<table>
<thead>
<tr>
<th>Business Interest groups</th>
<th>Interest groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Big Umbrella</strong></td>
<td><strong>Interest groups</strong></td>
</tr>
<tr>
<td>- National Association of Manufacturing</td>
<td>- Small Business Umbrella Organizations</td>
</tr>
<tr>
<td>- Large manufacturers</td>
<td>- Chamber of Commerce — traditional oldest</td>
</tr>
<tr>
<td>- Business Roundtable</td>
<td>- National Federation of Independent Business — coming not as traditional more effective in DC</td>
</tr>
<tr>
<td>- 200 top major manufacturers — more proactive than the NAM</td>
<td>- These groups indicate that there is no such thing as a business groups—big business has different interests than small business and intermediate business</td>
</tr>
<tr>
<td>- Intermediate Industry Specific</td>
<td>- Occasionally they will agree on something like tax cuts but even here they will differ on details of policy and the extent to which they will work for the policy</td>
</tr>
<tr>
<td>- American Petroleum Institute</td>
<td></td>
</tr>
<tr>
<td>- Major oil companies + some smaller companies (Getty)</td>
<td></td>
</tr>
<tr>
<td>- American Automobile Association</td>
<td></td>
</tr>
<tr>
<td>- GM, Ford, Daimler and there dealers</td>
<td></td>
</tr>
<tr>
<td><strong>Interest Groups</strong></td>
<td></td>
</tr>
<tr>
<td>- Interest groups have common policy goals and range from single issue groups to full blown all purpose groups like AARP</td>
<td></td>
</tr>
<tr>
<td>- The common origins may be policies that are quantifiable</td>
<td></td>
</tr>
<tr>
<td>- Business interests are most often here</td>
<td></td>
</tr>
<tr>
<td>- Farm groups</td>
<td></td>
</tr>
<tr>
<td>- Professional groups—lawyers, doctors</td>
<td></td>
</tr>
<tr>
<td>- Other groups are organized around ideology</td>
<td></td>
</tr>
<tr>
<td>- Americans for Democratic Action</td>
<td></td>
</tr>
<tr>
<td>- National Abortion Rights League</td>
<td></td>
</tr>
<tr>
<td>- League of Conservation Voters</td>
<td></td>
</tr>
</tbody>
</table>
Interest groups

- The heterogeneity of interests in developed countries is amazing and it is this heterogeneity that inhibits collective action
  - Example
  - In the oil crisis of the 1970's the Congress put price limits on domestically produced oil but could not prohibit OPEC countries from charging higher rates
  - One might expect that the major oil companies—Exxon, Texaco, Shell, Chevron etc. would agree on policy

- It is clear that major companies will differ from local wildcat companies who can only produce domestic oil
- The big companies could mix product from OPEC with their domestic production
- Yet they could not agree
  - Shell was owned by the British and Dutch and were sensitive to the foreign ownership thus they had explored in the U.S. and did not set up deals with the Saudis and the Nigerians
  - Thus the policy affected them more dramatically than it did the other majors → no agreement

Interest groups

- Similar coalition failures occur each and every day
- Major Causes of failure to act together
  - Different preferences due to economic interest
  - Cost of organizing are high
  - Information regarding or relating interests is not available without costs
  - Free rider problem
  - Interest may have different set of priors
- This will be true across all interest groups

- Labor
  - Originally the umbrella groups were
    - American Federation of Labor
    - Congress of Industrial Organizations
  - The AFL was the trade union-skilled labor movement
    - Strikes were a sufficient negotiation tactic since the members were skilled*
  - The CIO was the unskilled labor movement
    - Strikes were bloody and violent here because workers could be replaced
    - Wagner act of 1934 made this union the official bargainer
Interest groups

• Below these umbrella organizations are the many specialized union
  – United Auto Workers, Retail Clerks Ass’n, Teamsters, state government workers, American Federation of Grain Millers, Hod Carriers Union, International Brotherhood of Electrical Workers, Farm Workers Union etc.
  – Unions can now compete for different groups
  • Ex. college professors represented by American Federation of Teachers and Teamsters

Interest groups

• As was the case for business it is clear that unions often disagree among each other and it is rare that there is a common position
• Over the past 50 years union membership has declined as industrial jobs did and while collar workers are harder to organize
• The AFL and CIO are now combined and are concentrating on organizing new groups
• Much of unions political clout comes from the money they contribute to the Democrats
  – This will increase now that the Reps have the President

Interest groups

The major umbrella groups in Agriculture are

National Farmers Union
  Mainly in the upper Midwest – smaller family farms – weather is bad thus need for crop subsidies
The American Farm Bureau Federation
  Fertile Midwest-Illinois, Indiana, Iowa, eastern Kansas areas where glaciations left flat fertile land – row cropping not animals-large farms in short, Agribusiness

Below these are the myriad of special crop interests-corn, soybeans, rice, pigs, cattle etc.
  These get so special that there are associations for Hereford and Black Angus cattle

Interest groups

• Obviously the differences between agribusiness and family farm mean that there is hardly ever a common agriculture interest
• Policy positions here as in labor and business are purely driven by economic interests
• There are numerous other such economically driven groups
  – AMA ADA ABA APSA
    (doctors, dentists, lawyers and political scientists respectfully)
Interest groups

- We now turn to interest groups which are more policy or ideologically driven
  - Real growth has been in groups organized or a policy purpose-abortion, environment, health care, women's issues, Latino issues, African-American issues and so on.
  - Modern communications technology lowers the costs of these groups organizing and the result is more of these groups
  - I can not describe all of them so I will focus on environmental groups

Interest groups

- Environmental groups
  - Driven by a concern for pollution control
  - Picked up by president Nixon during war in Vietnam hoping to distract anti war folks
  - Agreed to by Congress unanimously
  - Turned out to be harder to achieve than first assumed
  - Rare case of having a majority without a policy usually the opposite-policy without majority
  - Over time number of groups have expanded and they are now arrayed ideologically as follows

<table>
<thead>
<tr>
<th>Greenpeace</th>
<th>Sierra Club</th>
<th>WWF</th>
<th>Nature Conservancy</th>
</tr>
</thead>
</table>

From regulatory to market solutions

Interest groups

- As these groups have arrayed themselves across the spectrum they end of aligning with different other interests and think tanks arise around the interests
- This has consequences for their success and there ability to recruit and keep new members
- In short, all interests have to behave so as to maximize their ability to stay alive or in existence