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The Policy Process

In chapter 2, we examined the ability of pluralist, elite, exchange, interest-group liberalism, and neopluralist models to explain the content and passage of the North American Free Trade Agreement (NAFTA). The issue demonstrated the complexity of the policy process and some of the difficulties involved in measuring the influence of interest organizations. In this chapter, we provide a method for breaking down the policy process into several stages so that we can analyze when interest organizations are most likely to be influential and how lobbying strategies change as policy proposals move from one stage to the next.¹ We use NAFTA and three additional case studies to introduce key concepts of the policy process. The three cases are President George W. Bush's comprehensive energy proposal, the American Jobs Creation Act of 2004 that provided \$140 billion in corporate tax breaks, and the Data Quality Act (DQA) that was passed in 2001.

MAKING SENSE OF THE POLICY PROCESS

Making sense of such diverse policies as international trade, tax reform for individuals, corporate taxation, and energy policy is a daunting task. An approach that has proven useful is to divide the policy process into five conceptually distinct stages: (1) **agenda setting**, (2) **policy formulation**, (3) **policy legitimation or decision making**, (4) **policy implementation**, and (5) **evaluation and feedback** (see Table 3.1). Agenda setting concerns how an issue comes to the attention of public officials, how the public and policymakers perceive the issue, and the decision by public officials to address the issue.

Some issues reach the political agenda because of a crisis or focusing event. For example, the collapse of the housing market and the collapse of Lehman Brothers investment bank in 2008 moved bank bailouts, financial sector regulations, and home foreclosures to the forefront of the public's attention. The economic collapse of 2008 refocused our attention on those issues. Other issues reach the agenda automatically. Every few years, Congress must pass an increase in the U.S. debt ceiling. This allows the federal government to borrow the funds necessary to pay its creditors and to continue funding the government. Numerous regulations contain **sunset provisions** that require Congress to reauthorize the regulations or to end them. Congress must also reauthorize many specific programs such as the Elementary and Secondary Education Act.² The reauthorizations provide Congress the opportunity to evaluate the effectiveness of the programs and to make major changes in the regulatory statutes.

TABLE 3.1 The Policy Stages Model Applied to the North American Free Trade Agreement

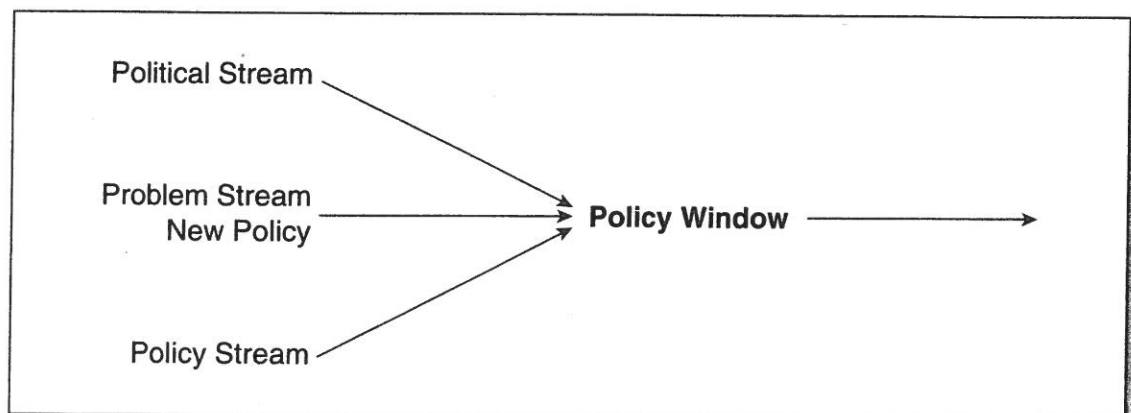
Stage	What It Means	Example
Agenda setting	How problems are perceived, defined, command attention, and reach the agenda of policymakers	President Salinas perceives that a trade agreement with the United States would benefit both countries. He asks the Business Roundtable to determine if the agreement would be good for U.S. business and consumers. The Business Roundtable convinces President George H. W. Bush to pursue the agreement. The problem is defined as one of economic inefficiency caused by trade barriers.
Policy formulation	The drafting of alternative policy options to resolve the problem that has reached the agenda	President Bush forms the Advisory Committee for Trade Policy and Negotiations that drafts the U.S. positions on the trade issues among the United States, Mexico, and Canada. The Environmental Protection Agency (EPA) adds provisions to ensure that Mexico implements environmental regulations.
Policy legitimization (Decision making)	Includes the mobilization of support for the various policy alternatives and public officials following the legitimate procedures for reaching a decision	President Bush and Congress follow the procedures outlined in fast track trade legislation. In the case of NAFTA, Congress also passes legislation dictating how the three countries would implement the free trade agreement.
Policy implementation	Government allocates the resources to the bureaucracy to implement the legislation. This stage also includes the bureaucracy making and implementing the rules and regulations necessary to clarify and carry out the legislation	Mexico, Canada, and the United States set up an international body to investigate whether all of the countries are abiding by the environmental and labor requirements of the agreement.

