p. 133).

The economic principle of comparative advantage has relevance in side payments. Since interest group leaders desire different programs, they will both find exchanges advantageous. If it is mutually advantageous to trade, the leaders of a group can afford to offer reciprocating support up to the limit of the expected benefits from attaining their objective. As long as the benefits exceed the costs of any trade the group will still be better off in a value sense. When the potential partners to a trade realize that all can improve their positions by making the trade, their support will be traded.

Assumption 7

Interest group leaders are assumed to make their decisions in a rational manner and with full information on all matters pertaining to choices. Rational decisions will be consistent in that the preferences of groups are predictable. Full information means that group leaders do not operate under uncertainty and are aware of the ramifications of their choices; furthermore, full information implies complete knowledge of the preferences of the other groups. Only when the traders know each others desires, can they effectively bargain.

Rational men consistently pursue goals. They have certain goals in mind which they are intent on satisficing or attaining. Alternatively they have maximizing or "get as much as you can" goals. These self-interests or goals may be consistent with the interests of others. In fact, philanthropic organizations may well fulfill an individual goal to do something to help others.

According to the economist's perception, rational men have in mind some utility function that they try to maximize in the short, intermediate, and long-run. This utility function reflects the desires of that individual man. Since an individual's utility function is, in fact, interdependent in some degree with the utility functions of others, a rational man will take into account the actions of others.

Assumption 8

Finally in order to trade, participants in the process must be able to exchange items of value. Therefore, it is assumed that the desirable and undesirable qualities of a trade are transferable among partners to a trade. If utility were not transferable among traders, trading would have no purpose because no trader could improve his position by participating in the bargaining process.

Model of the Public Decision Process

In order to describe the public decision process, a schematic model is presented in Figure 3. This model depicts the public decision process in four stages: Stage 1 - organizational formation, Stage 2 - organizational development, Stage 3 - interest group behavior, and Stage 4 - public decision market. The outcome of the process is depicted as public decisions. The model assists in explaining the relationship of interest groups and their leaders to the other participants in the process and the formation and development of interest groups.

Each of the stages in the model is actually a model in and of itself. A system of variables serves to explain the outcomes of each stage. The stages overlap because they are interrelated through some common variables and through inputs and outputs, i.e., the output of one stage is an input for the next stage. Since Stage 3 deserves more attention in a study of interest group leader behavior and influence, the input variables at that stage will be given a more thorough treatment. For ease of nomenclature each of the "sub-models" will be referred to as a stage in the larger overall model of the public decision process.

The first two stages are not directly part of the decision process, but they affect the behavior and influence of the actors in later stages who are part of the process. Forming and developing an interest group affects the behavior and influence of its leaders. The leadership profits are in large part determined by the size of the group membership, the interests included, and the ideological motivation of members and potential leadership competitors. All of these factors are in turn

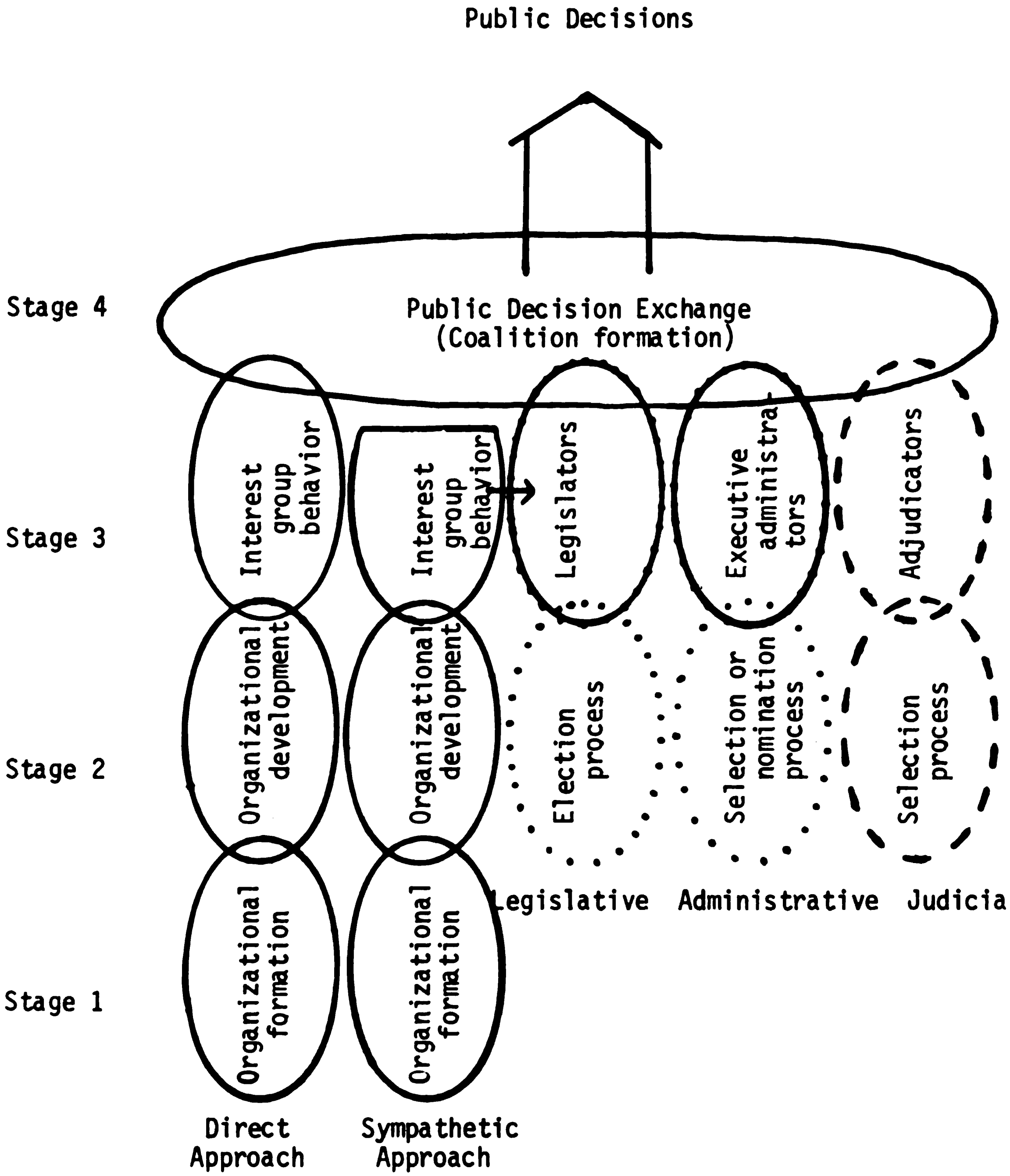

Figure 3. A model of the public decision process.

affected by the motivations triggering the formation of the group in the first instance.

Although this study emphasizes the role of interest groups in the decision process, other participants appear in the model as well. They enter through similar stages and trade their position in the public decision market as do interest groups. Stage 2 conceptually equates organizational development for interest groups to the election, nomination, and selection process for legislators, executives, and adjudicators. Regardless of the participant, earlier stages impact on their behavior in Stage 3 and their influence in Stage 4.

Many configurations of the public decisions process may be possible, but the one used here attempts to relate research on actors in the decision process to final public decision. The description of each stage identifies major prior researchers and relates it to the remainder of the model.

Stage 1

Stage 1 or the organizational formation stage describes the efforts leading to the creation of an identifiable group. The stage includes the recognition of a common interest and establishing a leadership which speaks in the name of those interests. In groups with a free-rider problem, this stage includes entrepreneural activities leading to identification of selective goods important to persons holding the common interest.

Research on relative deprivation by sociologists (Runciman, 1966; Geshwender, 1968; Gurr, 1970; Morrison, 1971) help explain how legitimate issues develop and are recognized by groups of people. Bently (1908) and Truman (1951) offer a theory on developing an interest group through cultivating a common interest.

Stage 2

The organizational development stage is identified by leadership efforts which expand membership and develop group activities to sustain the group's existence. Building, expanding, selling selective goods, and advertising the group interests to attract a broad organizational base fit here. The bulk of the literature on interest groups addresses itself to this stage.

Olson (1956) suggests that in large groups the organization must be developed through selling selective goods or methods such as union shop rules. Wagner (1966), Salisbury (1969), and the treatis by Frolich, Oppenheimer, and Young (1971) suggest that aspects of the collective goods themselves are saleable to potential members as a means of developing even the large group. Organizational studies by Barnard (1938) and Simon (1945) contribute the organizational structure for improved communications, group relations, etc. The objective in this stage is to build an effective organization.

Most of the research on this stage emphasizes the individual member's perspective in potential collective endeavors. Buchanan and Tullock (1962) present the individual calculus of a person contemplating collective action in Stage 2. Likewise, half of Frohlich, Oppenheimer, and Young's book (1971) addresses the preferences of members.

Stage 3

After the heart of the organization is built and structured, the leader and group goals become the focus of attention. Thus, Stage 3 is the activity or interest group behavior stage. Fulfilling these goals regulates the interest groups and leader's behavior. Since one of the assumptions of this study is that leaders do have considerable impact on the group's actions, the emphasis here is on the leadership behavior. The research seeks to explain interest group leader behavior, especially that subset of interest group behavior that attempts to affect public decisions.

Only a limited amount of the literature addresses leadership behavior. Milbrath (1963) and Dexter (1969) describe interest group leader behavior as lobbyists. Research on leader interaction with group members is scarce.

Stage 4

In stage 4 or public decision market stage, coalitions are constructed. In a pluralistic society the minority-sized groups must gain support from others to achieve desired public programs. Cooperative attempts to create formal or informal coalitions help construct that support. The interaction of groups and decision-makers determine the appropriate type of coalescing rules. Game and coalition theories are important tools for understanding that process.

There is no singular objective function for this stage. Each of the actors attempts to maximize or satisfice his own goals; and for those goals requiring public programs, the actor does so through collective action in Stage 4.

Coalitions, member groups, and issues are interrelated. The member groups define each coalition, but coalitions, or their memberships, differ according to the issues. Thus, in Stage 4 the issues will determine the coalition membership possibilities. Through this relationship a coalition can be described by either its membership or the issues addressed.

A basic explanation of strategical interaction among policy actors can be found in Chapter V of Frohlich, Oppenheimer, and Young (1971). Game theory research, summarized in Chapter II of this study, suggests a theoretical framework for developing bargaining strategies. Furthermore, much of the economic literature aids an understanding of exchanges in the public goods, as well as private goods market.

Influence Approaches. As shown in the model, this Stage includes two possible alternative patterns of interest group involvement. Interest group leaders can either enter the process 1.) directly as a bargaining participant or 2.) indirectly through influence with a sympathetic decision-maker. Both of these options must be examined. They represent significantly different leadership approaches to achieving influence in the public decision process. In both approaches the interest group may participate in Stage 2 or the election, nomination and selection processes of the other actors in the decision process.

The first alternative, the direct approach, has been discussed extensively throughout this thesis as the primary avenue of large interest group influence. As a direct participant in the process, these group leaders attempt to work as a partner in collecting the support necessary to win legislation. Their presence is apparent in legislative halls and administrative offices. Publicity is not shunned, but often sought to advertise their importance to their group members and to build a prestigious image. In large groups this advertising helps the leaders pursuade their membership of the tremendous job being done. In the direct approach, group leaders offer support to legislators, administrators, or adjudicators in return for favorable votes or decisions and other items of trade (see Chapter III for more examples).

The approach through a sympathetic decision-maker is indirect and leaves the trading and bargaining over public decisions up to the decision-maker. Even though Figure 3 only shows the sympathetic approach through legislators, interest groups may work through administrators and adjudicators as well. Group leaders using this approach generally feel that they are more effective when communicating through others. Such group leaders let the decision-makers make whatever trades they feel are necessary to gain support. This second approach encourages group leaders to shun publicity so that the issue does not attract attention and the trading can be done quietly. This allows more decision-makers to take part in the trading without the knowledge of or strong direction from their constituencies.

The smallest interest groups with only one principle area of concern, a homogeneous position on an issue, and with access to a sympathetic decision-maker tend to use this approach. Many trade groups in legislative decisions follow this approach so well that their lobbyists work from the seclusion of their own offices (Milbraith, 1963, pp. 121). Decision-makers may develop an allegience to an interest group because of the predominance of an industry or other type of interest in their constituency or because of significant campaign support. Success for one-issue groups is easier to achieve because sympathetic legislators know they can satisfy the group with successful adoption of that position. Furthermore, since decision-makers in the legislatures and in specific executive agencies tend to have few issues requiring their sympathy, more of their resources may be committed to bargaining for the important issue.

Decision Levels. The relationship between decision-makers and interest groups often determines the governmental level at which decisions are made. When compromises occur among the initial participants in the process, the decisions can be made with minimal publicity and interference from other potentially conflicting interests. However, the greater the stalemate or unresolved conflict among the participants, the higher in the decision process problems tend to be resolved. Since higher levels in the process invariably involve additional conflicting interests, more compromises are necessary. When an acceptable decision cannot be reached in a Congressional subcommittee or committee, it is likely the conflict will reappear on the floor of the House and/or Senate. If stalemate persists the White House may enter the scene as a primary actor. When decisions are made at progressively higher levels of government, the issue will attract more publicity, more interests will enter the conflict, and fewer legislative decision-makers will vote without committment to interests vital to their own constituency.

The levels of the public decision exchange are identifiable, but depend somewhat on the issue. The levels do not include a sharp separation of decisions by the legislative, executive, and judicial branches. Instead actors from any or all branches of government may

participate in the trading at any level even though the issue formally rests before one branch. A participant's vote is an item of trade along with campaign contributions and other support.

On many issues the first formal decision level is in the agency who brings an issue to Congress. A second may be the subcommittee in Congress where legislators vote for or against positions supported and opposed by interest groups and executive branch administrators. The third decision level would then be the full committee. The fourth may be the House Rules Committee or the full House or Senate. As it passes through all the levels in Congress and is variously modified the legislation may be referred to White House and Executive agencies (e.g., the Office of Management and Budget, Council of Economic Advisers, or Cabinet agency) for review and formal or informal input. Presidential signing or vetoing or Congressional override of a veto may be the highest decision level. However, when not all participants are satisfied or willing to live with the solution the issue may be taken to even higher levels in the courts or regulatory agencies.

Not only do a smaller number of conflicting interests participate when lower level decision-makers resolve an issue, but there are privilege rules of non-interference among legislators which can limit the number of participants. Legislators who are not members of relevant committees or subcommittees observe the unwritten rule of tending their own business unless there is a recognized reason to become involved. This rule tends to reduce the number of bargainers and increases the strength of those involved in the bargaining.

Furthermore, when decisions can be made within the legislative or administrative structures, the potential adjudicative decision-makers are excluded. The uncertainties and cost of legal disputes leads participants into resolving their differences short of court action, unless the issue is of such consequence that neither side believes it can afford to lose at any cost.

All of these informal rules serve to contain dissent. Arriving at a compromise early in the process is advantageous since fewer trading interests are involved. Likewise, participants must have legitimate reasons for entering the bargaining in order to make an impact on decisions. If not, others will work toward excluding them from the process.

Public Decisions

The product of the public decisions market is the decision. Public collective decisions result from the struggles among all the interests and participants in Stage 3. Whereas the behavior of participants in Stage 3 can be defined in terms of an individual leader or decision-maker, Stage 4 and its public decision outcome are the product of those competing interests. Each participant works to satisfy or maximize their goals through entering the struggle. Public decisions can be explained and analyzed by coalition theories and economic exchange principles.

Non-interest Group Participation

The behavior of legislators, administrators, and adjudicators are not examined as fully as the behavior of interest group leaders. Indicating this deemphasis, the election and nomination processes of Stage 2 are shown in dotted circles in Figure 3. A detailed understanding of the other decision-makers are not as important to the defined problem and thus are not examined in detail.

The judicial process in Figure 3 is diagrammed with dashed circles. The judicial portion of the public decision process includes courts and regulatory agencies. Adjudicators are not likely to participate in formal or publicized coalitions with interest groups, legislators, and action agency administrators. There are common exceptions among regulatory agencies where illicit coalitions form between the regulated and the regulators (Karr, 1974, p. 1). Nevertheless, adjudicators enter and influence public decisions within the same bargaining structure. The adjudicative actors are less apt to join formal coalitions, which would be illegal in most cases, than they are to react less formally to pressures brought to bear by the other actors on the judicial process. Examples are the NAACP pressures on civil rights court cases and the AFL-CIO impact on the National Labor Relations Board. In neither case is policy decided in a vacuum of external actors. Public decisions balance the influence of all the participating actors to achieve a stable or reasonably acceptable outcome.

Let us examine group leader behavior in more detail. This will help us understand interest group leader behavior as it affects the actions of the group itself in Stage 3; it will help us understand the tools and strategies of exchange between leaders and members in Stage 2; and it will help us understand the process of exchange between group leaders and other public policy actors in Stage 4 as shown in Figure 3.

Understanding Group Leader Behavior

Earlier reference in this chapter was made to the Stages in the larger public decision model as models in and of themselves. This section models the interest group leader behavior of Stage 3. An essential assumption is that the behavior of interest groups is directed by the group's leaders. Thus, the key to interest group behavior is an examination or model of the group's leader behavior.

Understanding the factors that condition leader utility or welfare helps delineate the behavior of interest group leaders. A theoretical function will be hypothesized specifying the principle variables or determinants of leader utility. After the leader utility function is presented, each of the variables will be discussed.

Leader Welfare Function

Welfare is used in this analysis to measure the positive and negative aspects of leadership. A precise measure of positive and negative attributes for each variable affecting a leader's welfare is not possible. However, identifying the important welfare variables, recognizing their likely impact, and discussing possible interaction effects will be helpful.

The terms welfare and utility are used synonymously in this study. In a more technical sense, welfare refers to the well being derived from a factor for an individual and utility to the usefulness of a factor to an individual. Both terms reflect the plus and minus characteristics of factors affecting individuals and, in this instance, leaders. The function in this section is more appropriately described as a welfare model because we are discussing the impact on the leader's well being. However, this discussion is relevant to the literature on utility.

The following variables are considered important in explaining leader welfare and have been identified from the discussion of the literature and theory in Chapter II and III:

Q = Net collective goods (won through the public decision-making process)

X = Net profits from the sales of selective goods

D = Net dues collected from membership

V = Public visability and prestige from the leadership office

R = Reelection possibilities

O = Organizational structure of the interest group

F = Distribution of Internal Authority

S = Procedures governing selection and tenure

C = Competition from alternative interest groups

A = Competition from potential leaders within the group

B = Budget constraints

P = Policy constraints

Algebraically the relationship may be expressed as follows: $U_L = f\ (Q, X, D, V, R, O, F, S, C, A, B, P)$. This welfare function attempts to identify the principle motivations guiding interest group leader behavior. The leader's behavior should be explained in terms of his action on these variables. Some of the variables are fixed and cannot be changed by the leader, yet they affect the leader's welfare and thus the group's behavior too. Other variables change according to the leader's behavior. Some of the variables are interdependent. The variables specify the determinants of a leader's welfare; a leader satisfices or maximizes his welfare by manipulating the variables under his control.

