**Business Power and Policy in America: Comparative and Historical Perspectives**

Harvard Government Department Seminar 94bp

Wednesdays, 10-12 PM  
CGIS-Knafel K-450  
Office Hours: Wednesdays, 12-2 PM, CGIS Café

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Course Website: [http://bit.ly/1wUNp3z](http://bit.ly/1wUNp3z)

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“I hope we shall crush...in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country.” – **Thomas Jefferson**

“To destroy this invisible government, to dissolve the unholy alliance between corrupt business and corrupt politics, is the first task of the statesmanship of the day.” – **Theodore Roosevelt**

“In the 2010 Citizens United case...the nation’s highest court has chosen to turn its back as elections are bought by the biggest check writers.” – **The New York Times Editorial Board**

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Americans have long had a troubled relationship with business and politics. From Thomas Jefferson’s concerns about moneyed interests at the founding of the American republic to Teddy Roosevelt’s “trust busting” campaign in the Progressive Era to Ralph Nader’s consumer rights movement in the 1960s and 1970s, and now with the backlash against the 2010 *Citizens United* ruling by the Supreme Court, citizens, advocates, and social movements have all worried about the role that businesses play in the policymaking process. But how much power does business actually exercise over the decisions that are made in the American political system? How similar – or different – is business from other political actors? How has business’s power and modes of influence changed over time? And how does that influence compare to the role that business plays in other advanced economies? This seminar will equip students to consider and debate these questions.
The course is divided into four substantive parts. The first section will discuss a range of theoretical questions related to the study of business power: What counts as power? How do we measure power? How do we know if business has influenced public policy? How do we know what businesses want? How would we measure those preferences in practice?

Armed with those theoretical tools, we will next cover a brief history of business involvement in American politics. We will dedicate particular attention to three critical junctures – the Progressive Era, the New Deal, and the 1970s – which each changed the character of business participation in politics.

In the third part, we’ll discuss the concrete ways that businesses influence policy, focusing on six different mechanisms: lobbying Congress, donating to political campaigns, crafting state legislation, engaging in court cases, participating in the regulatory process, and shaping public opinion. We will discuss evidence of how successful each mechanism is, when and why companies might pursue certain mechanisms and not others, and how businesses’ use of these mechanisms changes the character of American public policy.

The final section considers American business power and organization in a comparative perspective: How does the United States stack up against other advanced economies? What are the ways in which businesses are more or less influential in the United States compared with other countries? How does power relate to other political and economic institutions in each country? Our main focus will be on the application of the “varieties of capitalism” framework to these questions.

**Requirements:** There are no formal requirements for this class. However, since we will be reading scholarship from political science and the other social sciences, it may be helpful to have taken either Government 20 (Foundations of Comparative Politics) or Government 30 (American Government) to have familiarity with the structure of political science research (the Government department methods courses – either quantitative or qualitative – would be useful, too). Students might also consider using this class as a way to plan for a senior thesis or other independent research related to questions of business, public policy, and economic and political inequalities.

**Course Organization and Evaluation:** This class is a seminar and not a lecture class, so students will be expected to have read all the materials carefully before each session and to come prepared to engage with the literature and the other students every session. Part of course participation will entail preparing a two to three-page response memo for four of the class sessions. Students should circulate that memo to the whole class (including me) at least 24 hours before our class so that the other members can read the memo in preparation for our discussion. These memos will provide a starting point for our conversations, which will be lead, in part, by the students writing the memos for each week. Students will pick the sessions for which they will write their memos at our first meeting. A good memo might highlight one or two arguments from the readings that students found most or least compelling and why, while synthesizing the readings together: Did the author provide (or fail to provide) sufficient evidence? Does the argument fit (or conflict) with other pieces that we have read? Does the argument help us to answer useful or important questions about business power and influence? Memos should also include questions for discussion that we can use together.
In addition to weekly participation, students will conduct a research project related to the theme of business and politics, construed broadly. Students should start thinking about a potential research topic at the beginning of the course.

