

**DIVISION OF THE HUMANITIES AND SOCIAL SCIENCES
CALIFORNIA INSTITUTE OF TECHNOLOGY**

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INTEREST GROUPS, PARTIES, AND PLURAL POLICY ARENAS*

Gary J. Miller

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Gary J. Miller
California Institute of Technology

PART ONE: PLURAL POLICY ARENAS AND PUBLIC CHOICE

C. Wright Mills (1959) argued that "there is no longer, on the one hand, an economy, and, on the other, a political order containing a military establishment unimportant to politics and to money making. There is a political economy numerously linked with military order and decision. The triangle of power is now a structural fact, and it is the key to any understanding of the

higher circles in America today." The emphasis, quite obviously,

of this approach was on the monolithic nature of the power elite, and the absence of any countervailing powers.

The most important contribution of the pluralist school, in my opinion, was the demonstration that policy making seems to be done in multiple policy arenas rather than a single monolithic one. As Dahl, Polsby, and Wolfinger demonstrated for New Haven, education policy is different from redevelopment policy, and both are different from party nominations. The individuals who are influential in one policy arena may not be influential in another. Policy decisions made in each policy arena are made

Interest groups play a central role in a system of plural policy arenas, and have been closely associated with the term pluralism in all its various manifestations, from Bentley to the much more sophisticated New Haven brand of pluralism. Individuals become "active politically not from a sense of duty nor out of a sustained interest in politics but only because primary goals at the focus of their lives were endangered, and political action was thought to be the only way to ward off the danger" (Dahl 1961, p. 197). When they become so involved, they discover that they have influence resources that they may have never before bothered to use. "Virtually no one, and certainly no group of more than a few individuals, is entirely lacking in some influence resources" (1961, p. 228).

Groups of individuals, thus mobilized, do not have to take over government; they need only influence the decisions made

by that policy arena in which they are most intensely interested. Thus, we find the teachers' unions were vitally involved in New Haven's educational politics, and business groups in redevelopment but neither group had to influence the outcome in some other arena to be made happy. This is different from pluralism as "group interest action" autonomy.

This fragmentation of the policy-making process is one of the most widely recognized contributions of the New Haven pluralist school. As Crenson perceived it, the position was that power "cannot be centralized within some small ruling class which

peak of a unified political hierarchy. Instead, community power will be scattered across a spectrum of local leaders and groups, each capable of exercising influence in only one or a few issue-areas" (1971, p. 20). In his recent critique of Dahl's study, Domhoff (1978) argues that business leaders were much more responsible for redevelopment in New Haven than Dahl recognized; however, he is never able to seriously challenge Dahl's argument that policy making was nevertheless fragmented across policy arenas, no matter how elitist within the redevelopment arena.

Furthermore, Polsby explicitly argues that this multiplicity of policy arenas holds true for more cities than New Haven. "The finding that participants in decision-making are largely specialized to certain issue-areas has been confirmed by data gathered using both the methods prevalent in community-power research" (1963, p. 124).

In New York City, for instance, Sayre and Kaufman find that:

Functionally specialized officials constitute the core groups for decisions in particular functional areas of governmental action, whether these are in line agencies, . . . in special authorities, . . . or in overhead agencies. . . . Each of these decision centers is surrounded by satellite groups especially concerned with its decisions -- the leaders of the interests served, the interests regulated, professional societies and associations, organized bureaucracies, labor unions, suppliers of revenues and materials and others. Usually, the groups concerned chiefly with particular functions are uninterested in decisions in other, unrelated functional

areas, so that most of the decisions (about appointments as well as programs and policies) in each decision center are worked out by an interplay among the specialized core and its satellite groups. [1960, p. 711]

The autonomy of these policy arenas is suggested in Lowi's book by his use of the term "functional feudalities" (1964, p. 215).

What Dahl, Polsby, and Wolfinger have demonstrated for New Haven and local politics, others have demonstrated for national politics. Seidman (1970), for instance, pointed out the interaction between interest groups and the relevant nexus of congressional committee and bureaucratic agency, and denoted that kind of interaction by the term "policy subgovernment." While the three-way interaction of defense contractors, armed services committees, and Defense Department may be unstoppable with respect to weapons-acquisition policy, Seidman argues that there are other triangular interactions with respect to flood control and navigation, agricultural policy, irrigation policy, welfare policy, education policy, nuclear energy, etc. The most interesting point about policy making, according to Seidman, is the extent to which these decentralized policy arenas operate independently of each other. While there is indeed a military-industrial complex, as described by C. Wright Mills, it is not at the apex of all policy making in the United States -- it is at the apex of one policy arena out of many. In order to explain farm price-support policy, you do not need to understand the evil military-industrial complex, you only need to understand the evil agribusiness-Department of Agriculture complex.

But accepting the basic pluralist description of multiple, decentralized policy arenas, responsive to different groups of intensely interested people, are we led to the pluralist prescription that such a decentralized policy system is good? Is it the case, for instance, that the open, pluralist system provides so many points of access, so many modes of effective participation that any group will be represented effectively if it tries long enough and hard enough? Does the presence of plural policy arenas imply the overthrow of class-based explanations of politics and policy? Furthermore, does the existence of multiple centers of power result in a pattern of policy making that is balanced, and somehow best for all overall?