Other variables affect the welfare function of a leader, e.g., family life, wholesome food, personal health, but these "variables" do not describe the welfare of the leadership role. This analysis considers only those variables affecting a leader of a large interest group in his leadership role.

Discussion of the Variables

Net Collective Goods (Q). Q = leader benefits - leader costs. Collective goods are the benefits won for the interest group by leaders through bargaining in the public decision-making process. There is a difference between leader benefits and group benefits. For leaders, net collective goods then are the difference between the leader benefits and the leader costs, i.e., energy, resources, and other programs traded away. If the leader wins what is perceived as a benefit for members, he improves his stature among his lobbyist peers and his membership, gains respectability, reelection, perhaps a higher salary, and possibly better working conditions or other benefits.

The collective goods won may, in addition, serve the leader's personal interests as much or more than the general membership for at least two reasons. First, the greater the influence of leaders on membership positions on the various issues, the more rewarding the collective good may be to the leader. Secondly, by virtue of his position a leader has the advantage of access to a few personal favors from other public actors. A leader pursuing his personal interests without genuine group backing, however, will soon lack legitimacy in the public decision process.

When the collective good is important to the entire membership in an ideological or material sense, leaders profit from winning one of the group goals as would any other member. As a member, and obviously motivated participant (by virtue of his office), the leader should feel something gained (an improvement in his welfare level) when winning a program or other goal favoring the group position. In groups including divergent views, the leader may need to work for goals alien to his personal liking but necessary to his reelection. The welfare gain from reelection is greater than the welfare loss from working for personally unwanted goals or presumably he would not remain with the organization.

The collective good variable guages the leader's successes in the public decision process. Because these successes are highly correlated with many of the other variables, e.g., public visability and tenure, and may personally benefit leaders, collective goods are deemed the most important variable.

Net Selective Goods (X). X = gross returns of selective goods - cost of providing selective goods. The costs of providing selective goods include manufacture, sales, advertising, etc. of the goods. The importance of this variable to leader welfare follows from the necessity of selective goods to attract the additional resources (e.g., membership, higher dues) to invest in still other activities beneficial to leaders. Additional resources give leaders more to trade in the public decision process, thus making additional decision goals attainable. In addition, the known availability of these resources gives the leader more prestige as a participant in the process.

Net Dues (D). D = membership dues - organizational costs of collecting dues. Costs include organizational and secretarial staff salaries, postage, advertising material, etc. Net dues collected is important for the same reasons as net selective goods. Any positive returns from this activity yields additional resources for the pursuit of other variables which contribute to the leader's welfare.

Public Visability and Prestige (V). Although practically unmeasurable, public visibility and prestige "feeds" the leader's self-image and his desire to be an important, powerful individual. A new or redecorated office, added publicity, or larger membership may increase a leader's welfare.

The remaining variables affect the leader's access to programs and other desired items. These variables are important because the presence or absence of each affects the amount of leadership welfare attainable.

Reelection Possibilities (R). As with elected public officials, interest group leaders need to be reelected or reappointed to continue their source of benefits. To the extent that leaders continue to be reelected or reappointed their welfare is continued.

Organizational Structure (O). The structure of the organization affects the leader's freedom of decision and program flexibility, thus the welfare he gains from winning policy objectives. The more centralized an organization, the greater usually will be the national (or highest level) leader's flexibility in managing the organization.

Distribution of Internal Authority (F). Likewise, the relationship of the group's staff to the ranking leader will affect the welfare gained by the leader. If the chain of command is clear and the leader carries the major responsibilities for budget, hiring and firing, the the greater his potential welfare as he may more directly channel the group's resources toward his own liking.

Procedures Governing Selection and Tenure (S). The leader's tenure and method of attaining office (appointment or election) affect his flexibility as well. Long terms of office (i.e., few renewals of office and few elections) gives the leader more flexibility to direct the group's resources to his own liking and vice versa.

Alternative Interest Group Competition (C). Competition from other interest groups can limit a leader's flexibility since this may offer members an alternative source of collective good representation, less expensive selective good purchases, or less expensive membership dues. Furthermore, competition in representing a given interest reduces the stature and prestige of the group's leadership positions. When competitive groups are assertive, a group leader has less flexibility to direct the group's programs to his liking.

Potential Leader Competition (A). Just as external competition has impact on leader flexibility so does internal competition. As potential leaders threaten the internal position of the leader, the present leader will necessarily demonstrate his good faith and prove his ability to represent what he perceives as the dominant desires of the membership.

On the contrary, when competitive leaders are not apparent, incumbent leaders can risk more criticism when pursuing their personal preferences.

Budget Constraints (B). Budget constraints are the operational obstacles that prevent a leader from spending group funds entirely at his discretion. Such mechanisms as annual approval of a budget by a board of directors or regular group convention may restrict a leader's decision latitude. The generality or specificness of the restricting mechanism, such as writing a budget in five broad categories as opposed to delimiting each category into subcategories with specific line items, affects the limits of leadership decisions on the allocation of the group's resources. Furthermore, the extensiveness of long term commitments and other fixed decisions from the past or prior administrations may limit leader flexibility.

Alternatively, a persuasive leader could conceivably use a budget process to legitimize personal ambitions. If a leader convinces the membership or budget authority of the propriety of activities which personally benefit him, he may use the budget as a justification when called to task.

Policy Constraints (P). Constraints from official interest group policy delineate beliefs and preferences of the group decision-makers. When these statements conflict with leader preferences, they may restrict attainment of personal leader desires.

Group members who are motivated through ideology or the appeal of public collective goods assert their beliefs and preferences more willingly; and they are more apt to assume leadership positions. Since there is no apparent reason to expect the policy preferences of the group and its leaders to differ greatly, this constraint should not be too important.

Interdependence of Variables. Interest group leaders control only some of these variables. In fact, alternative interest group competition, potential leader competition, budget constraints, and policy constraints may be difficult for a leader to affect. Furthermore, these variables may have an impact on the collective goods offered, selective goods provided, and even the amount of dues. By-laws and constitutions may pre-specify the organizational structure, the distribution of internal authority, and the method by which leaders attain and hold office.

Even the leader's public visability and prestige remain much at the mercy of net collective goods, net selective goods, and perhaps other resources. Rational leaders will give attention to the variables of net collective and selective goods when maximizing their welfare. These goods will also have some impact on the net dues, budget constraints, and policy constraints. Realistically, the primary emphasis should be on the net collective goods variable.

Some interesting trade-offs exist between a few of the variables. Specifically, net selective goods and net dues should be considered not only separately but also in relation to each other. Raising the price of selective goods and hopefully their net profit will return more money to the interest group leadership, but it may risk reducing the dues income since some people may withdraw their membership due to the disencentive associated with the increased cost of the selective goods offered members. If selective good prices are kept low with little profit to the organization, it will be beneficial for more members to join and pay dues or for all members to pay higher dues.

That is, the difference in price between the selective goods provided by the interest group and those in the private market is greater when the interest group charges a lower selective good price. When this happens members can afford to pay higher dues and still benefit from membership.

Not only is the ratio of net selective goods to net dues important, but so is the relative level of each variable. When selective goods are prices low relative to private market prices and accompany high dues, the membership tends to be more stable than where there is a smaller difference between the prices of selective goods provided by the interest group and the private market and where at the same time membership dues are negligible. When members financially gain from belonging to an interest group, they will be less apt to drop membership over a disagreement in policy or leadership activity.

Conversely, where the financial gain from belonging is low, the organization tends to be less stable and is usually an expressive group with strong membership interest in collective goods. Thus, voluntary groups that arise over public debate on national issues and assess negligible dues usually pass from existence almost as fast as they form (Salisbury, 1969, pp. 19 and 30).

All of the variables have some effect on the collective goods that interest group leaders win through the public decision-making process. In a sense collective goods is the variable most important to the leader if the assumptions of the model are correct. Winning these collective goods directly affects the leader's welfare and reflects a significant associated input from other variables. Selective good profits, dues, even office tenure, budget constraints and policy constraints play a part in the leader's ability to win collective goods. These variables affect the quantity and quality of trades the leader may legitimately offer. Certainly the success of a leader depends primarily on collective goods.

Exchange in the Public Decision Process

In the model, exchanges occur chiefly in two of the Stages. One is the exchange process between leaders and members in Stage 2 where the leaders act as entrepreneurs to sell the consumer/members selective goods in order to earn a profit and to use the group's resources in the public decision-making process. The second occurs between the interest group leaders and other players in the decision process in Stage 4.

Both types of exchange suggest various kinds of theoretical tools or concepts which are useful for analyzing and predicting the behavior of group leaders and for analyzing the ingredients of influence. This section will develop the usefulness of exchange concepts in the public decision process; thus, this is a model of Stage 4. The basis for the exchange concept will be discussed; and the concept will be applied to various types of exchange and various situations.

In the exchange between leaders and members of large interest groups, we must reckon with the free-rider problem and assume that a significant number of members will not willingly pay for collective goods without some other kind of inducement. A logical way for leaders to handle that problem is to offer selective goods. Taxes and coercion are assumed beyond the realm of interest group powers.

Another type of exchange that takes place between interest group leaders and other players in the public decision process, however, will be emphasized in this work. Here we will analyse the exchange occurring between players bargaining for political support to attain their goals in the public decision process.

Exchange for Influence

Influence is won by unequal exchanges with other players in a game, debate, or other area of conflict. When player A does something for player B, player B owes player A a debt. Before that debt is repaid, player A has a certain degree of influence over player B. In the review of Blau (1964), we saw that exchange of this type was shown to be the foundation of much if not all human interaction. He finds that "a person who supplies services in demand to others obligates them to reciprocate" (1964, p. 28). The principle of granting a favor to another in order to obligate him for a return favor is the essence of influence and power.

Gaining influence through an exchange process depends upon all parties to the trade attaining something impossible without the trade. Pareto optimality is a prerequisite in the long run. In essence, both or all parties to the trade give up something in order to gain more or at least to regain the same. The potential for executing such trades improves when more issues are traded or more traders are bargaining in an exchange.[3] This implies that the more issues an interest group leader undertakes the more likely he is to find a beneficial trade.

Exchange Possibilities

In the type of exchange between leaders and members, leaders trade to gain the resources or profit needed to return benefits to members and to expand their personal influence in public decision-making. To accomplish this, leaders use the group resources to provide selective and collective goods. Additionally, leaders may collect dues or attain profits from sales of selective goods. Members will trade in this arrangement as long as the total of dues and selective goods is less than competitive sources of the goods in the private market. Collective goods are such that rational consumers, except those few valuing particular collective goods are very highly, will not voluntarily pay for the good. Since coercive action normally is illegal in interest groups, the strongest motivating force for supplying collective goods must therefore come from the leaders. Here in addition to their salary, leaders receive public recognition, access to political power, and other privileges of public life by bargaining for collective goods useful to their membership and to themselves.

In the public decision process, bargaining occurs as barter. Barter occurs in its various forms in both the legislative and adjudica-

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[3]See Edwin T. Haefele, 1970, for an explanation of how trading potential expands with the number of issues considered. Essentially the number of possible alignments after trading for each player doubles with the addition of another issue. It would seem logical that the number of potential traders could increase the likelihood of trading.

tive bargaining situations. First, a description of the complementary role of interest group leaders and public decision-makers explains the legislative situation.

The dearth of staff resources to aid Congressmen and state legislators in their decision-making creates the need or opportunity for interest groups. These decision-makers do not have the resources to investigate all the ramifications of their decisions and must rely on outside advice on these matters. Since the number and type of decisions that these men decide upon are so wide and varied, the need for information on the interdependent effects of decisions on related areas is extensive. Interest groups play an important role in informing legislators of potential repercussions of decisions for special interests and in supporting legislator arguments during legislative debates on the issues.

The special interests of separate legislators differ markedly according to the characteristics of their constituencies. Therefore, those interest groups representing the special interests of vital importance in a legislators district will have easy access to that legislator. With limited staff that legislator strongly relies on the advice of that interest group's leaders.

The special interests carry weight with legislators because of the potential effects on their reelection. With a high percentage of Congressmen lasting fewer than ten years in office, they must pay attention to the special interests that have a significant impact in their legislative districts.[4] These special interests represented by interest groups can offer their resources to help their favorite legislators.

Besides a vote for a favorite issue, a legislator may help an interest group by granting access to his time, by pursuading additional legislators on a vote, or even by complementing an interest group leader in a convention speech. All of these are important ingredients to the trade.

The impact of interest groups is further magnified since legislators find that a very small percentage of the issues requiring their vote have a direct impact on a significant number of their constituents. Therefore, on the bulk of the issues in which the legislator perceives his constituency as unconcerned or where he perceives both sides of the issue to be represented equally in his constituency, he will depend on his political party or colleagues for advice in his decision or will trade his vote for reciprocal help on the small percentage of issues most important to him. Thus, the final vote on the issue becomes biased toward those who have the largest concern at stake. Since the interest groups are necessarily important to those legislators having the most at stake, those groups will have an indirect, but significant, impact in the final decision.

Notice in this explanation of influence gathering that the interest group leaders do not make trades in a spirit of bribery but in a spirit of helping those decision-makers who are already predisposed to

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[4]Only 168 U. S. Congressmen out of 435 (or 38.6%) elected in 1962 were reelected in 1972. Prepared from lists of Congressional winners in Congressional Quarterly Weekly Report, 1962, pp. 2146-7 and 1972, pp. 2958-9.

the same special interest. Leaders are not likely to pursuade any legislator or decision-maker to reverse a decision on an issue by bribing him with trade of any currency. Rather, the interest group reinforces those already holding the same interests at heart and works with those decision-makers pursuading the fence-straddlers and those who have less interest in the final decision.

The impact of interest group lobbying is often exaggerated because a particular issue affects a large number of the special interests of individual legislators or of particularly powerful legislators. When the issue receives enough publicity or public attention, its outcome would likely be the same with ot without interest group support. Nevertheless, because of interest group leader's previous known position, they may take credit and receive public media credit for the outcome. Special interests may be important with or without organization, but the channels of communication are clearer and more efficient when the special interests are organized.

As described in the model in Figure 3 of this chapter, there are two approaches to bargaining with legislators. In the direct approach, interest group leaders, or lobbyists, relate to legislators by trading directly with a large number of them to accumulate sufficient support to win a decision. Group leaders enter coalitions as a trading partner with a number of decision-makers. In the sympathetic approach, however, group leaders relate to legislators <u>through</u> trading with one or a few key members of the legislature and support them as they trade to build enough support to win the decision. Except with the few key legislators who usually support the group's interests anyway, group leaders do not directly contact other legislators. The same distinction is observed in interest group tactics when relating to executive branch administrators.

Specific interest group leaders may utilize elements of both approaches. Use of each depends on the desire to avoid or attract publicity, the willingness of legislators to bargain for the essential support, the issue under consideration, the number of issues an interest group enters, and perhaps others. Furthermore, one approach may be used on one issue and the other on a second issue. Even on the same issue the sympathetic approach might be employed in the early stages while an issue is in committee, while the direct approach might be utilized when the issue reaches the floor of the legislative body. The significance of separating these two approaches stems from observing the difference in techniques used by groups of different sizes over a multiplicity of issues. Larger groups concerned with many interests tend to use the direct approach whereas smaller groups with one principle issue tend to use the sympathetic approach.

The exchange model does not differ in the second or adjudication situation except in the currencies that are exchanged. The traded items discussed in Chapter III center on less explicit and more indirect trades than the legislative situation. Just as legislators are usually shy of all the necessary resources, adjudicators suffer the same weakness. Since interest groups can control some of the resources that could aid in attaining a judicial position or in analyzing problems, the group leaders may be regarded as helpful agents. The access an interest group leader builds by providing needed resources to adjudicators cannot be legally or ethically paid directly. A certain degree of believability or credibility will be granted to interest group leaders that have earned trust. Successful trades in the adjudication situation build on this trust rather than concentrating on the trading of specific favors.

Tools of Exchanges in Public Decision-Making

Certain conceptual tools apply to the public as well as to the private market exchanges. In this section these tools are specified in terms of their potential for describing interest group leader behavior and for explaining influence with the most efficient use of leader resources. After game theory applications are considered, they are followed by a consideration of uses of neoclassical economic theory.

Game Theory and Coalition Applications

Both legislative and adjudicative trade situations in the public decision process involve a certain degree fo interaction among the players. This interaction can be handled conceptually with N-person game theory. Specifically, this analysis is restricted to zero-sum, N-person games with side payments.

Game theory, a theoretical mechanism, helps in understanding the exchange process. In one sense it is another level of analysis of the exchange. While most market exchange theories identify the most profitable rate of production or consumption, game theory offers guidelines for identifying the parties with whom to exchange and for arriving at "fair" rates of exchange.

Game theory and coalition strategies were examined in Chapter II. That chapter attempts to review the relevant N-person games and this short section expands the application of that theory to interest group leaders in their interaction with other actors in the public decision process.

Interest group leaders need to consider the most appropriate solution for the problem they are analyzing. A mixture of several solutions may well be needed to gain a realistic picture of the conflict situation they are facing. The leader must determine which of the theoretical solutions will maximize his own influence in the particular situation.

Using the basic assumptions and conditions of the various theoretical models, a leader can determine when a particular kind of coalition model would be more appropriate than another. Where the public policy participants compete and attempt to get all that they can, a power theory is suggested. If these participants recognize a parity norm or a belief in distributing the benefits according to contributions made, the resource theory is suggested. Where long term relations or friendliness between leaders plays an important role and the outcome of a paricular game is less important, the anti-competitive model should suffice. And where no pattern, but rather utter confusion or uncertainty reigns, a random coalition model is appropriate.

Applicable Economic Principles

The marginality principle suggests that leaders should use each unit of time on activities that will return the greatest net benefits. Without defining precise measurement units of inputs and outputs, the basic idea is to expend energy where it is most efficient. This implies that leaders will allocate their time between selective and collective goods by considering the costs and returns of each unit of input.

Utility refers to the consumption side of the market. In diminishing marginal utility the levels of utility decrease in terms of unit costs of the product for each additional unit of product consumed. In this case, the products are the independent variables of the leader's utility function. The costs are the units of time a leader invests in building his utility from efforts to improve each of the variables in his function.

Where utility (U) represents a continuous function, incremental changes in utility can be represented as "dU." That is, a variable preceded by "d" represents an infinitesimal increment of change in that variable. A rate of change in one variable as compared to the rate of change of another can be represented through a ratio which is called a derivative. In this study, such a ratio expresses the incremental change in the utility from a particular independent variable over the incremental change in the leader's time (T) invested, e.g., $\frac{dU_Q}{DT_Q}$, or the rate of change in utility from an incremental change of time spent on net collective goods (Q). Where $\frac{dU_Q}{dT_Q} = 0$, the added increment of time neither increases or decreases total utility.