During our fifth session, students should come prepared to discuss initial ideas that they have for their research project. We’ll briefly talk about each one. We’ll also dedicate all of the seventh class session to discussing each student’s proposals; students should come prepared to give a brief presentation of their project (including their puzzle, their theories to explain that puzzle, their methods, and expected results). Based on the discussion we have during that session, students will have a week to finalize the proposal before they submit it to me. The full project proposal (4-6 pages) should be submitted before our ninth session and is designed to help students focus on a question or puzzle, hypothesize about how to answer that question or puzzle, and plan what kind of research design is needed to test those hypotheses. The paper proposal should be submitted in the course iSite drop box.

The final paper should be about 20-25 pages and should be submitted electronically to the course drop box on iSites no later than midnight at the end of Reading Week (5/7/15). There are no extensions; late papers will lose one-half grade per day.

Each student should meet with me at least twice during the semester: once early in the semester to discuss ideas for the research project (no later than the week of the ninth class, when the proposals are due) and again after the student has turned in his or her research proposal to discuss my comments on the proposal. You can either come to my office hours or set up another time if those office hours do not work for you. I’m also happy to answer emails about the course (readings, assignments, or final projects). You can expect an email response from me within 24 hours unless it is the weekend, in which case I may not be able to respond until the following Sunday night or Monday morning.

A student’s overall grade will be comprised of the following items: (1) response memos written for four sessions (20%); (2) participation in class each session (20%); (3) a research proposal for your project, a presentation of a draft proposal during our seventh session, and the two required meetings with me (20%; these are 10%, 5%, and 5%, respectively); (4) a final research paper (40%).

Collaboration Policy: You will get the most out of this class if you actively discuss the readings, your memos, and your research projects with your classmates. At the same time, assignments turned in by students (the memos, proposals, and final papers) must ultimately reflect the students’ own work and ideas, and must properly cite any material not generated by the student. Students must adhere to all Harvard policies regarding collaboration and proper citation of existing work. Cases of plagiarism will be handled according to Harvard College policies.

Accommodation for Students with Disabilities: Students requiring accommodations due to disabilities should present the relevant documentation from the Accessible Education Office and speak with me or the staff from the Government Department by the end of the second week of
the term (Feb. 6th) in order to make adjustments in a timely manner. All discussions will be confidential.

**Course Evaluations:** I want the course to be as useful as possible, so at several points throughout the course I’ll distribute a brief anonymous online survey where students can tell me how the course is going and what would be useful to change. I am also open to changing the readings if there is a consensus amongst all of the students (for instance, if students want to spend more or less time on a particular topic).

**Course Materials:** All materials will be made available online via iSites. The COOP will also stock copies of all the books I have assigned in case you want to buy a new or used copy.

**Laptop Policy:** I understand that many students use laptops to store readings and notes that they will need during class (I do the same myself). At the same time, laptops can be source of distraction (as I can attest from my own experience). Therefore I will allow laptops in class so long as they do not present undue distraction; if it becomes clear that laptops are, in fact, hindering our discussion, I reserve the right to revisit this policy.

**Course Outline:**

- Week 1: Course Introduction & Where is Big Business When You Need It? (1/28/15)
- Week 2: What Counts as Power? (2/4/15)
- Week 4: How Do We Know What Business Wants? (2/18/15)
- Week 5: Business Mobilization through the Golden Era (*Students should also come prepared to discuss one or two ideas for their final paper project.*) (2/25/15)
- Week 7: Presentations of Paper Proposals (*Students should also come prepared to give a short presentation of their final paper project proposal.*) (3/11/15)
- Week 8: Spring Break – No Class (3/18/15)
- Week 9: Business, Lobbying, and Political Campaigns, Week 1 (*Final paper proposal due before the start of class via iSites.*) (3/25/15)
- Week 10: Business, Lobbying, and Political Campaigns, Week 2 (4/1/15)
- Week 11: Business, the Courts, and the Regulatory State (4/8/15)
- Week 12: Business and the States (4/15/15)
- Week 13: Business and Public Opinion (4/22/15)
- Week 14: Business and the Varieties of Capitalism (4/29/15)
- Week 15: Reading Week – No Class, Final Papers Due End of Week: 5/7/15
Week 1: *Course Introduction & Where is Big Business When You Need It?*

For our first session, we will introduce ourselves and discuss the course structure, including previewing the material we will cover in the course, your assignments, what I will expect from you, and what you can expect from me. Students will also pick the weeks for which they will write memos and help lead the discussion.