Stage	What It Means	Example
Evaluation and feedback	Efforts to determine whether the policy had the expected outcomes. Did the policy succeed or fail? What marginal utility did each component of the policy contribute?	Numerous organizations study the effects of NAFTA on their interests. Think tanks, university researchers, and official government agencies such as the Government Accountability Office also study the effects of NAFTA and disseminate the information to the government and the public.

Source: Adapted from Table 3.1 in Michael Kraft and Scott Furlong, *Public Policy: Politics, Analysis, and Alternatives* (Washington, DC: CQ Press, 2004), 78.

Most policy issues, however, must compete for a place on the agenda. There are thousands of social and economic problems that government could address. In his classic book *Agendas, Alternatives, and Public Policies*, University of Michigan political scientist John Kingdon argued that for an issue to reach the political agenda, three relatively separate “streams” must converge and form a **policy window** (see Figure 3.1). The political stream consists of the political climate or public mood. Which party’s political ideology is congruent with the prevailing public attitudes? The second stream consists of the problems on which policymakers have information that indicates that government might solve the problem. For instance, if a large proportion of unemployed persons are over fifty and previously worked in factories that relocated abroad, policymakers might have information concerning the effectiveness of job training programs for such workers. If the programs have been successful, the policymakers are more likely to see the problem as one government can resolve.

FIGURE 3.1 John Kingdon's Policy Streams



The policy stream constitutes the third element in determining whether an issue is likely to obtain a place on the political agenda. This stream consists of alternative policy tools. Kingdon maintained that certain policy solutions exist separately from policy problems. For example, the Richard Nixon and Gerald Ford administrations saw increased regulation as a policy solution to numerous environmental issues, workplace safety, and economic problems. The Reagan and both Bush administrations, however, used regulations to address other policy areas such as U.S. foreign trade. As Figure 3.1 indicates, a policy window occurs when the three streams converge. For example, during President Nixon's first term, the environmental movement became an important political and social force. The public believed that air and water pollution were creating substantial environmental and public health problems, and the public mood supported government intervention to reduce pollution. President Nixon viewed federal regulations as useful tools to reduce the harms created by the polluting industries. There was, therefore, a convergence of the political, problem, and policy streams. This convergence led to the creation of the Environmental Protection Agency (EPA) and the passage of the historic Clean Air Act Extension of 1970 and the amendments to the Federal Water Pollution Control Act of 1972. These two acts are sometimes referred to as super statutes because of their sweeping impacts.³

A key factor influencing which issues will reach the political agenda is **problem definition**. In politics, the side that gets to define the problem has a tremendous advantage. For example, if the "unemployment problem" is defined as one in which persons who want to work are unable to find employment because of a temporary economic downturn then government can pass policies such as extending unemployment compensation until the downturn is over. If, however, the unemployment problem is defined as one created by the laziness of the unemployed, then government is more likely to curtail unemployment benefits.⁴