Since there is more than one variable and the leader's time is limited, the most efficient use of time over all the variables can be conceptualized. By using symbols defined in this chapter in the section entitled Understanding Group Leader Behavior, the leader should invest his time to meet the following criteria: $\frac{dU_Q}{dT_Q} = \frac{dU_X}{dT_X} = \frac{dU_D}{dT_D} \ldots \frac{dU_P}{dT_P}$.

This relationship states that each unit of time invested should return an equal unit of utility when used on each possible variable.

Decreasing marginal costs refers to the production side of goods and is related to scale of production. As more units of a good are provided (both selective and collective) each unit costs less to produce resulting in greater production efficiency. The opposite effect, or increasing marginal costs, occurs when such a high production level is achieved that the resulting inefficiences cause each additional unit to cost more. From the leader's perspective, an example of this may happen when an interest group grows so large that it costs leaders more and more to collect dues and fees from each additional member.

The principle of opportunity costs is important in this exchange model. Opportunity costs are the potential returns of alternative actions; commitment of time or any other resource foregoes these returns. Since a rational leader wants to keep the opportunity costs lower than the net benefits of a committed program, he will need to remain aware of other potential goods the organization may provide. Furthermore, he will need to be aware of opportunities open to him through other interest groups or other occupactions. And finally, he will want to be aware of all the possible vehicles available in lobbying for a specific collective good.

A basic principle guiding rational leaders is the practical range in which amounts of resources can be varied. In economic parlance this is recognizing the difference between fixed and variable costs. In the short run, programs already in progress require a certain level of resources regardless of the level of output. Within a given time span, the leader may make adjustments only in the variable costs portion of the budget. The leadership constraints may fix a portion of the budget. Perhaps selective goods may be considered fixed costs as leaders must provide the selective goods in order to maintain their position. Collective goods, on the other hand, are more discretionable and variable. Or in highly ideological or vocal groups, the selective goods may be discretionable with collective programs fixed to the leadership.

This explains the difficulty in overthrowing or defeating an incumbent leader. He becomes entrenched in his position because of the extra costs that challengers must face in a campaign. The established leaders have undergone the fixed costs of meeting the members, establishing their name, and perhaps other advantages while facing the variable costs, but also the significant fixed costs. In addition, when challenged incumbents may collect IOU's from favors previously given to individual members where as challengers usually have fewer such IOU's to collect.

Satisficing and maximizing behavior have not yet been differentiated. Satisficing depicts a utility function which is defined at predetermined or known levels at which the individual will be content with what he has. Maximizing occurs when the individual does not feel satisfied without attempting to reach the highest levels possible for his utility function. Quite plausibly this analysis suggests that interest group leaders satisfice selective good production and maximize the collective goods which are more interesting to them. The levels of selective goods are determined where membership is large enough to provide the benefits that the leader needs to carry out his goals. There is more discretion in determining the level and kind of collective goods.

After recognizing the principles of tools that an interest group leader has available, his situation does not appear too much different than an entrepreneur's in the private market. The leader sells a mixture of goods to members/consumers. As in any market, there is much interdependence between membership and leaders so leaders recognize the limits in which certain goods will be demanded by members.

Significant similarities exist between the interest group leader - member relationship and the corporate business managers - stockholders relationship. Corporation managers must satisfy their stockholders with an acceptable level of dividends and/or growth in the value of stock. The manager's control over the use of all resources including labor is quite extensive. Few stockholders really understand the inter-workings of the corporation, but most are concerned about their individual returns on invested stocks. In fact, the use of proxy votes by a majority of stockholders in large corporations closely approximates the delegate selection process for district, state, or national meetings in large interest groups. The corporate structure affords management considerable leeway in building and refurnishing projects, purchase of executive airplanes and cars, increases in salaries, and other benefits.[5]

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[5] Mancur Olson discusses the similarities between interest groups and business in The Logic of Collective Action, 1965, 43-4, footnoe number 64.

Hypothetical Implications of the Model

From the explanation of the model, this analysis can be extended to summarize the theoretical expectations of interest group leader behavior and to identify the potential sources of interest group leader influence or public decisions. This will be accomplished by enumerating a series of propositions. Because of measurement problems, the model cannot be tested directly; the model's meaning and validity, however, will be examined in the context of case studies in Chapter V.

1. Interest group behavior can be understood primarily in terms of the welfare function of the group leaders. This function explains the preferences of leaders as they handle the organization's affair. Leaders have the responsibility of working for membership goals, but there is considerable flexibility built into the leader-member relationship to allow a leader to use group resources much at his discretion. Even without this flexibility a study of the factors determining leadership behavior would include constraints placed by the group. And furthermore, leaders are expected to affect group policy as much or more as any other individual member. This means a study of leader behavior is sufficient to describe the group behavior.

2. Legislative decision-makers have a strong desire to be reelected. In order to achieve the benefits of legislative office, these decision-makers must consider the votes and actions that will return them to office. To gain influence over these decision-makers, interest group leaders should trade currencies which improve the decision-maker's reelection chances.

3. Leaders must legitimize their demands by tying their effort to membership interests. The value of their trades in this process may expand as leaders convince the decision-makers of the importance of the issue to interest group members who are also constituents of the decision-makers. Successful decision-makers feel the pulse of and respond to the public they serve. Mis-specification of member desires is usually perceptable and endangers a group leader's credibility.

4. In order for interest group leaders to emerge and accept leadership positions, they must be able to earn profits or benefits of some kind. These profits come from 1.) members who are willing to pay for dues, 2.) members willing to pay profitable prices for selective goods, 3.) net leader benefits of collective goods, and 4.) public visability and prestige value of the office. Not only must the profits from these sources exist, but their total must at least be equal to the opportunities available to the leader in other occupations.

5. A leader will attempt to build his benefits or profits over the length of time he is in office. Sacrifices for the present may be made to make larger gains in the future. Over the long run, the leader will seek reelection as long as the benefits exceed the costs of the position. The longer his tenure and planning period, the more efficiently the leader may manage the available resources to further maximize his profits. Over time fewer fixed assets from prior administrations interfer with his allocation of the group's resources.

6. Leadership benefits tend to be reduced by constraints such as limitations on tenure, budgets, and policy statements. All of these

constraints limit the leader's flexibility to seek entrepreneural profits through the interest group. Maximization of the leader's utility function occurs within these imposed limits.

7. Persons with similar interests tend to channel their desires through an organized leadership lobby effort. This organization provides a clearer and more efficient means of communicating those desires. Without this organization political entrepreneurs could still serve the special interest, but the number and type of available trades would be less extensive. Since interest groups can channel manpower and financial resources for particular candidates in a campaign, political decision-makers have a need to consider seriously their demands. Interest group leaders can be expected to invest more effort in behalf of the special interests because ceteris paribus they are paid more than political entrepreneurs[6] who do not have access to organization dues or profits from selective goods.

8. In general, interest group leaders can become more effective in the public decision process by building their group membership. A larger membership means additional revenues and resources from dues and manpower. As a result, more services can be offered and more valuable trades can be exchanged.

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[6]See Chapter II literature review of the work by Wagner; Salisbury; and Frohlich, Oppenheimer, and Young for an explanation of the term "political entrepreneur." Basically the term refers to someone trying to sell collective goods whether he be a decision-maker, a group leader, or nonaffiliated with any organization.

9. Interest group leaders should build memberships which are large enough to produce the necessary resources; they should not, however, be so large that members concerned about important conflicting collect goods join the same group and cause the internal decision-making costs to become too great. These circumstances undermine effective bargaining on an issue. Decision-making costs are the costs of attaining membership agreement on the group's position. Incurring these costs are necessary for legitimizing the leadership role in the public decision-making process.

Furthermore, the membership could conceivably become so large that decreasing returns to scale apply. That is, the sheer organizational costs of attracting and servicing additional members would be greater than the value of the resources they contribute.

10. Membership stability increases as purchasing selective goods through the interest group becomes more economical. Each member has more at stake in preserving the interest group and in remaining a member when he thereby saves resources. As the price differential of the selective good between the interest group source and the private market increases, the dues may be levied at a higher rate. As the total of savings and dues approaches zero, the member participation becomes less stable.

11. As the benefits and profits to leaders expand, potential competition from non-leaders increases. The additional profits make the office more valuable. Since competition is possible, more of it will arise when the profit potential is greater.

12. Incumbents have certain advantages over their challengers because they can use the organization's resources to improve their chances of winning an election. Also leaders should or do work to develop organization structures and rules which create a high ratio of fixed to variable costs in this situation. Traveling in the name of the organization or extensive newletter coverage advertises the leader's name. Competitors do not have that opportunity. Thus, the personal campaign costs are greater for the challenger. Furthermore, over the long run, interest group leaders can perform certain favors for influential members and cash in these IOU's at election time. In fact, an adroit leader can recognize his potential competitors and then perform favors that indebt those individuals to him. This tends to neutralize the potential competition.

13. Membership dues and selective goods are correlated with the effectiveness of the leader's influence in the public decision-making process. Since selective goods are provided at significantly cheaper rates than in the private market, members are willing to pay higher dues than they would without these goods. The profits from dues and selective goods support the investment in collective goods obtainable through the public decision process. The accumulation of additional resources improves the chances of successful bargaining in that process.

14. Collective goods will not be optimally supplied by leaders or for members. In terms of members, the free-rider problem keeps the rational member from donating or contributing his share of the resources necessary to achieve his optimal levels of collective goods. With re-

spect to leaders, desired levels of all collective goods are never achieved because of the necessity to trade certain support on certain issues in order to gain necessary support on others.

15. Interest group leaders must bargain to gain influence in the public decision process. This bargaining implies compromise, conciliation, and coordination with other players. No minority interest group has strength or influence without bargaining. Since this trading is done with others, the group leadership must be interested in creating and maintaining coalitions. These coalitions may be formal or informal. Minority-sized groups express intense feelings on a few important issues through side-payments or trading and not through a direct voting process. If public decisions reflect simply the member voting strengths, minority-sized groups would always lose.

16. The bargaining process can be made more effective by considering the items traded and building on those items that are most important to the trading partners. Information held by one interest group can be important to another in both the legislative and judicial trading situations. Communication capabilities of the organization may be especially helpful to candidates for public office if it is available at the right time and place. And furthermore, each partner must consider the constraints on the other players. Certain trades will be worthless to potential partners because of their inappropriateness.

17. Group policy statements on a large number of issues may attract many members to the organization. But to maximize their influ-

ence, the leaders should concentrate their efforts on winning a few of the most important issues. Positions on other important issues may be traded to gain influence on the prime ones. While everyone wants to win in all their public policy debates, this is a practical impossibility for a minority-sized group. Using accumulated resources to win at least the most important debates is rational. Even though a variety of issues are needed to attract a sizeable membership, a few main issues of the most central interest should enable leaders to build a cohesive bargaining position.

18. Group leaders will build coalitions to increase influence effectiveness in the political decision-making process. While coalitions may be formal or informal, they are the framework in which much of the political bargaining takes place. Often successful trades lead to further trades so that coalitions are a mechanism to achieve at least a satisfactory level of long-run influence.

19. Building a coalition as large as possible is not necessarily beneficial. First, the decision-making costs increase geometrically as the number of members in the coalition increases. Secondly, in the power theories the chance of becoming the pivotal player decreases as the number of players increases <u>ceteris paribus</u>. With more potential partners each one has a smaller probability of being pivotal. And thirdly, in the minimum resource theory adding members to the coalition only dilutes the percentage cut from the winnings.

20. The context of the issue traded should affect the bargaining strategy used in the game. When the issue is vital to all trading partners, the exchange may take place in a fiercely competitive environment. In this situation, power theory trades are more appropriate. Groups with limited resources can maximize their impact through a power theory game. Larger groups will often successfully attempt a resource theory trade; a coalition agreement, however, is easier to achieve when all participants contribute approximately an equal value of resources. And perhaps the lack of information or time and pressure from many players in the process may mean that random trading agreement may be better than none. In each case the strategy used by the interest group leader will depend upon which strategy extends his influence the most.

21. Overreaction in the bargaining process may be desirable when uncertainty or lack of full information prevails. When forming coalitions and the participation of various players is uncertain, attempting to include more players than necessary is rational. The penalty in belonging to a losing coalition is greater than the marginal power or percentage or resources lost by including an excess of players.

22. Influence on a public decision is less costly when the issue can be resolved at lower governmental levels. With higher governmental levels a greater number of separate interests can gain legitimate access to the decision-makers. This in turn means additional participants must be included in the trades in order to build enough support to attain the goal. Decisions at low governmental levels occur when only a few initial participants can reach agreement easily.

CHAPTER V

CASE STUDIES

This chapter examines four case studies to test in a rudimentary manner the model proposed in the previous chapter. These particular cases are chosen to give a variety of exposure to debates at the federal and state levels, in both legislative and adjudicative situations for problems in rural areas. A Michigan case was chosen both for comparison to federal legislative decision-making for convenience since the study was conducted in that state. Inclusion of both legislative and adjudicative cases are intended to show appropriateness of the model in both situations. The study focuses on rural problems because they are of primary concern for a student of agricultural economics.

All of the cases are examinations of the behavior of participants involved in particular debates. Each case study includes a brief description of the bargaining highlights, the setting and background of the issue and the actors, the behavior of participants, the predicted behavior of participants according to the model, and finally, a comparison of the actual and predicted behaviors.

Four case studies are examined separately, but the author's investment in each differs. The first covers the passage of the Agriculture and Consumer Protection Act of 1973. The factual material and personal observations generated in this case came mainly from direct interviews with participants in the decision process. The interviews covered representatives from the Cost of Living Council, Office of Management and Budget, Council of Economic Advisors, United States Department of Agriculture, the staffs of the House and Senate Agriculture Committees, lobbyists of all the general farm organizations, and lobbyists for most of the agricultural trade groups involved in the legislation. This case is the author's major investment in testing the model.

A second case study looks at the struggles over the Colorado River Basin Act of 1968. The author's input is limited to analyzing a prepared description of the events. Facts and many of the insights are derived from Helen Ingram's book, Patterns of Politics in Water Resource Development (1969). Supplemental material comes from The Politics of Water in Arizona by Dean E. Mann (1963). Ingram uses a model of political action in water development much as this study does. Ingram's research, however, does not examine the intra-organizational relationships between members and leaders within interest groups. Without that information this case study will lack some important insights on group leader behavior.

The third case examines the passage of The Michigan Agriculture Marketing and Bargaining Act of 1972. Information on the case stems from a seminar with the principle sponsor; interviews with the Senate Agriculture and Consumer Committee chairman, a member of the House Labor Committee staff, a lobbyist for the Michigan Farm Bureau, a professional resource person who closely followed the bill, and written material identified in the text.

The fourth and final case is an adjudicative situation. The Bureau of Motor Carrier Safety (a regulatory agency) attempted to revise the farm truck driver regulations. Information derives from interviews with two interest group lobbyists and published material as footnoted. A principle purpose for using this last case study is to compare the legislative and adjudicative situations. Insight into interest groups stops short of interest group formation and development stages.

Where the interview method is used, it offers the advantage of direct access to otherwise unrecorded "inside information." It also involves the unavoidable disadvantage of unrecorded sources since it was necessary to guarantee anonymity of all individuals interviewed in order to assure candid interviews where sensitive matters orpersonalities were involved. None of the individuals named in the text were personally interviewed. The perspective in each case study is limited to the particular sample of persons interviewed. It was not possible to arrange interviews with all the important actors, but there was sufficient overlap of responses among those interviewed in each case, and particularly in the first case, to eliminate any substantial risk of misconception of the major events and facts.

Each of these case studies only analyzes the main events covering the principle decisions. All public decisions are laced with intricate stories of personalities and their particular impact on parts of the outcome. The emphasis here will not be on personality traits, but it will be on how individual actors or representatives influence the final outcome of the case.

The Agriculture and Consumer Act of 1973[1]

Highlights

This legislation is the most current of a series of acts updating the farm program. Essentially, the bill as passed continues price supports as a floor under farm level prices, extends the authority of voluntary acreage controls, and restricts government payments to $20,000 per farmer (U.S. Congress, Public Law 93-86). There are other lesser issues resolved in the legislation. Lesser issues which are crucial to this analysis will be explained later.

Generally, the principle actors in this legislation could be categorized into the executive branch, congressmen, and interest groups. Within the executive branch, the White House, a group of agencies in the Executive Office of the President, the Treasury Department, and the U.S. Department of agriculture (USDA) played principle roles. Within Congress the principle actors were the members of the agriculture committees in both the House and Senate and the urban-oriented congressmen and senators interested in lower food prices and a viable food stamp program. Among the interest groups the four general farm organizations, namely the American Farm Bureau Federation (AFBF), the National Farmer's Union (NFU), the National Grange, and the National

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[1]The knowledge base for this case study was developed from direct interviews with participants in the decision process. Exceptions to this are footnoted. Those interviewed included representatives from the Cost of Living Council, Office of Management and Budget, Council of Economic Advisors, USDA, the staffs of the House and Senate Agriculture Committees, lobbyists of all the general farm organizations and lobbyists for most of the agricultural trade groups involved in the legislation. None of the individuals named in the text were personally interviewed.

Farmer's Organization (NFO), along with the commodity groups representing cotton, wheat, millers and bakers, and dairy contributed their views.

Interest group impact was most significant when the legislation reached the House. Cotton growers represented by the Cotton Council attempted to gain higher farm payment limits, additional loopholes in those limits, and promotional money for their product. Labor interests wanted to maintain food stamp provisions for strikers, help in passing a higher minimum wage bill, and to continue the authority for pesticide regulation in the Occupational Safety and Health Administration (OSHA) rather than the USDA. The millers and bakers wanted to rescind the 75¢ wheat certificate tax. The wheat growers supported the target price concept as the new mechanism of price supports. The AFBF supported the administration position of phasing out farm income support programs through the Michel amendment. The NFU and NFO played important roles in coalescing members of the winning coalition of rural and urban interests necessary to pass any farm bill. And the National Grange kept a low profile while supporting the NFU-NFO effort.

The principle issues in this legislation could be summarized as follows:

1. Price support mechanism
2. Price support levels
3. Dairy cooperative anti-trust concerns
4. Farmer payment limitations

5. Farmer payment loopholes
6. Food stamps for strikers
7. OSHA or USDA control of pesticide regulations
8. Cotton promotional funds

The story of this case lies in how each of these issues was resolved.

Some general characteristics of this case will now be examined. It is a clear example of interest group leaders effectively timing their input to the most crucial phase of the decision process. While the agricultural legislation worked through the many phases of the process from executive branch initiative, through the Congress, and finally to presidential signing, the most important or strategic phase is found at that point where the legislation is most susceptible to defeat. In this case that was passage on the House floor where most of the bargaining took place.