With the remaining time, we’ll discuss the role of big business in the budget showdowns over the past few years, including the most recent episode in 2014 (refresh yourself here: [http://www.reuters.com/article/2014/01/17/us-usa-fiscal-vote-idUSBREA0F1W420140117](http://www.reuters.com/article/2014/01/17/us-usa-fiscal-vote-idUSBREA0F1W420140117)). At the time of those fiscal standoffs, many political commentators argued that big business could be an important force moderating the demands of the right-wing factions of the GOP. Yet major corporations and their CEOs stood on the sidelines for most the debate. Why? And what can that behavior tell us about American companies and their role in American politics? The following articles provide different perspectives on those questions, incorporating research from several of the researchers who we will read throughout the course.


**Part I: Theoretical Perspectives on Business Power and Preferences**

Week 2: *What Counts as Power?*

One of the most important debates in political science over the past half century centered around the concepts of power and influence. Called the “community power debate”, it pitted the “pluralists” – those who believed that power was distributed equally across different competing social groups – against the “(neo-)elitists” – those who believed that power was concentrated amongst a select group of individuals and interests. At their core, these two different camps had fundamentally different conceptions of power and influence – and how to measure those concepts. Dahl’s classic “The Concept of Power” makes the canonical pluralist definition of power, while Bachrach and Baratz and Lukes present the elitist critique (though from slightly different perspectives). Moe’s piece can be read as a more contemporary critique of political science work for failing to consider power.

As you read these pieces, think carefully about how each author defines power and influence, and in particular whether (and how) each author’s choice of case studies affects that author’s subsequent definition of power. Which author do you find most compelling and why? Can you imagine using any of these frameworks in your own research? How would you do so?


**Week 3: How Does Business Exercise its Power?**

This week we’ll examine three different historical conceptions of how business influences politics: instrumentalist, structuralist, and Marxist, as well as a critique of these perspectives. Mills’ classic *The Power Elite*, of which we will read one brief summary, represents an instrumentalist perspective on business power: according to his argument, corporations are one of three major institutions in society that are staffed by a “power elite” of individuals who make major decisions. In this perspective, business is powerful in so much as it is led by individuals who also command power in the state and the military. Lindblom advances a very different conception of power in his work. In his mind, business is powerful because it holds a “privileged position” in any market system: economic growth and employment comes from the private sector, so politicians fear taking any action that might threaten business. We might call this a structuralist perspective on business power. Block’s argument also advances a structural take on business power, but from a Marxist perspective. Dahl advances a critique of the so-called “ruling elite” model of Mills and Block on both theoretical and empirical grounds. Finally, Przeworski and Wallerstein assess the soundness of structuralist perspective on business power by constructing and testing a formal model. Przeworski and Wallerstein’s model shows that under certain simplifying assumptions the structural model holds, but only partially.

In what ways are these different conceptions of business power complementary or contradictory? How much are these different theories circumscribed by their historical context? Do we think that any of these might still apply today, and if so, to which policy domains?