In the 2011 decision concerning whether to raise the debt ceiling, Republican members of Congress defined the problem as one of too much government spending. They demanded that in return for their support of raising the debt ceiling, the Democrats had to agree to future cuts in the major entitlement programs of Social Security, Medicare, and Medicaid. Democrats defined the debt problem differently. They argued that the causes of the huge deficit were the tax cuts to the wealthy passed during the George W. Bush administration, the Iraq and Afghanistan wars, and the recession created by the financial crisis of 2008. The Democrats would consider reforming the entitlement programs only if the Republicans agreed to raise the tax rates on the wealthiest Americans. Ultimately, the Republican-controlled House and the Democratic-controlled Senate could not agree on a policy. To avoid default, Congress passed a short-term increase in the debt and formed a bipartisan twelve-member congressional committee to work on reducing the long-term deficit. That committee, however, failed to develop a solution and left the issue until after the 2012 national elections.

The second stage of the policy process is policy formulation. It refers to the development of policy proposals to resolve an issue. There are many ways that the government might address an issue. Often everyone agrees that there is a problem, but they disagree about its causes and possible solutions. Republicans formulated a solution to resolving the government's debt based on the idea that government was too large and promised to do too much. Their policy alternative was to cut the federal budget and reduce the size of government. Democrats formulated a solution to the debt problem based on the idea that President George W. Bush had recklessly reduced revenues. Their solution was to end the Bush tax cuts for persons with higher incomes and to close many of the existing tax loopholes that benefitted such special interests as the oil companies.

Policy legitimation⁵ is the stage of the policy process that refers to the process of choosing among alternative policy proposals. For instance, legitimation in Congress typically begins with the mobilization of support for a particular policy alternative and involves numerous decisions. Hearings in subcommittees and committees occur in both chambers of the legislature. The House and the Senate must agree on the same version of a bill. The president must sign the bill, or Congress must override his veto. Legitimation in the bureaucratic rulemaking process requires that an agency (1) give notice that it is considering making a particular rule, (2) publish a preliminary version of the rule, (3) allow those whom the rule affects to provide comments on the proposed rule, (4) publish its response to those comments, and (5) issue the final rule.

Once Congress passes a statute, the president issues an executive order, or the bureaucracy issues a rule, officials make decisions concerning how to **implement** the chosen alternative. Few laws are self-implementing. An Apple product might work immediately upon removing it from its box, but legislators do not pass "iBills." Implementing legislation is more like setting up a wireless router that conceivably can work with Apple, Blackberry, PC, and Roku devices. Indeed, implementation is much more complex. Federal legislation often requires implementation decisions that work across fifty unique states and hundreds of industries. The role of implementation is particularly vital for regulatory policies where Congress passes laws that specify particular outcomes but allows the bureaucracy to decide the specific regulatory rules that will achieve those outcomes. For instance, the amendments to the Federal Water Pollution Control Act of 1972 require that all navigable waterways be sufficiently pollution free to allow swimming and fishing. The act left it to the EPA to set standards for what constitutes safe levels for swimming and fishing and to develop the mechanisms for achieving that goal.

The last stage of the policy process is evaluation and feedback. Policymakers and the public continuously evaluate a policy's effects. That evaluation provides feedback to decision makers who may then choose to place the issue back on the agenda. For example, Congress used evaluations of the benefits and costs of the Federal Water Pollution Control Act to amend the act on several

occasions. In the 2012 presidential elections, several Republican candidates believed that the feedback and evaluation related to the EPA were sufficiently negative to justify the abolition of the agency.

Although the idea of *stages* in the policy process suggests a unidirectional, systematic process moving from agenda setting through formulation, decision making, implementation, and evaluation, this generally is not the case. Issues come on the agenda, are pushed off, and reemerge. Policy alternatives are formulated and reformulated as the support and opposition to a policy changes. Implementation may become stalled because the original policy decision turned out to be unworkable or a court decision declared it unconstitutional. This requires government officials to choose different policy tools to implement the original legislation. For example, the evaluation stage of the policy process often leads to an issue being placed back on the political agenda. In short, the policy stages model is not unidirectional. The policy process can stop at any stage, return to a previous stage, or skip a stage entirely.