This case study is also an example where congressional actors were the principle participants in the decision process. Throughout the deliberations, interest group leaders were generally content to let sympathetic legislators handle the bargaining. The executive branch was severely hampered in their ability to bargain because of Watergate. Their leadership on agricultural legislation was even further hampered by an untimely replacement of the coordinator of all affected executive office agencies. These factors left the committees and members of Congress the maximum latitude to trade among themselves as representatives of their own special interests.

Background

The conditions at the time the legislation was considered are crucial to the issues. Instead of the usual concern about over-production, this time the main problem was world food shartages reflected in higher prices at U. S. grocery stores. These higher prices encouraged consumer resistance culminating in a much-publicized red meat boycott.

At the same time farmers were concerned about the rising input prices especially for livestock increasing their costs of production to all-time highs. To avoid unprofitable production, and perhaps to gain publicity, some farmers publicly drowned baby chickens and slaughtered older brood sows. The climate was such that public decision-makers felt concerned about producing enough food to avoid shortages and to help control food inflation (National Journal, 1973, pp. 253-61 and Congressional Quarterly, 1973, pp. 1147-56).

The Watergate problem further complicated consideration of the bill. Public disclosure of illegal acts by persons close to the president distracted the White House and neutralized the impact the executive branch normally has on such legislation. The effect of this publicity was to give congressmen a far freer hand from executive influence when deciding the issues (Congressional Quarterly, 1973, p. 1549).

The farm legislation is perceived as a legitimate problem. As mentioned before, major agricultural bills are designed to supplement farm incomes which legislators historically have judged to be unjustifiably low. The legitimate reason for the legislation this time changed somewhat as many public officials spoke of the need of adequate incentives so that farmers would produce enough food. Furthermore, agricultural legislation has been deemed legitimate from the historical standpoint since farm programs have existed since the 1930's.

Using past farm programs as a guide, the collective goods important to farm group leaders are income supports for farmers. Income supports have been handled as a government supplement to the prices farmers receive for their products, cheifly the grains and cotton. Another alternative collective good espoused by the AFBF is freedom for farmers to conduct their business as the economy directs rather than as government officials dictate.

There is significant competition among the agricultural interest groups. Most of this competition is among the four general farm organizations. In addition to these four there are over seventy commodity groups that rarely interfere with each other's interest except as there is more than one national interest group focused on the same commodity. The AFBF is the largest general farm organization with 2,393,731 member families distributed over all fifty states (Farm Bureau News, 1974, p. 1). The AFBF's strongest membership is the midwest and the south. Often the AFBF finds itself in direct conflict with the NFU and the NFO. The NFU has approximately 250,000 member families concentrated in the Great Plains or wheat producing states (Crampton, 1965, p. 129). The NFO is strongest in the midwest where feed grains and livestock are the predominant enterprises.[2] The fourth and oldest of the general farm organizations is the National Grange. The Grange is less activist-oriented with

[2]The NFO does not release its membership figures. The 150,000 figure is the author's best estimate.

more emphasis on rural community social and educational endeavors. The Grange has approximately 510,000 members in 38 states but is concentrated in the New England and the Northwest states.[3] To the extent that these farm organizations have membership majorities from differing commodity interests their arena of conflict should not be too large. All of these organizations, however, attempt publicly to represent all farmers. Since the ideologies of these groups differ, significant conflicts occur.

Few farm groups are known for their active political participation in national or state elections. The dairy cooperatives gained great notoriety with their substantial contributions in the 1972 presidential and congressional elections. The NFU takes political positions and makes an attempt to campaign in behalf of candidates at the various state levels but not in the primaries. The NFO has used its tightly knit communications system to support various candidates in primary and general elections in the past. In addition, dairy, sugar, cotton, and agribusiness firms are known for their monetary contributions.

The general farm organizations make extensive use of selective goods and other lures besides collective goods to build and maintain their memberships. The AFBF since its beginning offered educational and technological information through its intricate ties to the Cooperative Extension Service. Secondly, the AFBF state associations offer cooperative marketing, supply, and insurance services controlled by the

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[3]The membership figure recorded here is calculated from dues paid as reported in National Grange, 1971, p. 32.

parent organization, and at lower cost to members. Despite the lower competitive cost of these services the state organizations, in addition, return patronage refunds only to members. These refunds normally exceed membership dues if the member uses the services sufficiently (Olson, 1965, pp. 153-7).

The NFU similarly attracts membership with cooperative marketing and insurance activities. Membership is generally required to receive the services. Furthermore, the NFU cooperatives use a check-off system to subtract dues payments before refunds are sent to members (Olson, 1965, 157-8).

The National Grange offers special life and mutual insurance programs through affiliated companies. Some state Granges have maintained successful cooperative marketing, supply, and insurance programs as well. The most touted feature of Grange membership, however, is the social and educational opportunities through regular monthly or bimonthly meetings and festivities organized at the local level. Its lobbying effort is significantly smaller than either the AFBF or the NFU's.

NFO relies on the economic advantages of its cooperative marketing programs for membership incentive. Contracts for bonus prices on grain and livestock negotiated by NFO leadership are accessible only to NFO members. Memberfees are primarily deducted from receipts for farm goods sold through an organization contract. The size of its Washington office and the wording of its by-laws indicate that NFO is more interested in collective sales programs than in government farm income supports.

The federal omnibus farm legislation is usually renewed or extended every three to four years. Debate in the Congress occurs during the last year of the existing program. Since the executive branch recommends legislation, their process of review and evaluation begins a year earlier.

It is difficult to classify the type of trading entered into by farm groups. In a personal interview, a lobbyist for the AFBF stated that their organization usually tries to avoid coalitions of any kind.

Interviews with the other three general farm organizations indicated just the opposite inclination. Among these three groups very little is traded except solidarity of support on issues in which they share common interests. Each group gains with the other's participation. To the extent that each group realizes the importance of the participation of the other, a power theory is suggested as a bargaining model. However, since the membership and organizational resources are not much different among the NFU, NFO and Grange, any solution would not be much different than that following a parity norm or minimum resource theory model.

Most of the strategic bargaining in which agricultural groups participate includes non-agricultural groups and legislators. Passage of the Food and Consumer Protection Act of 1973 reflects a changing decision process for U. S. agricultural policy. A stalemate among the farm organizations (particularly between the AFBF and the other three general farm organizations), USDA bureaucrats, and rural congressmen has occurred more and more frequently since the 1950's and has tended to force the important policy decisions to progressively higher levels in the decision process. At present it is expected that the thrust of agricultural legislation will be decided in the White House in cooperation with the agencies in the Executive Office of the President and by party leadership in the Congress. Most of these actors represent broader interests than agriculture. This means that there is an unavoidable reliance today on non-agricultural interests in the formulation and passage of agricultural legislation.

Actual Behavior

Trading was an important factor found throughout the process leading to passage of the 1973 farm bill. Some of these trades were more implicit than explicit. Many initial positions were taken knowing that the final result would be considerably moderated as the trading process progressed. However, much of the anticipated moderation of the Senate Agricultural Committee position neve occurred because of a weakened executive posture.

The Administration Position.[4] The road toward a farm bill started in the spring of 1972 in the executive branch with representatives known as the Executive Agency Group. Principle representatives from the Office of Management and Budget (OMB), Cost of Living Council (CLC), Council of Economic Advisers (CEA), U. S. Department of Agriculture (USDA), and Secretary of Treasury Shultz as head of the White House Council on Economic Policy cooperatively compiled ideas for the legislation. The USDA provided the needed analysis of alternatives.

[4]For a more detailed description of the administration's legislative position and its evolution, see Bonnen (1973).

This work led the agencies to seek a minimum cost land diversion and set-aside program. Payments to farmers were to be based on the set-aside of a combined diversion acreage rather than a set-aside diversion for each separate crop. Late in January 1973 these executive agencies prepared a joint position paper for the president stating their recommendations and highlighting the major alternatives.

Based on the information from the Executive Agency Group (consisting of representatives from agencies in the Executive Office of the President and the Departments of Treasury and Agriculture), the president decided that the administration would not send a farm bill to Congress. But he assigned administration officials, particularly the Secretary of Agriculture, the task of explaining and selling the unofficial proposed four year program. As recommended this proposal would have removed farm income payments and changed allotments from a crop-by-crop to a total cropleand limit. No administration bill was offered apparently to keep the administration's proposal from becoming "cannon fodder for a Democratic-controlled Congress."

The administration did not want to eliminate farm payments entirely, but it intended to eliminate farm income payments in excess of the payments needed to gain farmer cooperation for controlling production. No one intended to eliminate loan programs or production controls if or when farmers began overproducing (U. S. Congress, Senate Agriculture Committee Report, 1973, p. 22).

As Congress began to act on the legislation, two important things happened that strengthened the Secretary of Agriculture's hand in the negctiations. First, Willian Morrill, the Associate

Director of OMB, a strong individual who had served as an effective coordinator of the executive agencies, resigned to become the Assistant Secretary of the Department of Health, Education, and Welfare. His replacement, John Sawhill, was not effective and was unable to coordinate the agencies or influence Mr. Butz. Secondly, the Watergate case broke with a barrage of public disclosures of illegal acts by persons close to the president. This soon began to limit the president's effectiveness in Congress. Rather quickly the White House presence in Congress was withdrawn and the presidential leadership in farm legislation was jettisoned. Consequently, Secretary Butz received little direction and gained a far freer hand. With no well-defined administration farm bill, the Secretary was not obligated to other executive agency bureaucrats and freely bargained with the Congress on the provisions acceptable to him. This led to a great deal of distrust of the Secretary in the other executive agencies.

The Senate. Contrary to usual practice, the Senate moved first on the farm bill in 1973. Most agricultural lobbyists felt that passage of the farm bill would be enhanced by starting in the Senate since the issue of food stamps for strikers would be difficult to resolve in the House without a Senate precedent. The Food Stamp Program has been a part of omnibus farm bills since 1970.

The Senate Agriculture Committee first asked the administration for a farm bill; but when it was not forthcoming, they proceeded on their own bill which in essence extended the 1970 Act (U.S. Congress, Senate Agriculture Committee Report, 1973, p. 21). Showing disapproval of the snub, the Committee asked the administration to testify last. As the hearings proceeded, nearly all parties testified in favor of extending the 1970 Act. Farm groups further emphasized that they were concerned about the rapidly rising input costs (Congressional Quarterly, 1973, pp. 543-4 and 616-7).

Despite the general satisfaction with the 1970 Act, Senator Young (Republican/North Dakota) introduced the target price idea in the Agriculture Committee (Congressional Quarterly, 1973, p. 1379). The idea originated with the National Farmers Union as a concept which might be worth considering rather than as an organization position. This is essentially a Brannan-type farm program. Since nearly half of the Senate Agriculture Committee members were up for reelection in the next national election and many face potentially serious challenges, they willingly set high target prices to please their farm constituencies. The important Senators in this position were Young, Dole, McGovern, Helms, and Talmadge, the chairman. Furthermore, since wheat is the most important farm commodity in about half of the districts represented on the Senate Agriculture Committee, Senator Young's introduction of target prices for wheat was readily accepted. The rest of the Agriculture Committee then quickly adapted the idea to their commodity interests in feed grains and cotton as well.

With the target price concept adopted, target levels and formulas for updating target prices received priority attention. The Senate Agriculture Committee set the target prices at 70% parity or more (Congressional Quarterly, 1973, p. 1379). They knew this was far higher than desired by the administration and nonfarm interests, but they believed it was a good political position from which to negotiate (Congressional Quarterly, 1973, p. 1549). To answer the rising farm input cost problem, the Senate Agriculture Committee staff suggested a price escalator clause. In the past, parity measures were used to set changing farm program price levels. In the new bill, the formula defined in the escalator clause increases target prices when production costs rise and (after the bill passed the House) decreases target prices if farm yields rise.

Before the bill cleared the Senate Agriculture Committee, representatives of the large regional dairy cooperatives approached the members with a number of amendments (Congression Quarterly, 1973, p. 1380). The important amendments would have allocated farm milk bases under marketing orders to the farmer's producer cooperative association rather than the farmer; they allowed standardized minimum rate fixing for certain services performed by the dairy cooperatives for milk handlers, and permitted the cooperatives to establish milk pools by transferring available milk among marketing order areas to improve consistency of supplies. The Committee found little objection with these amendments and rather routinely included them in the version of the bill sent to the full Senate.

On the Senate floor the dairy amendments became the first major area of disagreement (Congressional Quarterly, 1973, p. 1380 and 1478). Senator Hart (Democrat/Michigan) asked the Justice Department to investigate the legality of the dairy provisions. In response the Justice Department requested that these sections be dropped. The Washington Post and The New York Times publicized the controversy.

Furthermore, the National Farmers Organization (NFO) bitterly fought against the dairy amendments because they felt the provisions gave the cooperatives too much control over farmers. Such commodity controls would potentially limit NFO membership. This dispute between the NFO and the dairy cooperatives split the Farm Coalition, which had joined forces to expedite passage of the 1970 farm bill. Subsequently, the Farm Coalition no longer effectively influenced the farm bill. As the controversy attracted more attention, the Senate rather handily defeated the dairy amendments.

Cotton interests also had problems on the Senate floor. Attempts were made to eliminate advertising and promotional funds provided for cotton and to lower farm payments by reducing the payment limits and closing legal loopholes. The cotton interests have prominent representation in the Senate, and these moves were resisted. Public sentiment, however, dictated that the Senate reduce farm payment limits from $55,000 per commodity per farm for price support and diversion payments to 420,000 per person for price support payments, thus excluding diversion payments from the limitation. The promotional funds for cotton remained intact.

Few interest groups expended energy in the Senate (National Journal Reports, 1973, p. 731-2). The wheat growers welcomed the idea of target prices which Senator Young introduced in the Agriculture Committee. The wheat growers, however, took no credit for initiating the idea. The dairy cooperatives and NFO fought with each other over the dairy amendments. The cotton interests voiced concern about payment limits and promotion funds. The millers and bakers, the only other significant and active interest group, worked to repeal the wheat processor certificates. These certificates required processors to pay 75¢ per bushel to the government for wheat processed. In effect, the price of processed wheat was simply raised to pass the tax on to the wheat consumer. Through a strong lobbying effort, the millers and bakers convinced the senators to suspend the wheat certificate provisions in the 1973 bill thus transferring this price support cost back to the treasury and the taxpayer. In a year of high consumer prices, this political move undoubtedly drew more votes from urban consumers and increased the chances of passing the bill. Most of the general farm organizations maintained a low profile and did not get involved after the initial Senate committee hearings.

The House. When the 1973 Agricultural Act arrived at the House, the Agriculture Committee addressed itself primarily to three main issues. First, the issue of food stamps for strikers was a hot potato. In trying to reach a reasonable compromise, the House Agriculture Committee completely rewrote the general provisions for food stamps. This created further animosity. Interests, such as welfare groups and the AFL-CIO, prepared for a floor fight.

Secondly, the House Agriculture Committee established its version of the crop target price levels. Representative Poage (Democrat/Texas), Chairman of the House Agriculture Committee, wanted price levels that the administration would not veto. But he also did not want to set the target prices unnecessarily low for he would then appear to be the main political force pulling down the prices. To get out of theis dilemma, he asked the White House to threaten to veto the farm legislation if the House set the target prices higher than the administration's recommended levels. Poage did not get this veto threat but only a letter from Secretary Butz stating that a veto might be forthcoming (U. S. Congress, House Agriculture Committee Report, 1973, p. 61-2). This was not strong enough for Poage, so the Agriculture Committee chose a target price that was midway between the Senate and the administration levels.

Thirdly, the House Agriculture Committee addressed payment limitations. Although the Senate had already accepted a limit of $20,000 per farmer, cotton interests worked through cotton area legislators to persuade the House Committee to raise the limit to $37,500 per crop, not including government loans, purchases, set-aside payments, or recreation compensation payments. As expected the liberals did not like this change.

When the farm bill reached the House floor, a complex brawl ensued. The bill pleased no one, and floor fights were expected on all the main issues. The conflict involved five identifiable groups. A <u>conservative Republican</u> group wanted to keep food stamps from strikers and other "gold brickers." Each of these groups and the attempted coalitions are presented diagramatically in Table 2 on the following page. <u>Liberal, urban, labor-oriented Democrats</u> wanted food stamps for strikers and help in passing a higher minimum wage bill. <u>Liberal, urban Republicans</u> relying on consumer and taxpayer support wanted lower limits on farm subsidy payments and elimination of many of the payment limit loopholes. The <u>conservative, rural, Southern Democrats</u> protecting

TABLE 2

COMPARISON OF POSITION AND COALITIONS DURING HOUSE DEBATE ON THE FARM BILL

	CONSERVATIVE REPUBLICANS	LIBERAL, URBAN, LABOR-ORIENTED DEMOCRATS	LIBERAL, URBAN REPUBLICANS	CONSERVATIVE, RURAL, SOUTHERN DEMOCRATS	MINORITY REPUBLICAN LEADERSHIP (Administration)
CONSERVATIVE REPUBLICANS	Keep food stamps from strikers				
LIBERAL, URBAN, LABOR-ORIENTED DEMOCRATS		Food stamps for strikers; help in passing minimum wage bill			
LIBERAL, URBAN REPUBLICANS			Stricter farm payment limits; elimination of limit loopholes		
CONSERVATIVE, RURAL, SOUTHERN DEMOCRATS		COALITION 1 and WINNING COALITION		High payment limits; retention of payment loopholes; Cotton, Inc. funds	COALITION 2
MINORITY REPUBLICAN LEADERSHIP (Administration)					Eliminate price esculator; lower target prices

cotton interests wanted the payment limits set as high as possible and retention of traditional loopholes. Furthermore, they wanted $10 million in promotional money for Cotton, Inc. The minority Republican leadership in the House worked for the administration position, presumably with consumer and taxpayer support, eliminating the cost of living escalator for target prices. None of these five groups had enough votes without additional support.[5]

Feed grain and wheat interests wanting farm legislation were represented in this case by a "smaller" coalition with liberal, urban, labor-oriented Democrats. This coalition worked quite efficiently as wheat producers from the Great Plains and the Northwest do not normally qualify for large farm payments anyway. The NFU and NFO provided the group leadership for these farm interests in the coalition with the AFL-CIO and the UAW for labor interests. Together they were unable to pass a farm bill without additional support (Barton, 1974).

The conservative Republican group tended to represent Midwestern farmers wanting no farm bill at all. For ideological reasons they preferred to operate without government intervention of any kind. The AFBF represented this view by not strongly supporting any legislation but not by working against the farm bill.

Cotton producers wanted the large payments and were represented by the conservative, rural, Southern Democrats. Cotton was in a blocking position for the legislation desired by the more liberal

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[5]For a sense of the complexity, confusion, and frustration of this debate, see Barton (1974), Congressional Quarterly Weekly Report (July 21 and 28, 1973, Frederick (1973), National Journal Reports (August 11, 1973), and Russell (1973).