**Week 4: How Do We Know What Business Wants?**

The readings that we have covered so far have sidestepped an important question: how do we know what businesses (and business leaders) want from the government (recall the debate over interests and preferences from the community power readings)? Far from being a trivial issue, this question has deep implications for how we think about measuring power and influence. To get leverage on this question we’ll read an influential piece by Peter Swenson, who claims to
show that – contrary to the received wisdom amongst academics and the public – the social programs passed as part of Roosevelt’s New Deal actually relied on critical support from big business. Jacob Hacker and Paul Pierson then wrote an important critique of Swenson’s work, arguing that business support for the New Deal was mostly a mirage. Hacker and Pierson contend that Swenson ignored the important difference between what businesses actually wanted (so-called “first order preferences”) and what businesses claimed they wanted (so-called “strategic preferences”). Hacker and Pierson then outline a theoretical framework for scholars to study business preferences taking into account this important distinction. Finally, David Broockman takes Hacker and Pierson’s framework and applies it to the passage of Medicare, trying to discern whether there was any “true” business support for that important piece of social policy. He also offers a set of methodological recommendations as well.

As you read these debates, consider whether you think Hacker and Pierson’s critique of Swenson’s work is valid, and if so, why. Is the distinction between first-order and strategic preferences meaningful? Do Hacker and Pierson present a viable alternative to studying business preferences? Do you find Broockman’s application of Hacker and Pierson’s framework persuasive? Could you imagine yourself using that framework in your own research? Why or why not?


**Part II: Historical Perspectives on Business Power**

**Week 5: Business Mobilization through the Golden Era**

Having reviewed the major theoretical perspectives on business power, we will next cover several historical accounts of business participation in politics during the Progressive Era, the New Deal, and the Post-War era. You should read these pieces not only as accounts of business mobilization over the years, but also as applications of the various theories that we have addressed in Part I of the course. In each reading, consider the perspectives that the authors are implicitly and explicitly adopting. How do they conceive of businesses’ preferences? How (if at all) are business preferences changing over time? In particular, what is the role of other forces – such as the state, progressive reformers, or labor – in shaping businesses’ preferences and modes of mobilization?

- Revisit Hacker and Pierson, Swenson in light of the other readings, too.
Note: Students should come prepared to discuss one or two ideas for their final project. We’ll go over this in the last part of class.

**Week 6: Business Gets Its Act Together: the 1970s as a Turning Point for Business Mobilization**

Within many different accounts – from political scientists, historians, and sociologists alike – the 1970s stand out as a critical juncture for business mobilization. During this period businesses invested a considerable amount of resources in political organization, wading into new high-profile conflicts in Washington, DC. That mobilization, scholars have found, had decisive consequences for the fate of progressive reform legislation in the late 1970s. Scholars disagree, however, on the causes of that business mobilization, as well as its consequences for later politics. We will examine the perspectives of four authors on this pivotal decade.

As you’ll see, Waterhouse and Mizruchi focus on the ways that business interests have become more fractured and diffuse since the 1970s (in a way, “losing by winning”). In contrast, Hacker and Pierson focus on the unity and cohesion of business interests that has been sustained from the 1970s onward. Which account do you find most compelling? How do these authors reach such different conclusions? Are they looking at the same policy areas or sources of evidence? As before, you should ask yourself which theoretical perspectives on business preferences and power the authors are implicitly or explicitly applying to their work.


**Week 7: Presentations of Paper Proposals**

We will reserve this session for a discussion of your research paper proposals. This means having an idea of a puzzle or a question that you hope to address, some idea of the literatures and theories that you hope to engage, and ideas of the data and methods you would use to answer your puzzle or question. Both your fellow students and I will offer our feedback on your ideas. The more that you prepare before class, the more you will get out of this session.

**Week 8: Spring Break – No Class**

**Part III: Avenues for Business Power**

**Weeks 9 & 10: Business, Lobbying, and Political Campaigns**

With this week we will move from reading historical treatments of business mobilization to the academic literature in political science that seeks to understand how interest groups actually
influence politics through campaign contributions and lobbying. First, you should familiarize yourself with the landscape of political donations using the Center for Responsive Politics’ Open Secrets website. Take a look at the totals spent each election cycle on contributions and lobbying, and look at the breakdowns for labor and business, and for different sectors of business. Which groups and businesses stand out the most? Do any of the distributions of totals surprise you?

Next, you should listen to the excellent Planet Money episode on lobbying in Washington. Their intrepid reporters provide an excellent picture of what lobbying and influence looks like “on the ground”. As you listen, think about the theories of power we have explored earlier in the course. Which theories seem especially relevant? Does anything surprise you about the process of lobbying?