POLICY STAGES AND THE STUDY OF GROUP INFLUENCE

The policy stages model allows us to break a complex process into manageable parts and to investigate the lobbying strategies at each stage. One researcher might study agenda setting and investigate whether interest organizations requesting small policy changes are more likely to get on the congressional agenda than organizations requesting larger or more radical changes. Another scholar might examine the policy formulation stage to discover whether lobbyists who use technical information are more successful than lobbyists who do not.⁶ Still other researchers might examine how business groups and citizens' groups vary in their lobbying strategies at different stages of the policy process. For example, Stanford political scientist John Chubb found that citizen groups are relatively more successful in the agenda setting and decision stages, while business groups are more successful in the formulation and implementation stages.⁷

An important contribution of the stages model is that it urges researchers to focus on both faces of power. We observe one face once an issue is on the agenda. We can compare the power of competing interests to define a problem, to obtain their desired policy alternative, and to influence the implementation process. For instance, once NAFTA was on the agenda, business interests had substantially greater power than organized labor. But there also is a hidden face of power: the ability of an interest to prevent an issue from reaching the political agenda. For example, investment banks were largely successful in preventing Congress from considering greater banking regulation of such new banking instruments as derivatives from 1976 until 2009.⁸ It took a massive failure in the financial system to overcome the financial community's ability to keep the issue off the agenda. Political scientists may be severely underestimating the power of an interest group if they study only issues that have reached the agenda. By studying agenda setting, we attempt to identify when an interest is exercising power's second face.

The stages model also directs our attention at policy implementation. Bureaucrats make policy when they decide how to implement a statute and the level of resources to devote to each part of that statute. Although public policy scholars have devoted substantial resources to studying the implementation process, interest-group researchers have not. Instead, interest-group research has concentrated on the policy formulation and legitimation stages of policymaking. In addition, they have limited that research largely to formulation and legitimation in Congress. A key argument of this book is that to gauge the influence of interest organizations on public policy or to understand their lobbying strategies researchers must study both faces of power and policy implementation.

Another important contribution of the stages model is its attention to the role of policy entrepreneurs. Unless you are the president of the United States or occupy a leadership position in Congress or in the bureaucracy, the likelihood that Congress will pay attention to your issue is small. Less than 20 percent of bills introduced in Congress receive any attention from committees. Policy entrepreneurs use their knowledge of people and institutions to get their issue on the agenda and to ensure that their preferred policy alternative has the best chance of success.⁹ A policy entrepreneur can be either inside or outside of government. For instance, Mexican president Salinas was a policy entrepreneur for NAFTA. He realized that the best way of organizing a broad-based coalition was to have the Business Roundtable study the issue and make recommendations to Republican president George H. W. Bush. Salinas understood that the Business Roundtable and the business community had excellent relationships with the president. If the Business Roundtable pushed for the free trade agreement, President Bush was likely to place the issue on the agenda. Salinas expected that if the free trade issue reached the agenda, fast track procedures would allow the White House to dominate the policy formulation process. For the fast track legislation, see Box 3.1.

BOX 3.1 Fast Track Procedure

If the president transmits a trade agreement to Congress, fast track procedures require that the bill pass or fail within ninety days. The trade agreement must be introduced and the implementing bill must be submitted by the president on the first day on which their chamber is in session. Congress cannot amend the president's bill. The committees have forty-five days to report the bill or it will be automatically discharged for consideration by the full chamber. Each chamber must vote within fifteen days after the bill is reported or discharged. If the bill contains tariffs or other revenue provisions, the bill must originate in the House. If the House passes the bill, the Senate Committee on Finance has fifteen days to report the bill or it will be automatically discharged. The Senate then has fifteen days to vote on the bill. The Senate may not filibuster the bill, and each chamber may debate the bill for no more than twenty hours. A simple majority in both chambers is necessary to pass the bill.