Democrats, but they could not seem to find a responsive alternative trading partner. Likewise, the liberal Democrats could not seem to trade decisively with liberal Republicans.

As the debate started, the two Democratic party groups attempted a coaltion. The conservative Democrats agreed to oppose an amendment barring food stamps from strikers in exchange for help from the liberal, labor Democrats, who agreed to oppose lowering the payment limits, eliminating payment loopholes, and striking the Cotton, Inc. funds that would hurt cotton interests. The liberal Democrats, however, could not maintain their ranks; many of them deserted the coalition to join the liberal, consumer-oriented Republicans favoring adoption of the lower $20,000 limit on farm payments.

When the first coalition failed, the conservative, Southern Democrats formed a new coalition with the Republican administration supporters. The Southern Democrats agreed to help delete the escalator clause if the Republicans would agree to defeat the payment limitation amendments (National Journal Reports, 1973, pp. 922-3). This arrangement left the liberal, labor Democrats standing alone so they collaborated with the urban Republicans to defeat and disrupt the Southern Democratic-Republican administration coalition. To do this, the labor supporters voted in favor of severe payment limits, plugging payment loopholes, and dropping Cotton, Inc. from the bill. At the same time, labor convinced supporting Congressmen to vote in favor of the escalator on target prices. These moves by labor succeeded and the second coalition dissolved. Obviously at this time any form of coalescing among the five groups was impossible.

After a weekend to recover and reflect, the debate started again; and the two Democratic groups reformed their coalition. Southern, rural Democrats worked with their liberal, labor counterparts to vote down a series of amendments. Eventually, payment limits were set at $20,000 per farmer, but all the loopholes were kept intact and the promotional funds for Cotton, Inc. were included. The labor-liberal coalition retained the escalator clause on target prices, fended off all the amendments to keep food stamps from strikers, and defeated the transfer of pesticide regulations from OSHA and USDA (Congressional Quarterly, 1973, pp. 2082-3). For its promised help on the farm bill, labor gained enough support earlier in June to pass a new minimum wage bill with higher wage levels.

The evidence supporting these trades can be shown from voting records. Voting records by themselves though are somewhat deceiving. Legislators may still be party to a trade by offering to vote in support of the coalition partner if the vote is needed. Thus, all members of a trading group may not reflect the coalition position as long as the coalition wins. The underlying support from some traders may be all that is necessary for the trade.

Evidence of the trade may be drawn from comparisons of rural support on the minimum wage bill. Two amendments provide a before and after trading glimpse of rural Democratic voting patterns. On the last day of this debate, Congressman John Erlenborn (Republican/Illinois) offered a substitute motion allowing students a lower minimum wage than those over 18 years of age. Before a vote on this motion was held, Congressman Burt Talcott (Republican/California) tried to amend it with an accelerated minimum wage for farm workers (important to fruit and vegetable growers but not to feed grain, wheat, or cotton growers). The Talcott amendment lost by 186-232 before labor could organize and trade for sufficient support. But labor interests were able to trade for sufficient rural support for defeating the non-amdnded Erlenborn substitute by 199-218. This vote was considered crutial because acceptance of a similar substitute motion effectively killed the 1972 attempt to raise minimum wages.

Barton (1974) draws comparisons of voting patterns on these two votes. While Republicans voted similarly against the labor position on both provisions there were significant shifts among rural Democrats. According to Congressional Quarterly designations (rural is defined as Congressional districts with 60% of the population living outside standard metropolitan statistical areas (SMSA's) and recorded votes (Congressional Quarterly, 1973, pp. 1468-9) approximately 33 members shifted from an anti-labor position on the Talcott amendment to a pro-labor position on the Erlenborn amendment. Thirteen of these were Southern rural Democrats, presumably with cotton interests, ten were Northern rural Democrats, presumably with feed grain or wheat interests.[6]

After House passage the toughest test was over. To pass a farm bill, rural interests had worked with urban-labor interests. A coalition was necessary to pass any farm bill. While farm and labor

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[6]The comparisons of these votes are made more completely in Barton (1974).

interests did not get exactly what each wanted, both got more with the the other's support.

Following the demise of the first coalition and prior to the formation of the second, Representative Michel (Republican/Illinois) offered a substitute bill that would phase out income payments for wheat, feed grains, and cotton. First, the substitute bill attempted to separate farm income payments and performance payments needed to restrict production. Second, it phased out the income payments over three years. And finally, it shifted the set-aside program to a cropland basis at the end of the phase-out program. The amendment was noteworthy because it nearly duplicated the position of the Executive Agency Group. In spite of limited lobbying, the amendment lost by only 186-220.

Interest groups lobbied considerably more in the House than in the Senate debates. The National Farmers Union (NFU) and National Farmers Organization (NFO) worked hand-in-hand with the AFL-CIO and United Auto Workers' (UAW) lobbyists to create the winning coalition. These two farm organizations with National Grange support encouraged the rural Democrats to work with the urban Democrats and the labor unions encouraged the urban Democrats to work with the rural Democrats in return. The American Farm Bureau Federation (AFBF) made their one notable lobbying effort in support of the Michel amendment.

<u>The House-Senate Conference Committee</u>. The next major hurdle was negotiating the House bill and Senate bill differences. Secretary Butz participated directly in the meetings of the Conference Committee which included members of both houses. Initially the Committee faced one hundred eleven debatable points.

In time the Committee resolved all the discrepancies except the question of denying food stamps for strikers which was eventually dropped from the report. Consequently, the report allowed strikers to continue to obtain food stamps just like any other qualifiers (Congressional Quarterly, 1973, pp. 2219-21).

Hoping to eliminate further debate on the issue of food stamps, Representative Poage used a House parliamentary rule allowing the conference report to be read but limiting debate to only one amendment. After reading the report, Representative Poage offered as nonsubstantive amendment that was quickly adopted. Thus, the House members could then vote only yes or no on the entire agriculture bill (that allowed food stamps for strikers). The bill passed the House by a vote of 252-151 (U. S. Congress, Congressional Record, pp. H7434-4). Gaining Senate approval was no problem as the bill passed 87-7 (U. S. Congress, Congressional Record, pp. S15821-2).

Presidential Signing. Up to the time the president signed the bill, the Executive Agency Group, except USDA, opposed the content and intent of the bill and especially the actions of the secretary of agriculture. The OMB, CLC, CEA, and Secretary Schultz's office worked collectively to reverse the trend of the legislation. They wanted to submit a new administration bill that would phase-out income payments to farmers and would change allotments from a per crop limit to a total cropland limit. However, the Executive Agency Group lacked the leadership to articulate their position to the president. When the agencies prepared a position paper on the matter, John Sawhill of OMB and coordinator of the agencies' efforts, would not allow it to be sent to the president. And when the Michel amendment surfaced they had no way to support the effort.

Non USDA representatives in the Executive Agency Group were greatly distressed by Secretary Butz's actions in the Congress. When Secretary Butz publicly endorsed the principles of the Senate bill before its passage, many representatives in the Executive Agency Group regarded his statements as diametrically opposed to the administration position.[7]

As the president considered signing the bill, he faced a difficult situation. If he vetoed the farm legislation the current act would expire before new legislation could be enacted. Furthermore, Watergate problems weakened the president to such an extent that an administration bill was not likely to fare any better the second time through Congress. Thirdly, the new farm bill was considered better than no bill at all. An finally, the high prevailing farm prices made a fight over target price levels appear futile. For these reasons, each of the Executive Agency Group members regretfully supported signing the bill.

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[7]Neither Secretary Butz nor President Nixon were interviewed so there is at least one other "possible" explanation of this behavior. Conceivably, under the political pressures of Watergate, the president could have privately instructed Secretary Butz to forget the administration's farm plan and to work closely with Congress to get what he could. The executive agencies or other USDA offices would not necessarily have been privy to such a decision and instructions to the secretary.

Summary. In retrospect it appears that the administration had little influence on the farm bill. The loss at a critical stage of the leadership of OMB Assistant Director, William Morrill, was an important factor. But perhaps the most significant reason was the Watergate problem. As the president's public support fell, congressional leaders enjoyed greater latitude in public decision as did Secretary Butz. Somehow the administration recommended farm legislation that would eliminate excess farm income supports and broaden production allotments from a per crop to a total cropland basis, but it ended up accepting legislation that raised the support to new highs and retained the separate crop allotments.

Strangely enough, the weakened presidency resulted in a true congressional farm bill, yet it happened during a period of camparatively little outside interest group activity. Normally, Congress exercises the greatest leadership on legislation when interest groups are exerting tremendous amounts of energy in the political decision process. In fact, it is the strength of these outside forces that makes it possible for congressional leaders to exercise their independence of the administration.

Limited interest group activity, however, does not imply curtailed attention to farm and non-farm interests. Farm and consumer interests are so pervasive that decision-makers need little prompting to consider the impact upon them in agricultural legislation. Urban and consumer interests were of some significance to the 1965 act, of major significance in 1970, but absolutely essential to the passage of the 1973 act. In the future, unless stronger coalitions across non-farm interests can be built, agricultural legislation may not be possible in the form in which we have known it.

Predicted Behavior

We may summarize that portion of the hypothetical ramifications that appear relevant to this case study. In the bargaining process surrounding this bill, three types of behavior could conceivably be produced. Early in the debate process before positions on the legislation are settled, the model would predict with no other constraining factors the actors would attempt to bargain for a position as favorable as possible to themselves. This would suggest a power theory model.

Secondly, after the positions are somewhat settled, but before a final solution is made, and without any other restraining factors, the model would suggest that participants in a coalition would attempt to include just the minimum number of members to gain acceptance and would tend to distribute the winnings according to the resources contributed by each. Thus, a minimum resource theory is suggested at this point.

And thirdly, during any period of heated debate, usually over a limited number of the final, most controversial issues where the bargaining is quite hectic, we would expect actors to pursue support wherever it seems available. This situation would suggest a random model. Thus, in terms of strategies followed, we expect a hybrid sequential model of interest group leader behavior.

Interest group leaders should be expected to want to trade. In order to gain support, according to the model, those who expect to have an impact on the decision must enter into the trading process. The timing of active participation may vary with the importance of the levels in the decision process. Since the most important obstacle to passage was acceptance of the legislation on the House floor, we would expect that most of the serious bargaining would occur during that time. The actors should save their trading currency for the important contest.

The model would predict that trading will tend to occur among policy actors with similar interests at lower governmental levels. At higher governmental levels more interests enter the bargaining. These additional participants have less in common than those interests initially involved at the lower levels. The agricultural interest group leaders, therefore, should find that they have more valuable trading currency with rural congressmen who are on the agricultural committees.

According to the model, comparing groups that are otherwise equal the group with the longer tenured group leader should enter the bargaining process more frequently on the average than the shorter tenured leader. In order to win a significant number of collective goods, group leaders must bargain on many issues. Longer tenured leaders apparently stay in office because of their preference for excelling at this type of work. Furthermore, the organizational constraints will be less for longer tenured leaders, in general, because they are likely to have greater control over the organization's policy, budget, and staff than a short tenured leader. Certainly competition from within the organization should be more controllable as the leader gains experience and tenure.

We would expect the general farm organizations to use a good share of all their resources on legislation which is as basic to their well being as is the farm bill. With more resources available, more influence can be attained. With more resources additional trades can be made. And furthermore, the group leader trading for the largest amount of support should have the most influence on the outcome. That is to say, the group leader most deeply involved in coalitions of various kinds should have the most significant impact on the public decision.

If the cost of selective goods could be compared, the leaders of groups offering the largest range of least expensive selective goods should bargain from a more stable position. Since the AFBF has the most extensive selective good system their leaders should have the greatest latitude to bargain without losing organizational support.

This model would also predict that single commodity groups with large memberships should be able to achieve significant influence. The limited single commodity interest should make it easier for their group leaders to explain and gain recognition for legitimate problems. Organizational solidarity, or known membership support for leadership is an important resource and should be easier to attain in single commodity groups than in a general farm organization. This means that highly specialized interest groups such as the wheat growers and cotton producers should have the capability of significant impact on those portions of the legislation dealing with their interests.

As there tends to be much uncertainty in the hectic debates and bargaining in the decision process, the model would suggest a rational bargainer would trade for more support than the minimum necessary rather than risk losing.

As the legislation is enacted we would expect the trading surrounding that legislation to be more competitive the more important the issue under consideration. The competition should be more severe, as well, the greater impact the solution has on each leader's relative position among competitive interest group leaders and on each leader's position within their organization. All this occurs because the more impact the issue has the more willing the interest group leader should be to commit more resources to the bargaining process.

During the bargaining process interest group leaders should consider the long-run impacts of the various issues. Although the present value of future support should be discounted, support trades need not be limited to issues currently under consideration. Often the decision-making costs can be decreased by trading with reliable partners in a stable long-run coalition.

After the legislation is adopted it should be evident that many individual members of the various interest groups would have wanted more collective goods than the legislation actually provides. These same members, however, are probably not willing to pay for the greater resources necessary to win those additional collective goods. This means that when dealing with collective goods the free-rider problem impact on individual members is such that they are not really willing to pay for additional goods that they expect to be provided anyway. What is rational for the group, as the sum of the members, is not necessarily rational for each member.

Comparison of Actual and Predicted Behavior

The question to be answered in this section concerns how accurately the model explained interest group leader behavior in the case study. The model predicted and the case study showed that bargaining and trading did occur. Perhaps the amount of bargaining was different in that in the actual case study the important trading occurred only in the latter stages. Furthermore, the AFBF and the Grange did not commit as many of their available resources as one might initially have expected. There appeared to be many long-run considerations involving other issues of the past and future that constituted hidden ingredients in the trade.

Peculiarly, the groups with a larger membership and larger caches of resources did not necessarily do the most bargaining and trading. The AFBF should theoretically have participated the most. Since they have the largest membership and the most extensive collective good system, the model would predict more participation. Perhaps there are several unaccounted factors. First, the larger membership could mean there are more internal conflicts of interest making the least controversial policy that of little activity. Seconly, their own internal policy-making process could be more difficult and the decision-making costs greater because of the larger membership. Third, the AFBF really did not have an obvious trading partner while the bill was before Congress. Other farm groups could work more promising trades with non-farm groups, but the AFBF opted to work with the administration. The AFBF and the Republican party have long maintained a philosophical marriage. A sympathetic relationship existed. The problem was that the administration was not trading for farm bill support because of Watergate. While the AFBF could have attempted trades with other interest groups or rural congressmen, they refused to compromise their own policy position.

It is interesting to note that the farm organizations with more centralized leadership tended to enter the process more. The NFO is organized with a strong central national leadership. The NFU is not as centrally organized, but it does maintain an experienced Washington office well staffed for lobby activity. The model would predict that those organizations with more centralized leadership would afford the group leaders the opportunity to control the organizational constraints which tend to limit their flexibility to pursue personal goals in the public decision process.

The trading examples appear to fit the model predictions for the several types of bargaining occasions. Early in the process the few participating interest groups jockeyed for position to gain support of their particular position. The power theories seemed explain the prevailing attitude of the traders as they attempted to gain legislation as much in their favor as possible. However, since the interest groups played a very small role in the formative stages of this legislation, this model was not too important in this case.

Both the minimum resource and random coalition models seemed to have relevance in the House debates. As it become clear that no agricultural legislation would be passed without non-agricultural support the NFO and NFU began in earnest to build a coalition that would include just enough support to win passage. The one group who had enough support to trade was the AFL-CIO. There was very little attempt to include more than that group. They even considered Grange support non-essential and made few attempts to bargain for it. At the same time there were some elements of a random coalition, as the various interests among the House legislators attempted to compile new and competing coalitions. The evidence of their success seems to point to the fact that many traders were trading with anyone available for trading.

It is difficult to tell if individual group leaders did gain profits or utility from their participation in the decisions on the agricultural bill. Possibly a percentage of their salaries is pro-rated on the basis of their success in gaining desirable legislation. Furthermore, a certian amount of prestige could be attributed to the NFU, NFO, AFL-CIO, UAW lobbyists/leaders from the public media attention. It is difficult to say, however, that the leaders of those participating groups gained any more utility than those leaders and groups that participated less.

Just as the model predicted, the organizations that appeared most stable also offered the most selective goods. Stability in this sense can be defined as the organizational viability and ability to gain new members. The AFBF would certainly meet this stability criterion and offers the most extensive system of collective goods. It did not need to bargain extensively over collective goods to maintain and attract new members. The AFBF is one of the few farm groups with increasing membership.

Those groups who bargained in the process had the most influence on the outcome. Assuming a farm group would want a farm bill, the NFU and NFO did more to accomplish that task by bargaining than did those abstaining farm groups. And furthermore, those commodity groups who bothered to contact the Executive Agency and USDA officials found the end result more to their liking. And certainly the AFL-CIO and UAW gained more support on their minimum wage bill, maintaining OSHA standards in the Department of Labor, and retaining the food stamp provisions for strikers than if they had neglected the farm legislation.

In the decision process the most effective trades involve items or currencies of greatest value to the coalition partners. Each of the partners felt the coalition was more important when the currencies at stake were of greater importance to each. As the model would suggest the NFU and NFO traded most conscientiously with AFL-CIO when their point of trade was the very passage of the entire agricultural legislation. At this critical time the administration as a result of Watergate withdrew from seeking legislative leadership leaving no one in a position of leading the bargaining process. Rural congressmen depended on executive leadership to collect non-farm support.

Consistent with the model, considerable influence was gained through a coalition. It is doubtful the NFU or the NFO would have been successful if they or sympathetic legislators had not been willing to bargain with consumer and labor interests. In this case, a small coalition was important. The smaller coalition of only four members (NFU, NFO, AFL-CIO, and UAW) was able to capitalize on smaller decision-making costs within the coalition itself. This smaller size made attaining a position complementary to all members more possible.

The model did predict the overreaction of building more support than necessary. Uncertainities over legislation loyalties and poor communication in the debates meant that it was safer to build greater than minimal support. The confusion on the House floor would be difficult to exaggerate.

The free-rider problem seemed evident after the process was over. Few farmers were satisfied with the target prices which they considered much too low. Likewise, farm organizations felt that few farmers seemed willing to offer additional dues money to support a larger effort. As long as the other members' money supported the effort, more collective goods were wanted.

Few group leaders even attempted to contact or negotiate with Executive Agency Group officials early in the process. Even when the matter was considered in the Senate, few groups took an active interest in bargaining over provisions in the bill. Throughout this time period, the evidence suggests that USDA officials were rarely consulted. Most of these interest group leaders appear to have assumed that Secretary Butz was their sympathetic spokesman without making formal contacts.