After listening to the Planet Money episode, turn to the chapters assigned from the Schlozman, Verba, and Brady book. These excerpts provide a good overview of the state of research on interest groups, including business, and lobbying in the American federal government. Based on your reading of their work, what are the major academic debates over corporate lobbying? What are the agreed-upon facts, and what is being disputed? What are the major sources of evidence and what do they tell us? What are the empirical and theoretical limits of the current research?

The Drutman book provides a brand new account of changes in lobbying over time. Why does Drutman focus on lobbying as opposed to other forms of political activity? Why does Drutman think that lobbying has increased over time? What difference has this made?

After reading Drutman, consider the provocatively titled “Why is there so little money in U.S. politics” by Ansolabehere and his colleagues, who argue that contributions should not be considered an investment in politics, but rather a consumption good. Do their conclusions surprise you? How do they differ from conventional wisdom about money and politics amongst the public and pundits? How is it similar or different from Drutman?

Contrast the Ansolabehere piece with the survey experiment by Kalla and Broockman. How do the conclusions differ? Why? As a side note, what do you think about Kalla and Broockman’s experimental approach? What leverage does it give us that other approaches might lack? What are the problems or limitations of survey experimentation such as this? Are there any ethical considerations to an experiment like this? Finally, consider the Hall and Wayman piece. What role does money play in their account? How does it differ from the earlier pieces? What evidence do they present to support their argument, and how does it compare to the other pieces?

For Week 9:

For Week 10:


Week 11: *Business, the Courts, and the Regulatory State*

Lobbying and campaign contributions tend to receive the most attention from the press, the pundits, and the public. But those are not the only avenues for business influence. This week we’ll consider the courts and the regulatory process as alternate pathways for shaping public policy.

Start with Edwards’ magazine article, which nicely captures the “byzantine” rule-making process that occurs after a bill has been passed – but before it goes into effect. How does business influence operate in this domain? How is it different or similar to the normal legislative process? What is the interaction between the judicial and regulatory arenas? What advantages does organized business possess in the regulatory process that might not be available to other actors?

Following the *Washington Monthly* piece, read the academic piece by Yackee and Yackee on how business fares in the regulatory process. What do they conclude? Is it consistent with Edwards’ piece – if so, how, or how not? What are the mechanisms that they discuss that could be driving the advantages that business enjoys in the rulemaking process?

Next, consider the readings from the “Preventing Capture” volume. What do the authors mean by regulatory capture? How do we know if a specific regulation – or even an entire agency – has been “captured”? How do the authors go about empirically testing for capture? How are these definitions different or similar to the concepts employed by Yackee and Yackee and or Edwards? What are the different mechanisms for capture that Kwak and McCarty outline? When and where might we expect these forms of capture to be most prevalent? How much does money figure into these different mechanisms of capture?

Fourth, listen (or read) to the very recent story about secretly recorded conversations from regulators from the Federal Reserve who were charged with monitoring the behavior of Goldman Sachs. What do these recordings tell us about the relationship between the Federal Reserve and
the banks it is supposed to be regulating? The protagonist – Carmen Segarra – as well as the NPR journalists describe what you’ll hear as regulatory capture. But does it fit the definition of regulatory capture described in the earlier “Preventing Capture” volume? How so? Are the mechanisms similar to those proposed by Kwak and McCarty?

The last piece is by Epstein and a series of collaborators, and assesses how business fares in the Supreme Court, and how that has changed over time. What are their main findings about the pro-business orientation of the Supreme Court? What is the congruence between liberal-conservative ideology and pro-business orientation amongst the justices? Do you agree with their interpretation of the data? What might they be missing? Should we be thinking about the Supreme Court as another arena for business influence or not?