The power theory model was largely avoided by interest group leaders. Perhaps this happened because few interest group leaders were involved in the formative stages of the legislation. When the bargaining did occur the basic positions were already established so that the minimum resource theory was the more appropriate model to follow.

The Colorado River Basin Act of 1968[8]

Highlights

The Colorado River Basin Act authorizes several dam projects which facilitate the use of water in the Southwestern United States. Arizona gains the most in the Act since the bill authorizes the Central Arizona Project (CAP), a long-sought development to bring Colorado River water to the Phoenix and Tucson areas. Coincidently, but geographically unrelated, the Act authorizes five Colorado dams and one New Mexico dam as well as a water volume guarantee for California. Furthermore, the Act facilitates building the essential political support for pending dam projects in Nevada and Utah (U.S. Congress, 1968, House Report 1861). This case study traces the political process that made this legislation possible in the face of many conflicting interests.

The arid conditions of the Southwest highlight the importance of water legislation. Water is a scarce commodity, and thus it is of value to the holder. An elaborate system of state compacts and court-mandated agreements spells out the distribution of available water among the various states. In this case, the Colorado River Basin Act was particularly important for Arizona to utilize its water entitlement. Because of the scarcity of water, most public officials believed that the future development of the state hinged on attaining additional water for the Phoenix

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[8] Most of the facts of this case study are taken from Helen Ingram's book, Patterns of Politics in Water Resource Development (1969). Supplemental material is taken from The Politics of Water in Arizona by Dean E. Mann (1963). And additional citations are noted. The author's input is limited to analyzing the available reports of events.

and Tucson metropolitan areas. Knowing these strong desires, other states in the Colorado River basin appeared to have used this legislation to extract favors and gain political leverage for their own pet projects.

The Central Arizona Project was in the making for a long time. Arizona's Senator McFarland introduced the legislation for the first time in 1947. Both in 1950 and 1951, the Central Arizona Project (CAP) passed the Senate but not the House. For the following twelve years, Arizona and California engaged in a legal battle over the distribution of Colorado River water. When this dispute was settled by the Supreme Court in 1963, Arizona began anew to gain federal funds to help build its project (Engelbert, 1964, p. 129). The essential trading on the Colorado River Basin Bill began in 1966 with final adoption in 1968.

Trading support resolved the various legislative differences among the basin states for projects important to each. Except for several conservation groups, few interest groups played a significant role in achieving accord. The Sierra Club and the Wilderness Society caused considerable controversy resulting in abandonment of two hydroelectric power dams which were to be constructed in the Grand Canyon and in disconcerting conflict over the Hooker Dam in New Mexico.

Background

An aura of "back scratching" accompanies the distribution of water in the Southwest. Each state knows the importance of water to their area and must depend on outside support to gain Congressional authorization. With this in mind, individual states tend to support the water projects of other states in hopes of gaining return support. Congress, however, passed the Colorado River Basin Act when California was already using its full water entitlement (the agreed level of water usage authorized in the Colorado River Compact of 1922 and reaffirmed by the U.S. Supreme Court in 1963) and was more concerned with avoiding competing projects that could limit her water supply. This attitude convinced other states that Arizona might become similarly inclined after she used the remainder of her entitlement through the Central Arizona Project (CAP). Pressure developed, therefore, to include enough other projects in the legislation so each of the states could utilize their full entitlement.

The legally recognized doctrine of the right of prior use affects water agreements in the Southwest. For surface water this means new users cannot interfere with the water supply of prior users upstream or downstream. This doctrine increases each state's concern for using its full water entitlement.

The important actors in the case should be identified. The Secretary of Interior, Stewart Udall, was from Arizona and favored the CAP. As Secretary he was in charge of the Bureau of Reclamation which had administrative responsibility for the dam projects in the bill.

Secretary Udall's brother Morris Udall served as a U.S. Representative from the Tucson area and worked closely with Representative Rhodes from the Phoenix area. Together they became the principle bargainers for Arizona.

Senator Carl Hayden from Arizona, although quite elderly, favored the CAP and chaired the prestigious Senate Appropriations Committee as well as sat on the Senate Interior and Insular Affairs Committee. Hayden saw the CAP as a capstone to his long career in the Senate. Much of Representatives Udall and Rhodes legislative success for Arizona could be attributed to Senator Hayden's support although his health prevented extensive participation.

Senator Anderson of New Mexico was chairman of the Senate Interior and Insular Affairs Committee before stepping down to head the sub-committee on Power and Reclamation. Because of his esteemed reputation, he could command support for New Mexico's interests in the legislation.

When Senator Anderson stepped down from the full committee chairmanship for health reasons, he allowed Senator Henry Jackson (Washington) to assume the chairmanship which he continues to hold today. As a senator, Jackson's support became important in achieving Senate passage of the Colorado River Basin Bill not only because of the committee chairmanship, but also because he represented a Columbia River Basin state.

State Engineer R. E. Reynolds of New Mexico proved to be a tough bargainer for New Mexico. His power was derived through Senator Anderson, who religiously followed Reynolds' suggestions.

Senator Jackson's counterpart in the House, Representative Aspinall of Colorado, was an equally powerful individual. Aspinall used his position as chairman of the House Committee on Interior and Insular Affairs principally to protect the water rights of Colorado.

The Bureau of Reclamation in the Department of Interior and the Corps of Engineers were two administrative agencies involved in the legislation. The Bureau had a major stake in the Central Arizona Project (CAP) and the two Grand Canyon dam projects. Since these projects had favorable benefit-cost ratios, the Bureau considered them their best hope for continued involvement in major dam projects. The Corps of Engineers, however, gave only passive Administrative support as they were not as closely involved in these projects.

The interest groups involved were mostly national in character. Generally they opposed several important dam projects. The Central Arizona Project Association was a major exception as this groups was expressly organized to build political support for the project. The New Mexico Wildlife Federation, a combination of fifteen smaller wildlife groups in New Mexico, did not control significant political capital, but it opposed the two Grand Canyon dams and favored the Hooker Dam site in New Mexico. The Wilderness Society opposed the Grand Canyon dams as well as the New Mexico Hooker Dam site since the Hooker Dam Lake would flood wilderness areas. Their opposition to the Hooker Dam was softened somewhat by their support of the alternative Conner Dam site further downstream the Gila River. The Sierra Club opposed the Grand Canyon dam sites as well as both of the potential Gila River dam sites in New Mexico for in the Club's estimation the projects destroyed too much natural scenery. Although exposing national concerns, the Sierra Club attracts its strongest membership in California.

Several issues continued through the debates. Representative Aspinall (Democrat, Colorado) felt that the legislation should include provisions to protect Colorado's entitlement to their water. This necessitated building projects that would begin use of the water concurrently with the Central Arizona Project (CAP). One of those projects, the Animas-LaPlata Dam was located near the Colorado - New Mexico border. This dam would allow additional water for both states. New Mexico supported the Animas-LaPlata project as well as the unrelated Hooker Dam project in the southern part of the state which held Gila River water. Since the Animas-LaPlata project used the remainder of their entitlement, New Mexico bargained to obtain some of Arizon's entitlement limits to gain additional water for the southern part of New Mexico. Before Arizona, however, would even grudgingly consider trading away some of its water entitlement, it had to gain the Central Arizona Project (CAP).

Earlier in the debate on this legislation, two hydroelectric power dams were planned in the Grand Canyon area. These projects would have backed water into the Canyon, but it would not have been visible to tourists from the Canyon rim. Conservation groups across the country opposed both of these dams. The Wilderness Society and the Sierra Club posted their biggest score on these projects by mobilizing national resistance to an otherwise local problem of building water support.

Actual Behavior

The majority building efforts reached a decision near the end of the 89th Congress in 1966. This was the first attempt to

collect enough support for a bill to authorize the Central Arizona Project (CAP) since the Supreme Court decision on Arizona v. California in 1963. Throughout the 89th Congress Arizona respresentatives developed a bill that would satisfy congressmen from, first, the Colorado River basin states, and secondly, the Columbia River basin states that could be effected by inter-basin water transfers. Trading to gain their support necessitated writing a bill with a rather complex array of water and dam projects for most of the Colorado River basin states.

First Arizona tried to gain unity among the lower Colorado River basin states. To gain California's support the bill established as limited priority on water in times of shortage on the Colorado River. When a combined 7.2 million feet of water was not available for both California and Arizona, the bill stipulated that Arizona would bear the shortage. Furthermore, the bill provided for a feasibility study for the inter-basin transfer of water from the Columbia River. This recognized the potential over-commitment of Colorado River water and the need for outside sources for continued Southern California growth. A basin fund would be created to pay for this eventual transfer, but the first 2.5 million acre feet that were needed to meet the current Colorado River entitlements would be made a national treasury expense (Congressional Quarterly, 1965, p. 1795).

Nevada agreed to support the bargained position between Arizona and California. In the main, Nevada wanted support for the Southern Nevada Supply Bill that would utilize the remainder of her entitlement.

To gain the support of the remaining basin states; Arizona needed to guarantee upper Colorado River basin water development regardless of the success of any water transfers. The chief spokesmen for this position were Representative Aspinall and Senator Anderson. Furthermore, certain assurances were necessary in the bill to require the Bureau of Reclamation to maintain an operational level of water behind the Glen Canyon Dam and to reimburse the upper basin fund for past water losses where the water was drawn down to supplement the power needs from the Hoover Dam downstream.

To gain their support, the state of Utah gained reauthroization of the Dixie project as a part of the upper basin fund. Bargaining in behalf of Colorado, Representative Aspinall demanded return support for four projects entirely within Colorado, and the one additional project near the state line between Colorado and New Mexico that would utilize the remainder of Colorado's entitlement to Colorado River water. New Mexico demanded support for the Animas-LaPlata Dam with Colorado, the Hooker Dam on the Gila River that feeds the Colorado River and 18,000 acre feet of water previously claimed in Arizona's entitlement. Only Wyoming remained without a project.

Most of the water and dam projects were in some phase of consideration prior to the Colorado River Basin Bill. The bill, however, speeded their progress considerably. New Mexico's claim on the 18,000 acre feet of Arizona's water occured only because of the power attainable through bargaining. Because Arizona wanted the Central Arizona Project (CAP) and needed New Mexico's support, New Mexico was in a position to extract big favors.

The Columbia River basin states opposed interbasin transfer because they wanted to keep their water for their own development. Thus, they opposed any references to a study of interbasin transfers. Although Columbia River basin states had only four votes on the House Interior and Insular Affairs Committee, their impact was considerably more in the Senate where Senator Jackson chaired the Committee on Interior and Insular Affairs. To accommodate this antagonism for interbasin transfers, an attempt was made to retitle the study, but that was fought by California, Colorado, and representatives from other states who felt the transfers were necessary.

With the support of all the basin states, the bill included two Grand Canyon Dams. Since hydroelectric energy sales have long been used as a source of subsidy for the production of water for irrigation, these dams would have been profitable sources of hydroelectric power contributing to the various basin funds that would pay for the Central Arizona Project (CAP) and future interbasin transfers. The dams, however, were important to conservationists wanting to retain the Grand Canyon National Monument in its present form. The Wilderness Society and the Sierra Club became the principal spokesmen for a national campaign to take the dams from the bill (U.S. Congress, 1967, Senate Hearings, pp. 443-526).

Resistance from the conservation groups became more important than the Arizona representatives originally anticipated. These groups viewed the legislation from a national perspective and did not bargain with the basin participants at the Congressional Committee level where coalitions favoring the plan were formed. As the resistance became more organized, it seriously threatened the legislation. Members of the coalition no longer wanted to risk amendments that would significantly affect their favorite provisions in the bill. As a result, the House Rules Committee refused to grant a rule allowing the legislation to be debated on the floor.

The basin states' coalition fell apart because California, particularly, was concerned about losing the Grand Canyon dams to the growing resistance from the conservation and/or the interbasin transfer studies to the objecting Columbia River basin states. The Colorado River basin states were forced to oppose each other over the distribution of existing potential supplies as long as no additional water could be obtained from other sources. The trades in this first bill are important because these are the positions used as a starting point in the 90th Congress (Congressional Quarterly, 1966, p. 2559).

With the failure of the first coalition, Secretary of the Interior Steward Udall sought new recommendations that would lead to compromises necessary to gain the Central Arizona Project (CAP). In this light, the Secretary changed the Administration's position by taking into account the growing conservation opposition and the troubling interbasin transfer problem. The new program eliminated both Grand Canyon dams, provided federal government financing for pumping the water from the Central Arizona Project (CAP) through coal-fired, private and public utilities and deleted the water transfer studies in lieu of separate authorization of a less biased National Water Commission charged with overseeing all water matters (U.S. Congress, 1967, House Hearings, pp. 78-80).

In the first session of the 90th Congress, the Senate took the first initiative. The basic position of the bill provided for a

4.4 million acre feet priority to California, the five Colorado projects (including the joint Animas-LaPlata), the Hooker Dam project for New Mexico, the Dixie project for Utah and omitted the two Grand Canyon dams and the water transfer studies.

Even though the conservation groups had apparently won the fight over the Grand Canyon dams, they continued their interest in the legislation by raising questions on the acceptability of the Hooker Dam in New Mexico. The Wildernesss Society sought an alternative site further downstream that would not affect the Gila Wilderness, a National Wilderness Area. The Sierra Club disliked both sites and fought their inclusion in the bill.

Despite the opposition, State Engineer Reynolds and Senator Anderson felt that the advantages of additional water for New Mexico were greater than the aesthetic costs of building a dam at either side. Furthermore, trading on the Colorado River Basin Bill provided the perfect opportunity to obtain that additional water. Since Reynolds and Anderson did not want to lose this trading leverage with Arizona they fought conservation interests throughout the 90th Congress to gain acceptance of the Hooker site. They considered this site better than the Connor site because of its substantially less evaporation and potentially less siltation.

This debate was important to Arizona because New Mexican support would not be forthcoming without the provisions for New Mexico. Representative Rhodes, and particularly, Representative Morris Udall sought to reconcile the differences between the conservation groups and New Mexican officials to expedite the passage of the combined legislative package. Since the conservation groups had won their position on the Grand Canyon dams, but were not as successful mobilizing resistance to the New Mexican dams, the coalition of Colorado River basin states was less threatened. Despite the conservation resistance, the Senate handily adopted the legislation and sent it to the House.

Further resistance developed in the House. The lack of provisions for new water supplies dissatisfied California and Colorado. And furthermore, California was not ready to accept defeat on the Grand Canyon dams. When the bill was referred to Representative Aspinall's committee, he tried to kill it with inaction. When prevailed upon by Congressional leadership and public media, Aspinall promised action in the second session (Congressional Quarterly, 1968, p. 277).

Although California state officials and Congressional delegates opposed the Senate version of the bill, they wanted to take part in the eventual decision. They displayed their willingness to bargain further in the next session.

Additional bargaining in the House Interior and Insular Affairs Committee resulted in minor changes in key provision. They did not change the 4.4 million acre feet priority for California, the five Colorado projects, or the Hooker Dam for New Mexico. The committee did adopt the Administration's steam plant concept for pumping Central Arizona Project water. They transferred the Mexican Treaty obligation from the seven Colorado River basin states to a national obligation. Two Colorado River basin funds were created. One fund would pay for the Central Arizona Project and the second fund would provide for the eventual expenses of interbasin water tranfers. A conditional authorization was given for the Unitah project in Utah. And finally, the five Colorado dam projects were to be built concurrently with the Central Arizona Project so that the Right fo Prior use would not favor the Arizonians.

Even with conservation resistance, the legislation was passed on the House floor, but it did meet substantial objection in the Conference Committee. Senator Jackson became the principal spokesman for the Columbia basin states and Representative Aspinall for the Colorado River basin states. Senator Jackson felt that the water transfer provisions were unacceptable, and he did not like the Mexican Treaty transferred to a national obligation.

The Committee's negotiations resulted in a ten year moritorium on water diversion studies although some long-range studies on Southwestern water availability would be allowed for the Secretary of Interior. The Mexican Treaty obligation was made national. And if and when any interbasin water was transferred, the cost of transferred water going to Mexico would be charged to the Colorado River basin states (Congressional Quarterly, 1968, pp. 2405-6).

The important persistant force for this legislation was the strong demand for the Central Arizona Project. Arizona spokesmen were committed to constructing the entire program in order to gain their project. The other participants in the legislation were concerned only with their particular part. Trading occurred because the benefits to Arizona were valued so highly that they could afford to incur considerable costs favoring projects in other states. Arizona was willing to endure significant compromises when trading part of her water entitlement to New Mexico and accepting water cutbacks in dry years to California.

The challenge of the conservation groups only made trading more complicated and stifled the momentum building for earlier adoption by the 89th Congress. On the other hand, the conservation groups protected the Grand Canyon from the two hydroelectric dams and were able to gain minor concessions on the Hooker Dam project in New Mexico.

Predicted Behavior

Using the public decision model presented in Chapter IV and the background information of this case, certain actions of the participants and the effectiveness of their influence can be predicted. Perhaps first, and foremost, the participants should try to resolve their differences through trading. The most effective influence should come through compromises and attempts to resolve the differences in lower levels in the process. Participants who are not willing to bargain and compromise will be least influential.

Because of the unequal distribution of the trading resources of the interested parties, the power theory games can be expected to be the most appropriate for strategical bargaining. With significant differences between the potential gains and the outcomes, the actors who have fewer resources and the least to gain are not interested in dividing the winnings according to their contributions to the effort.

Thus, the power theories should provide the most likely bargaining strategy.

Of the two approaches to policy process participation, the interest groups would be most likely to use the direct. The most active interest groups have a national rather than local orientation. Since they will not be recognized and accepted by the initial bargainers attempting to reach an accord, they will have to use the public media and other means of inserting themselves into the process.

Because of the nature of the issue, long-run considerations would be expected to be important in the bargaining. The dam projects return benefits and encumber conservation or environmental costs for a long period. Thus, trades involving future projects as well as past projects could enter into the trades. Conservation groups which trade with some view of the long-run should be most effective in persuading legislative votes.

Since water issues are of local concern, legislators who are interested in reelection will weigh local support heavily. These legislators should be expected to react in terms of their perceived constituent interests.

The problems of interest groups must be perceived as legitimate. Consequently, those groups not attached to local concerns will be hard pressed to gain recognition in the process. Interest groups must voice their conservation arguments in terms of local concerns in order to be heard during the initial legislative debates.

The interest groups and their leaders will have to avoid extending their influence beyond their available resources. If they enter too many debates rather than concentrating their efforts, they may be less effective.

Effective influence is expected to come from organized interests. Interests that are not organized will be less efficient in their efforts and less able to influence the outcome of the debates. Furthermore, resources are easier to channel through principle spokesman such as a group leader.

Likewise, conflicting internal interests in the group will have less impact on the decision process. These principles should also apply to attempted coalitions. Interest groups that can work out differences among themselves should have more impact on the final result than those who cannot.

Comparison of Actual and Predicted Behavior

The case exemplifies that trading tended to accommodate local-based interests as much as possible without inviting or accepting intervention from outside actors. Some of this exclusion turned out to be an inaccurate perception of the importance of the interest groups in mobilizing the national interests on Grand Canyon dams when the debate advanced to higher levels of government. When the trading coalition broke down, success of the Central Arizona Project was not possible.

The strategical bargaining seemed to follow power theories. New Mexico and Colorado representatives extracted considerable promises from the Arizona representatives. The representatives with the most at stake gave more concessions to the less important parties to the legislation. Since a coalition was needed for passage, the least important interests were able to bargain for a considerably larger piece of the winnings.

The interest groups used the direct approach. The Wilderness Society and the Sierra Club, both with national orientations, bargained directly in the process rather than through particular legislators. Their fortunes did not rest on any particular decision-makers.

These interest groups also bargained only in terms of the immediate issues. Long-run effectiveness on future dam projects was not considered as the groups invested considerable portions of their energy in the issues at hand.

Legislators involved in the case tended to serve their own constituent interests. Certainly Representatives Rhodes and Udall served Central Arizona. Representative Aspinall very effectively retained the water entitlement belonging to Colorado. Senator Anderson adn State Engineer Reynolds protected New Mexico on every trading opportunity. Since the interest groups with their national orientation did not have strong ties to the local situation, they had little direct influence on the public officials from the Southwest.

The interest groups gained legitimacy in their concerns about the Grand Canyon projects, but not in the Hooker/Conner projects. The groups were thought to have won the big issues and should be willing to compromise thereafter. The interest groups uncompromising position made their concerns less legitimate in the second round. Furthermore, the groups were less effective in the Hooker Dam debate perhaps because they had fewer resources remaining. With interest group IOU's consumed, public decision-makers had less need to bargain with them.

The organized interest groups were most effective, but fewer recognizable unorganized interests participated. The loosely-structured Wilderness Society related ineffectively to the local picture in New Mexico.

Disputes among the interest groups tended to decrease their overall impact. The Wildlife Federation support for the Hooker Dam gave the appearance that not all conservationists opposed the project. Furthermore, the difference in the basic position of the Wilderness Society and the Sierra Club regarding the acceptability of the alternative Conner site reduced the strength of their voice.

None of the interest groups involved in this case study were known to use selective goods. Rather the groups were of the expressive type. They tended to appeal to persons ideologically motivated on the issues. They gleaned much of their resources from persons motivated by the emotional concerns for the Grand Canyon. These organizations have not stood the test of time when influencing less emotional issues. Conservation interest groups tended to represent national constituencies and as such they were unable to enter the bargaining process at the lower levels.

The Michigan Agricultural Marketing and Bargaining Act of 1972[9]

Highlights

This legislation allows Michigan fruit and vegetable farmers to collectively bargain with processors. The Act defines the following procedures (Schaffer, 1973, p. 1):

1. Defining a bargaining unit

2. Accrediting an association to bargain as exclusive agent for all producers in a bargaining unit

3. Good faith bargaining between an accredited association and handlers (first burers of farm products)

4. Enforcing fair practices and organizing for collective bargaining

5. Establishing minimum requirements and rights in the operation of an accredited association

6. Resolving a bargaining impass by binding arbitration

An appointed board administers the Act and adopts many of the regulations for implementing bargaining agreements.

Bargaining legislation of this kind in novel in the United States. Authors of the bill expect Michigan's precedent to have an impact on similar potential legislation, federally and in other states.

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[9] Information on this case study stems from a seminar with the bill's principle sponsor, interviews with the Michigan Senate Agriculture and Consumer Committee chairman, a member of the House Labor Committee staff, a lobbyist for the Michigan Farm Bureau, and a professional resource person who closely followed the bill, and written material as identified in the text.

The Act engages public scrutiny over a traditionally private market. Processors bid prices high enough to buy the quantity produced based on knowledge of availability of total supplies and a price schedule of consumer demand. As long as processors bid against each other, the final consumer demand is reflected through market channels to the farm market.

Farmers, however, successfully pursuaded the state legislature that even in years of short supply the demand was not adequately reflected in the relatively low prices. Producers charged that they needed the right to strengthen their bargaining power to counter the growing oligopolistic market power of processors. The Michigan Agricultural Marketing and Bargaining Act reflected the political solution to this problem in a state producing a significant portion of the nation's fruits and vegetables.

Background

The Michigan Farm Bureau planted the idea of farm producer bargaining. Successful passage of the Act can be partially attributed to circumstances of the time, i.e., the low income of producers relative to processors. Furthermore, the Farm Bureau affiliated marketing service, the Michigan Agriculture Commodity Marketing Association (MACMA), needed bargaining legislation to answer the free-rider problem facing processors. MACMA had difficulty attaining marketing agreements because processors feared the competition from uncooperative processors within and especially outside Michigan who may undersell the processed goods. Mandatory bargaining by marketing areas helped alleviate potential free-riders from taking advantage of the situation.

This legislation was introduced for the first time and passed within the 1972 session of the state legislature. Preparations started two years earlier in the Michigan Farm Bureau staff through their procedures of policy development.

The difference in perishability of agricultural commodities affects the appropriateness for bargaining. Non-perishable commodities can be stored and thus held off the market until the producer chooses to sell. Perishable commodities, like fresh fruit, vegetables, and milk, however, must be sold within a few days. Producers of perishable commodities are in a much weaker bargaining position.

In Michigan as in many other states, the once-powerful legislative farm blocks have disappeared. In the House only 20 out of 110 legislators have predominant farm constituencies. Labor and consumer interests are gaining in political power. Farm legislation at the state level is rare. Therefore, for success in enacting this legislation farm interest groups had to win the support of other interests.

In the legislature a number of individuals played important roles. Senator Zollar (Republican), Chairman of the Senate Appropriations Committee and a fruit farmer from Benton Harbor, was the prime sponsor of the bill. Many of his constituents rely on marketing perishable fruits for their income.

Senator Ballenger, Chairmen of the Senate Consumer and Agriculture Committee, co-sponsored the bill. His committee first considered the legislation.

Representative Bradley chaired the House Labor Committee which handled the bill. Although his constituency was comparatively unaffected by the legislation, he worked for its acceptance because he favored the collective bargaining concept. He apparently felt some personal challenge in helping this bill win adoption.

Representative Cauthorn was an effective spokesman for the bill. He is a very articulate individual serving in the minority (Republican) leadership in the House. Working closely with Senator Zollar, Representative Cauthorn acted as the House sponsor.

Several legislator fruit farmers who were not in the leadership were helpgul in passage because of their enthusiastic endorsement. In this capacity Representatives Kennedy and Gast credibly pursuaded colleagues of the need for the bill.

Several interest groups contributed essential support. Foremost, the Michigan Farm Bureau, worked closely with Senator Zollar and and became the main force expressing farmer support. The Michigan Farm Bureau is more liberal than the American Farm Bureau described in the first case study on the farm program legislation. The unique commodity mix in Michigan agriculture allowed the Michigan Farm Bureau to support collective bargaining legislation helpful to commercial farmers in the fruit and vegetable industry.

Just as other state Farm Bureaus, the Michigan organization sustains a strong collective good program of insurance, farm supplies, and commodity marketing. In fact, one of their affiliated cooperatives MACMA, has helped establish marketing orders for several of the fruit and vegetable commodities operating in Michigan

Usually the Farm Bureau enjoys Republican support, but on the Bargaining Bill more Democrats voted for the legislation than Republicans.

Despite the Republican sponsors, the traditional Republican dislike of union-type legislation affected their voting positions. Even with Farm Bureau backing, Republican legislators tended to criticize the bill on ideological grounds.

A group of Farm Bureau member wives in Western Michigan started a separate and non-affiliated organization called the Women for the Survival of Agriculture in Michigan (WSAM). They gained public attention with an emotional appeal for the bill. Although the group lacked an experienced organizational base, it was an expressive organization originally intended for support of this one piece of legislation.

The Michigan AFL-CIO significantly affected the legislation by taking a neutral position. Since the bill was referred to the House Labor Committee and the legislation could raise the price of fruits and vegetables to consumers, the AFL-CIO had the power and the reason to kill the proposal. Instead the union took a neutral position allowing labor representatives to vote for acceptance without fear of losing labor support.

Sugar beet interests were split. The growers favored the bill while the processors opposed it. While grain farmers remained somewhat neutral about coverage in the bill, the livestock farmer groups vehemently opposed inclusion of both livestock <u>and</u> grain. Livestock producers as consumers of grain acted just like commercial processors, that is, until their commodities were excluded.

Two state-wide general farm organizations, the Michigan National Farmers Organization (NFO) and the Michigan National Farmers Union (NFU) opposed the legislation since it would expand government regulations.

Quite conceivably these groups feared a relative disadvantage to the Farm Bureau in organizing farmers under the legislation. The law provides exclusive representation by the group selected by a majority of producers of each commodity.

The strongest opposition came from the processors. The Michigan Chain Store Council, the Michigan Canners and Freezers Association, and the Michigan Food Dealers Association cooperated to try to kill the bill at each stage in the process (Michigan Farm News, 1972). They were joined by the Greater Detroit Chamber of Commerce which was concerned about the impact of the legislation on large processing firms in the Detroit area.

Actual Behavior

Although the Farm Bureau claims credit for the basic ideas in the bill, they are quick to recognize Senato Zollar's contribution toward making the legislation a reality. Because of the senator's key position as chairman of the Senate Appropriations Committee and his interest in fruit farming, the Farm Bureau considered him the legislator most likely to work aggressively for the bill. Senator Zollar's acceptance as sponsor was not altogether independent of his intension to run for Congress.

After introduction in the Senate, the Marketing and Bargaining Bill was referred to the Agriculture and Consumer Affairs Committee. The chairman of that Committee, Senator Ballenger, favored the bill enough to lend his name as a co-sponsor.

Senate Agriculture Committee hearings were held at various locations throughout the state, and they found more support than opposition, but the pork and beef livestock feeders and grain producers pursuaded legislators to exclude them from coverage of the bill. Initially these interests opposed the entire legislation on the grounds that it would not improve the bargaining for producers of non-perishable commodities and it would increase unwanted governmental regulations. The simpliest way to eliminate this opposition was to exclude them from coverage.

Passage on the Senate floor was not without considerable debate generated by processors. Nevertheless, Senator Zollar's influence prevailed.

After reaching the House, Senator Zollar and representatives of the Farm Bureau pursuaded Speaker Ryan to refer the bill to the House Labor Committee rather than the House Agriculture Committee. They considered the Agriculture Committee, especially in the House, ideologically biased against this type of legislation. The Labor Committee, however, had a strong interest in collective bargaining and the principles espoused in this legislation.

Labor wanted an effective time limit on the new law. As passed the Act remains in effect until 1976. Labor wanted to limit the length of the bill so they might trade their support for future farm support for (or minimal opposition to) organizing farm laborers. In addition, labor wanted support for rewriting the state law requiring arbitration for non-state public employees. With this in mind, 1976 was chosen because it is the end of the term for legislators elected in 1974. Democrats, with strong labor interests, traditionally gain after legislative apportionments and the 1974 legislature is the first to be elected in new districts.

The impact of these trades was to neutralize the opposition. At first, labor representatives in the House wanted to avoid the responsibility of passing legislation that would result in higher food prices if processors passed on the increases in the cost of raw commodities to the final consumers. They changed their opinion, however, when Senator Zollar explained that the bill gave farmers the same collective action rights sought and protected by labor. Producers of non-perishable commodities did not oppose or favor the legislation after they were excluded.

An additional roadblock to passage appeared during the final voting in the House. Because of his labor following, Speaker Ryan generally favored adoption of the bill. However, he nearly traded his support with Representative Spencer, the House minority leader, for Republican support in changing the election laws for Supreme Court justices. When Representative Spencer could not produce the votes for his side of the bargain, Speaker Ryan remained in support of the bargaining bill.

The most severe opposition throughout the debates and hearings stemmed from the processors. Obviously, if the bill improved the bargaining strength of producers against processors, they wanted to defeat the bill. With the line of difference drawn so clearly, the conflict was difficult, if not impossible, to compromise. Regardless of the content of the bill, processors opposed it.

B. Dale Ball, Director of the State Agriculture Department publically supported the bill. Governor Milliken's office, however, did not get involved in the debates or hearings. The bill was basically a legislative endeavor. With little apparent prodding from Senator Zollar or the Farm Bureau, the governor signed the bill into law January 1973.

Predicted Behavior

Based on the implications of the model, certain points are particularly relevant to this case study. Trading over the legislation should improve (at least not diminish) legislator reelection chances. Consequently, legislators can be expected to serve their constituent interests.

Most of the trading should occur among the major differences. Since producers and processors stand to gain and lose the most, these parties should work hardest for trades that will be most beneficial for each. Since the legislation was initiated to help producers, processors should want to trade for fewer bargaining regulations and producers should want to trade to gain the necessary support for approval.

The interest group leaders involved in the process should work for the program favoring their own interests. To the extent that the interest group leaders represent their members, leader efforts should advance the cause of the group members as well.

Because of the strong personal incentives for the bill's sponsors, the sympathetic approach should be the most useful to their interest groups. With legislators willing to do the trading, the need for direct involvement tof these groups in the process is less.

Because the legislation will permanently affect producer/processor relations, long-run considerations should be important. The implications of this bill for future legislation should be considered when developing trading positions.

Groups containing conflicting interests will be expected to temper their involvement. Where conflicting interests are directly affected in the legislation, group leaders may avoid asserting influence of any kind. If the differences can be settled without antagonism, the compromise may allow group leaders to increase their lobby activity without hurting their own leadership effectiveness.

Large interest groups with a long-run perspective will need to have selective good incentives for accumulating the necessary trading resources. Those groups without selective goods will be more expressive and will be concerned with a single issue on a one-time basis.

Since the conflict between producers and processors is direct, the power theory would be expected to be the most appropriate model of their trading. Among the other participating interests where the question was inclusion or exclusion from jurisdiction of the bill, minimum resource theory should describe the trading process.

Comparison of Actual and Predicted Behavior

Trading did occur. While producers and processors remained at odds, those interests wanting out of the bill were able to strike an accommodation with the fruit and vegetable producers. Setting time limits on the life of the bill satisfied labor interests.

Generally, the lobbyists worked for a position favoring their group. The Farm Bureau helped the small fruit and vegetable growers but refrained from involving their livestock and grain members after they objected. This exclusion neutralized their internal conflict of interests and allowed the Farm Bureau leadership to maintain a strong voice in the decision process. By assisting legislative passage, the Farm Bureau leadership gained a new organizing tool for gaining membership through their fruit and vegetable cooperatives.

Most of the trading in the decision process occurred at low levels in the decision process where the sympathetic approach was effective. Even an organization which had enough resources to trade directly in the process, e.g., the Farm Bureau, worked through Senator Zollar. The trading was done in committees with few substantive trades on the floor.

In highlighting the importance of trading, labor interests traded their non-opposition position for a time limit on the effectiveness of the bill to give them something to trade in the future. The Farm Bureau has an extensive collective good program providing the resources for long-run successes in the public decision process. The lack of a selective good program hampers any long-run effectiveness of the Women for Survival of Agriculture in Michigan. Since their goal was not long-run, the lack of selective goods did not curtail their effectiveness on an issue as emotional and important to their membership as the marketing bill.

No attempts to trade from power theory positions were noted. The processor and producers did not trade with each other. Only the minimum resource model explained the trading between the various commodity interests for exclusion or non-exclusion.

Timing gave the legislation legitimacy. Farm income was low while processor profits were relatively high. Farmers had a legitimate problem and were able to obtain a sympathetic ear from legislators. The real test may come in the judicial portion of the process. Processor interests are contesting the constitutionality of the bill. The model includes that strategy as an influential tool in the public decision process.

Revision of Farm Truck Driver Regulations by The Bureau of Motor Carrier Safety[10]

Highlights

The Bureau of Motor Carrier Safety as part of the Federal Highway Administration in the Department of Transportation stirred farm animosity when they revised their commercial truck driver regulations. The new regulations did not include the traditional farm exemptions for special federal driver's tests and examinations, physical and medical requirements, and a 21 year age limit. Commercial carriers were disturbed by the agricultural privileges and thought by eliminating them that farmers would be forced to hire more professional truckers.

In their first attempt at the revisions, the new regulations would have become effective January 1, 1971. Debate on the issue started in early 1970 and continued into the first few months of 1972. A "delay" in the regulations allowed farm groups the first six months of 1971 or organize and articulate their concerns about lower farm product vity, higher costs, etc. that would be likely with the new regulations.

In this case farm groups with the help of rural congressmen opposed the commercial truckers and the Bureau of Motor Carrier Safety. Opposition pressure caused the Bureau to evaluate its new regulations and after "guidance" from the White House and U.S. Department of Agriculture (USDA) decided to reinstate a majority of the previous agriculture exemptions. The policy process had a strong effect on the regula-

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[10] The information reported in this case study is derived from interviews with lobbyists of two involved interest groups and published material as footnoted.

tions of an adjudicative-type agency. The agency responded to outside pressure from the policy process. Farm truck drivers were excluded in return for less political controversy.

Background

This case is spiced with the interaction of the Bureau, Congress, and affected interest groups. The Bureau of Motor Carrier Safety is a regulatory agency that must decide the rules for motor carriers and judge their compliance. The Bureau tends to represent the trucking interests and focuses their attention on that clientele group.

Rural congressmen were important in this dispute because they threatened to legislate changes that would take some of the power from the Bureau. The significance of the issue for rural constituents propelled Congressional participation.

The formal rural groups working to reinstate the exemptions included the National Grange, the American Farm Bureau Federation (AFBF), the nursery association, and the aviary organization. Farm groups were generally concerned about the increased paper work required by the regulations and the loss of farm youth as truck drivers during harvest and other busy farm seasons. The AFBF pushed harder than the other organizations for extending the exemptions to farm drivers of articulated or semi-trailer trucks. Farming practices among their members in the Southeastern United States utilize small semi-trailer trucks.

The American Trucking Association represented truckers who opposed the agriculture exemption. Their opposition served to balance off some of the pressure from agricultural interests on the Bureau.

When the debate was over, the Bureau decided in favor of the agricultural exemptions. All farm vehicle drivers were exempt, except those driving semi-trailer trucks weighing over 10,000 pounds gross. General exemptions covered the beekeepers and the custom grain harvesters in their principal work season. In order to stay within the exemption, trucks weighing over 10,000 pounds must stay within 150 miles of the home farm.

Actual Behavior

The agricultural interests fought the changes in several ways. First, they formed an agricultural advisory committee to work with the Bureau for an amiable solution to the differences. The significance is that the opposing interests bound their efforts together to present a united front. Internal and between group bickering was minimized.