- Daniel Carpenter and David Moss, eds. Preventing Regulatory Capture: Special Interest Influence and How to Limit It. Cambridge University Press. Selections

Week 12: Business and the States

The vast majority of work on business power in American politics focuses on the national level, but corporate mobilization has not been limited to the federal government. These pieces give us a sense of why businesses have pursued activity in the states, when it has been most successful, and what the consequences have been for public policy.

Start with the Robertson article and my piece in Perspectives. What are the structural features of American federalism and state government that affect business power? How do these mechanisms operate? How do these mechanisms change the content of policy? How might traditional lobbying or campaign contributions interact with these mechanisms? Does money figure into these accounts at all?

Finally, to better understand the dynamics of campaign contributions at the state level, turn to the excerpts from Lynda Powell’s book. Under what conditions does Powell find contributions to be most effective? How are these conditions and pathways similar or different to the conditions outlined in my Perspectives piece?

Week 13: Business and Public Opinion

The final pathway that we’ll consider for business influence is perhaps the most difficult to capture – and yet is no less important than the other mechanisms we’ve examined; this involves the ways business can shape opinions about what issues are important, what policies are needed, and the perceived costs and benefits associated with different policy interventions.

We’ll focus on four works written on this topic. The first is written by Mark Smith, a political scientist, and seeks to understand the conditions under which businesses (or at least a subset of business) wins in politics. Smith concludes – rather counter-intuitively – that business unity is detrimental to business success. Instead of overt political mobilization, Smith argues that business is better off influencing public opinion. What are the ways that Smith argues business can shape public opinion? How does he go about testing these mechanisms? Are you persuaded by the effects that he documents?

The second piece is by two science historians, and traces the ways that businesses have shaped public opinion on science policy. We’ll focus on case studies of businesses’ fights against preventing ozone depletion, regulating tobacco, and mitigating climate change. What specific tactics and strategies have businesses deployed? How do these strategies contrast with the account that Smith gives? Which sectors of business have been most involved on these issues? What sort of partnerships and coalitions have businesses developed (especially with conservative activists) to defeat public policy? How did businesses’ public opinion offensive interact with legislative, judicial, and regulatory politics?

The third piece is written by a historian, and describes the ways that one American corporate giant – General Electric – sought to win over the hearts and minds of its workers during the post-New Deal era. The approach pursued by GE, called Boulwarism, sought to convince workers of the virtues of the free market, the evils of unions, and the dangers of socialism. How should we think of this strategy as opposed to other mechanisms for business influence? Are there scope conditions for the efficacy of this approach? How much does this strategy depend on the structure of the labor market and nature of employment?

The last piece is a contemporary investigative news article that discusses a new approach that businesses are using in the wake of the Citizens United Supreme Court ruling to change the political behavior of their workers. How is this similar or different to the approach pursued by GE in the post-war era? Again, consider how this approach requires particular employment or economic arrangements to be successful.

Part IV: Comparative Perspectives on Business Power

Week 14: Business and the Varieties of Capitalism

For our final week, we’ll focus on how business power and influence in the United States compares to other rich democracies. The main theoretical framework we’ll be using to assess that question is called “varieties of capitalism”. Start with the Soskice piece, which offers a brief introduction to this framework, and then uses this framework to assess why the United States is such an outlier on so many different measures of our government, economy, and society. How does business figure into the varieties of capitalism approach? Are businesses (either as firms or as associations) stronger or weaker in the United States compared to other rich democracies? Why? What are the implications of the organization of businesses for public policy?

While Soskice’s piece gives us an overview of how business organization might shape public policy, it does not explain how the United States developed such a weak form of business organization compared to other Western European countries. For that, we’ll turn to the book by Cathie Jo Martin and Duane Swank, which explores the origins of large, national, and encompassing business associations. What are the key characteristics of such business associations and what effects do they have on politics and policy? Why does the US lack, and why does Denmark possess, those groups? How much of this difference is due to random historical events and how much is due to systematic differences in the political institutions in both countries? Is there any hope (either from Martin and Swank, or from your own perspective) of having the United States move to a more coordinated model of capitalism?


Note: Final papers due by midnight on 5/7/15. Students should submit their papers via the iSites Dropbox.