Secondly, the groups attempted to collect facts proving that changes were necessary. Their statistics showed that farm trucks regardless of the driver's age had a better safety record than non-farm drivers. Furthermore, their calculations proved that food producers would have to sustain substantial losses to hire labor to replace youthful farm drivers.

After contacting their membership, the farm groups solicited the support of rural congressmen. Rural constituents evidently strongly opposed the changes and through letters let their congressmen know about it. As a result, an attempt was made to provide the agricultural exemptions by legislation. Without following through, this pressure was enough to pursuade the Bureau to accommodate the rural interests.

The organized advisory group provided a recognized negotiator to trade with the Bureau. This facilitated the trading process by providing a joint trading position and reducing the number of traders for the Bureau. Their opposition was strong enough that it continued after the final regulations were announced.

It is important to note that the compromising was done at the lowest possible level. While the dispute could have been referred to the Federal Highway Administration and finally to the Department of Transportation, it was contained within the Bureau. Likewise, congressmen participated on an individual basis rather than as official representatives of the Agriculture Committee or other interests in Congress

Within the groups there was no internal conflict over the issue of the agricultural exemptions. Despite a composite of interests within each group, all rural groups had no difficulty in opposing the Bureau. This meant that each group in the agricultural coalition could assert itself more forcefully.

Predicted Behavior

Looking only at the model of Chapter IV, certain implications should guide us in deciding what should have happened in this case. The model predicts trading between the concerned groups. Since the agency has to respond to all interests, we would expect trading between the agency and rural groups, the agency and trucking interests, and perhaps between the rural and trucking interests.

Certain trades seem more plausible. A governmental agency needs public support and must look for approval from a clientele group as well as budget approval from Congress. The agency can be expected to trade to gain their public support.

The more legitimate interest group complaints are, the more seriously the opposition must take them. Furthermore, the more rural interests are united, the greater effectiveness those interests will have in expressing their opposition.

Until a solution is achieved we would expect the agency to attempt to gain as much support as it can for its proposed changes. Likewise, the rural interest groups should be interested in accumulating as much support for their position as possible. Both the situations suggest the minimum resource theory approach to finding a solution.

The agency may want to trade the exemptions for other benefits or regulations under their control if they have another regulation to trade. Likewise, the rural interests may want to trade the agricultural exemptions for new farm weight limits or other potential benefits.

Both sides of the issue should attempt to mobilize their support. This would include congressmen. Rural interests and truckers should try to enlist the support of as many participants in the policy process as possible. Where the dispute can be solved between the opposing interests, they should attempt to work out their differences without outside support. Mobilizing outside support tends to introduce additional trading interests. Thus, the favored solution is to work out the differences among the interested parties to everyone's satisfaction. If this is not possible, then outside support should be mobilized.

Actual and Predicted Behavior Compared

Comparing the model to what actually happened, we can see that significant trading did occur. Since the truckers and rural interests could not find an accommodation to their mutual benefit, outside support was enlisted.

The truckers, however, were less able to mobilize outside support than rural interests. Perhaps, this is because the trucking arguments had less factual basis and were thus perceived as less legitimate. In addition, rural congressmen perceived the problem more acutely than did those congressmen with trucking constituents.

The minimum resource theory prevailed in the bargaining. The name of the game was to achieve support necessary to win the agriculture exemption. When that level of support was achieved through Congress and other traders, the Bureau had lost the game.

As is obvious from the solution, the agency reacted to the policy process. They recognized the need for public support and responded to criticism.

The conflict within the rural interest groups was minimized because of only one problem area. This did not conflict with any rural interests represented within any one organization. Furthermore, this problem was unanimous and did not conflict among rural groups.

Perhaps surprisingly no other issues were introduced. Possibly the agency had no other issues to trade with rural interests so they were forced to back down. Similarly, the rural interests offered no real compromises. Further compromises could have occurred. If Congressional support was not forthcoming, rural interests may have been forced to accept fewer exemptions in the new regulations.

CHAPTER VI

CONCLUSIONS

Summary

The comparison of the case studies and the model indicates that the most effective traders enter the process with a legitimate problem. Unfortunately, defining this relationship may be tautological because effective leaders may make an issue legitimate through successful persuasion tactics. Nevertheless, leaders were more successful where the issue was presented as a clear injustice. A legitimate issue is normally an obvious common concern of the members of an interest group or of several interest groups. A lack of a legitimate problem devalues the trades offered by an interest group leader.

The relevance of the free-rider problem depends on the conditions within the group. Certainly, net benefits to individual members from collective goods are relevant. Conceptually, if the expected net benefits from collective goods for an average member are low, he voluntarily contributes less dues or no dues (declines membership) without additional incentives; and if the individual's expected net benefits are high, he would be willing to contribute more dues or other useful resources to the group. Although the average member of a small group has more influence on the group's success in attaining collective goods relative to the average member of a large group, the individual net benefits may be assessed low or high in both small and large groups.

The free-rider problem becomes more prevalent with smaller expected individual net benefits and vice versa.

A major problem with trying to adapt the above conceptualization to the real world is the impossibility of measuring non-monetary benefits. The benefits of collective goods may be purely expressive or aesthetic in nature. To try to calculate the amount of benefit and use this has as a guide for personal investment will not be particularly useful. Furthermore, there is no evidence that persons considering a contribution to voluntary interest groups even <u>try</u> to make this calculation.

To deny the existence of the free-rider problem would be to deny the obvious real world situation of benefits to non-union workers from minimum wage and industrial safety legislation, to non-farm organization farmers accepting farm payments, etc. Researchers such as Frohlich and Oppenheimer (1971) attempted to conceptualize the irrationality of the free-rider problem, but they have not contributed understanding as to why it exists. The rationality and perfect information assumptions, also used in this study, help to conceptualize the problem, but they seem to lead researchers astray from the often irrational and imperfect real world.

Alternative opportunities to gain identical or equal valued net benefits may affect an individual's receptivity to membership. If an individual perceives a possibility that public decision-makers will probably provide the public program without interest group prodding, he is less likely to support the interest even though the potential net benefits would make contributing worthwhile.

Where the concerns are strong enough, a group leader may successfully attract enough members to form a group by promising to win a collective goods solution. In groups where legitimate problems do not attract enough spontaneous resources, additional resources may be collected through sale of selective goods. This may be particularly relevant where the public program solution is sought over a long-run period or over several pieces of legislation. Selective goods will attract additional members; and when more group resources are collected, there is greater potential influence on public decisions. This necessitates offering the combination of selective goods and dues at cheaper rates than alternative sources in the private market.

The number of members in a group affects its influence in the decision-making process. Among small trade groups which represent single and specific issues, each group can trade. This results in more groups trading compared to only one group representing the entire block of concerns. Numerous small groups have more degrees of freedom among the trading possibilities than a few large comprehensive groups. With more degrees of freedom, leaders have the opportunity to change coalition alignments more often. Furthermore, these small groups have the advantage of lower communication costs with their membership and less internal conflict. On the other hand, with more groups trading, the decision-making costs are greater among groups; therefore, some limit exists for the most efficient number of groups.

As long as the issues can be resolved at low levels of government, at the committee or subcommittee level in the legislature, the decision process favors single interest groups; but important factors favor both single and multi-interest groups as outlined in Table 3.

TABLE 3

SUMMARY OF CHARACTERISTICS OF INTEREST GROUPS

When all interest groups are organized with small numbers of members and each represents only a few interests, they tend to:

1. Have less internal conflict
2. Experience conflict among interest groups in the decision process, i.e., public decisions cost more in the aggregate
3. Use the sympathetic approach, i.e. seek less publicity from participation in the process
4. Have more trading configurations available

When all interest groups are organized with large numbers of members and each represents multi-interests, they tend to:

1. Have internal conflicts
2. Experience less conflict among interest groups in the decision process, i.e., public decisions cost less in the aggregate
3. Act directly to influence public decisions, i.e., seek more publicity from participation in the process
4. Have fewer trading configurations available

Single interest groups tend to include fewer members than groups representing more interests. Logically, with more people in a group, more interests are likely to surface. Consequently, small-sized groups with fewer members may be equated with groups of few interests and large-sized groups with multi-interests.

These different size groups jockey for the position from which to bargain most influentially. Small, single-interest groups have a trading advantage when the decision is made at low levels of government.

Likewise, large, multi-interest groups have a trading advantage when the decisions are made at high levels. Changes in the relationship among the groups (i.e., their ability to cooperate) affects their ability to reconcile differences at lower levels of government which in effect determines which level the public decision will be made. Thus, the policy positions of each group participating in the process affect their ability to form winning coalitions which in turn affect the size or kind of group which will be most influential.

Implications for Policy Actors

Interest Group Leaders

In order to trade, a group leader must have someone with whom to trade. With more separate traders participating in the process, more trades are possible. However, as seen in the comparison above, too many additional trading partners increases the cost of bargaining. Consequently, the ideal combination and number of traders may well depend upon the level of government at which the decision is made which, coincidentally, is determined by the ease with which competing interests can find agreement.

The appropriate coalition theory varies with the issue and stage of the debate. Power theories tend to be more appropriate for bargaining over the subordinate parts of public decisions. The minimum resource theory, however, is more appropriate toward the end of the debate where the problem becomes one of mustering enough support to pass the program regardless of its provisions. Certain issues, like a Southwestern dam project, tend to produce power theory type trading. This occurs perhaps because the benefits can be easily exploited by any of the trading partners.

Public decision bargaining builds effective coalitions when one or more political actors feels strongly enough on an issue to trade and compromise sufficiently to win the necessary support. Additional political actors may trade on the issue, but their participation may depend on the trading of additional issues. Consequently, at least one actor must regard a particular issue important enough to bargain for collective action.

When agreement among competing interests cannot be achieved at lower levels of government the final public decision is pushed to higher levels in the process. Consequently, decision becomes final only after the competing interests have reached a compromise decision or accepted the fact that a better position will not be achieved by pursuing the issue to still higher levels. Interest groups involved in the decision process can usually influence decisions with relatively fewer resources at lower governmental levels, but different groups have a differing comparative advantage at different levels in the process. The aforementioned relationship between group size and internal conflict of interest may suggest where a group's level of comparative advantage lies.

Adjudicative trades are not much different from those in legislative situations. Often decisions include bargaining and compromises among affected interests. Particularly in the regulatory agencies, political pressures influence adjudicative decisions. Groups representing interests regulated by the agency work closely together such that outside interests find access more difficult. Only with considerable pressure will decisions reflect additional interest group positions. The threat of pursuing amendments to policies at higher government levels (Congressional lawmaking or judicial appeal) may well force adjudicators to recognize and compromise with concerned interests.

Leaders will tend to use most of the group's resources for the common group interest for several reasons. First, leader wants tend to be aligned with the wants of the group he represents. The process of leadership selection tends to chose those people who want the same collective public programs as desired by a majority of the group. Often to win approval for the leadership position, the individual must demonstrate his desire to fulfill the group's interests. Secondly, effective group constraints exist that guide leader actions. Policy, budget, and tenure guidelines force the leader to use the resources in the group's best interest. Thirdly, selection for the office distinguishes the individual as one of the more influential members. Regardless of his position that leader would tend to influence the group's policy positions.

Legislators

Even though this research is directed to interest group leaders there are implications for the other decision-makers. When legislators force interest groups to use the direct approach rather than the sympathetic, it tends to pit groups against each other. Thus, the impact of the various interest groups are balanced as the political science pluralistic model would suggest.

Since providing information is one of the important avenues of access for interest groups, legislators may reduce that effect by providing their own data and analytical sources. Additional staff, research facilities, and perhaps computer facilities may give legislators an alternative source of information. Where legislators must build up IOU's by requesting information from interest groups they could eliminate those debts with their own information sources. While Congress has added to its staff capacity, one has the general impression that the complexity of the decision process has grown more rapidly.

Interest group leaders will be less effective with increased publicity of the decision process. Openness tends to keep legislators more in tune to, first, the district interests, and secondly, the broadest based ntional interests. Where group leaders must use the direct approach, publicity will expose both illicit and acceptable actions. However, in very complex issues publicity may only add to the uncertainty and confusion through simplistic reporting.

Action Agency Administrators

This research indicates that the agency has comparatively less influence on final decisions in the higher decisions levels. For example, USDA agency input would be weighed against OMB, CEA, Treasury, State, and perhaps other departments in decisions made at the White House. Thus, an action agency will improve its influence by working with important actors influencing decisions at lower governmental levels.

Where the decisions are forced to higher levels by circumstances beyond the control of the agency, that agency may strengthen its overall influence by relating to actors important at each level the decision may reach. This may mean relating to more than one Congressional committee where issues are decided on the floor.

Improving an agency's data base and analytical credibility may expand its impact on the process. As other departments and agencies depend more on the information produced by the agency, the agency will gain respect. Dependency for information can be extended by supporting research projects that produce information expressly needed by other decision-makers.

Adjudicators

Adjudicators are usually involved in the policy process only as decisions reach higher levels. If opposing interests can reach a compromise agreement at lower levels the chances are slimmer that adjudicators will ever be involved in the process.

Again, separate development of information sources means less reliance on interest groups. The information will make adjudicators less dependent on interest gorups or administrators for basic data and analysis needed for knowledgeable decisions.

Adjudicators deal with very dichotomous decisions. Compromise at this governmental level is difficult because parties on both sides of the issue have solidified their position and are refusing to weaken their posture more. Many legislators announce their position on the dispute publically. Considerable publicity may follow the lengthy debate. And usually there is enough difference between winning or losing the issue to make a considerable difference for each opposing party that they are willing to pay the monetary and political capital costs of continually pursuing the question to higher levels. As a result, adjudicators will fare few policy issues where an easy compromise or the national interest will be clearly defined.

Contributions of the Research

Hopefully, this research continues an evolutionary chain that will produce a better understanding of the public decision process. There are a few contributions to that evolution that may be identified here.

This research develops a fairly comprehensive framework for the entire public decision process. Public decisions are viewed as the outcome of conflicting interests resolving their differences through trading. No public or social utility function is assumed, but each of the actors follows his own function.

The different government levels at which issues are resolved help explain differences in interest group influence. Larger groups serving multiple interests have a comparative advantage where decisions are made at higher levels of government and vice versa.

The difference between the direct and sympathetic approaches of interest group leaders in the decision process helps to explain some of the inconsistencies of lobbyists' tactics and strategies. Literature concentrating on influential strategies for larger interest groups does not necessarily apply to small groups. Furthermore, the relationship of the group to particular legislators affects the approach used for gaining influence.

This research adds to the literature interpreting public decisions with private market economic concepts. The principles of exchange are extended to trading over issues in public decisions. While their application differs, the concepts of exchange are consistent in either market.

With recognition of the different governmental decision levels, the research explains the reason adjudicators are part of the policy process along with legislators and administrators. The adjudicative contribution is at a higher level, but it is certainly on a continuum of effort toward conflict resolution. The same influential forces appear to be at work on adjudicators although access for individual interest groups is harder to attain.

This research relates game theory to public decision-making. Games are explained according to game types. Each category helps to explain a possible strategy among N-public actors trying to influence public decisions under several different operating conditions. The difference in the attitude of traders defines the game type which is appropriate for each public decision debate.

The research identifies variables explaining the limiting interest group leader behavior. Thus, it defines in general terms the welfare or utility function of one of the policy actors.

The research identifies the public policy items of trade. Often the literature refers to bribes and other trades between interest groups and decision-makers, but the non-monetary items are rarely identified. Since the research suggests that trades of all kind influence public decisions, the research also attempts to clarify what those trades are.

And finally, through the case studies, collected evidence manifests that trading does occur in public decisions. The special conditions of these trades distinguish public trading from private. Trading in each case study resolved disputes at levels lower than would otherwise have been possible.

Suggestions for Further Study

This study concentrates on identifying, describing, and conceptualizing the causal relationships which affect the extent of interest group impact on the outcomes of the public decision process. More detailed examination of the tactics of interest group leaders would probably be useful. This research is well short of the detail needed to fully understand how a group leader maneuvers to the pivotal position of a coalition.

Furthermore, the game theories need further refinement regarding their application. The constraints in the public decision process need a clearer definition. As the constraints of a particular game are specified, the outcome becomes more determinant. When policy actors approach trading with the "get as much as you can" frame of mind, we can be reasonably sure that a power theory of games would help analyze the bargaining. To find a solution, however, we must also know which trading actors will consider trading with particular partners for whatever the reason. Sociological, psychological, or other factors may limit the trading possibilities so that the game is determinant. Identifying the "rules" explaining which actors are most likely to try to form a colaition would also help identify the opportunity costs among the more probable coalitions. While these constraints are discussed in Chapter II, they are loosely identified in the real world. Knowing these contraints would help to more accurately predict the trading outcome.

Game theory strategies could be extended to include non-zero sum games. While this study assumes that public decisions are zero sum for the participants there may be synergistic factors raising the total level of benefits attainable through trading. Moreover, when non-zero sum games occur a core may exist greatly simplifying the "solutions." A core solution is a more precise answer for defining trading positions for the players. Non-zero sum game solutions need further examination for applications to public decisions.

Additional study should examine the role of leaders as managers and directors of interest groups. This analysis assumed leaders do, in fact, determine what the group does. Perhaps this assumption is misleading so that the welfare function of group leaders does not so directly explain group behavior.

While the model provides the framework for introducing the influence of all participants in the public decision process, the study examines a welfare function for only interest group leaders. Similar welfare functions could be developed around the variables affecting the behavior of legislators, administrators, and adjudicators. Expansion of the model to include these additional functions would specify more fully the public decision exchange stage in the model.

A technique is needed to quantify the variables of the group leader welfare function. Quantification would allow a more precise test of the function. Furthermore, through quantification the coefficients relating the importance of each variable could be determined.

Several of the hypothetical implications of the model listed in Chapter IV have not been tested by the four case studies in this research. Testing the effects of leadership constraints on leader behavior is needed. Small and large group membership sizes need more comparison both

to determine differences in internal conflicts and effectiveness at different levels in the decision process. More information regarding differences in collective and selective goods as membership incentives would facilitate a clearer understanding of the free-rider problem.

One of the unanswered questions in this study concerns why small, single-issue trade groups refrain from trading directly with other trade groups. They enter the process through a sympathetic legislator and lean on a legislator to trade with other decision-makers. But in the public policy environment where other trade groups have access to additional legislators, influence sharing should be possible among the groups. The fact that these small-sized, single-issue groups do not trade with each other means that pluralistic political science models tend not to apply at the lower levels of the decision process where these groups have their most influence.

More attention should be given to the newly enlarged role of regulatory agencies. Interest groups are spending a larger proportion of their time trying to influence agencies such as the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA). Where lobbying in the past emphasized the legislative process, large interest group lobbyists now spend as much as 50 percent of their effort on regulatory agencies. The American Farm Bureau Federation has divided their large lobby staff into separate divisions for legislative and regulatory relations. Perhaps more attention to these new roles of lobbying will shed new light on influence gathering for group leaders.

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