I believe that the public choice literature, which has developed rapidly in the eighteen years since Dahl wrote Who Governs? Democracy and Power in an American City (1961), allows us to say a great deal about the benefits of pluralism described in that and succeeding pluralist works. I will attempt to summarize some of what the public choice literature can say about pluralism in the rest of Part I, under the headings of Pluralism and Representation and Pluralism and Efficiency.

Pluralism and Representation

Mancur Olson wrote a critique of classical pluralist thinking in The Logic of Collective Action (1965). His position was basically that the classical pluralists (Bentley, Truman) assume that organizations will form if and when there is a group of people who would greatly benefit. His public choice critique of

pluralism was that the shared benefits of forming an interest group do not result in spontaneous generation of that interest group because of the free rider problem. Each individual would be better off if the costs of organization were overcome; but everyone has a dominant strategy not to voluntarily donate to overcome these costs.

This critique of pluralism is fairly clear, yet it is perhaps worthwhile, at a conference session on public choice and pluralism, to notice two things: (1) that later pluralists seem to be subject to the same criticism and (2) that this criticism makes possible a reconciliation of pluralism with class-based theories of politics.

Dahl directly linked the fragmentation of the policy system to a supposed representativeness of that system -- "the independence, penetrability, and heterogeneity of the various segments of the political stratum all but guarantee that any dissatisfied group will find spokesmen in the political stratum" (1961, p. 4). The expression of political dissatisfaction in the proper "independent" political arena requires few resources, and "virtually no one, and certainly no group of more than a few individuals, is entirely lacking in some influence resources" (p. 228). Yet Dahl observes, also, that there seems to be a large "variation in resource use." The variation in usage of resources is due to such things as "political confidence," alternative opportunities for the use of one's resources, and the "reward" for using the resources. If these are the sources of

variation, then one would expect that anyone will use his resources if the cause is important enough and he has the confidence to do so. As an example, he points to the families on Truman Street who objected to the metal houses in their neighborhood. All it took to get them involved and in the fight was enough of a reward-stimulus and guts.

But this surely is an example of the fallacy which concerns Olson. The primary source of variation in resource mobilization, according to the Olson critique, must be the extent to which the group is organized. Lacking political organization, individuals may be highly interested, highly self-confident, but still free riders. Once organized by means of selective incentives, membership interest and self-confidence are unnecessary; the organization will continue to generate resources to serve the group's interests (as articulated by the group's leadership). Thus, welfare mothers may be highly interested in welfare policy and highly self-confident, but unwilling to spend time articulating their interest in the absence of effective organization -- without such organization the incentives to be a free rider are overwhelming. On the other hand, the average middle-class subscriber to National Wildlife may be very little committed to environmental protection and may be completely lacking in political self-confidence; nevertheless he is using his resources to fight for environmental protection through the National Wildlife Organization which mobilizes these resources through the selective incentive of the magazine.

While overlooking the primary cause of variations in the

mobilization of political resources Dahl (1961) does try to explain the variation in political participation which he notices varies with income and social class. In his figure on page 292, the variation in participation once again comes down to "political confidence." According to Dahl the "middle class" has it, the "working class" doesn't. An alternative explanation of the class basis of variation in political participation is suggested by Frohlich and Oppenheimer (1978, pp. 66-89). This is that it pays political entrepreneurs better to organize the sizeable resources of middle-class individuals, rather than to organize the smaller resources of the working or nonworking poor. The reason is that there is more of a surplus for the entrepreneur in organizing the middle-class environmentalists into the National Wildlife Organization, than in organizing welfare mothers or migrant workers into a national organization.

The result is that while the multiple policy arenas nationally and locally tend to represent different groups, they are different middle-class and upper-class groups. As Schattschneider says, "the flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent" (1960, p. 35). What Schattschneider calls the pressure system, composed of these multiple policy arenas, is primarily representative of the upper- and middle-class groups which are most profitably organized. While business groups are highly organized, Schattschneider notes, "only a chemical trace of the fifteen million Negroes in the United States [belong] to the National Association for the Advancement of Colored People. . . ."

The notion that the pressure system is automatically representative of the whole community is a myth fostered by the universalizing tendency of modern group theories. Pressure politics is a selective process ill-designed to serve diffuse interests" (ibid.).

Pluralism and Efficiency

Dahl argued that "a modern Madison might argue that government should be designed to inhibit a relatively apathetic majority from cramming its policy down the throats of a relatively intense minority" (1956, p. 90). This would seem to be the fundamental aspect of inefficiency with normal majority rule democracy: the intense minority would be willing to pay the majority some portion of the value generated by the policy proposal it has in mind; but because it can't legally or democratically do so, the result is that the majority crams an inefficient policy down the throats of the minority.

This is, of course, an historically recognized problem with the democratic voting system -- the ballot does not register intensity of preference: all votes count equally, whether cast by the intense or the apathetic voter. This is in marked contrast to the market system, where an individual's preference intensity is indicated by how much he is willing to pay for various items available in the market. As the market price ratio equilibrates to the ratio of each individual's marginal utility, efficiency is achieved. The inability of democratic processes to indicate this "willingness to pay" has been linked with the inefficiency of democratic, as

opposed to market, outcomes. For instance, Buchanan and Tullock have proposed that logrolling over multiple issues in a legislature allows an indication of preference of intensity as legislators trade a vote on one issue for a vote on another issue. They quite naturally hypothesized that this improved revelation of preference intensity might improve the efficiency characteristics of centralized democratic voting processes (1962, pp. 131-145).

The pluralist solution to the problem of majorities cramming inefficient solutions down the throats of minorities is decentralization rather than logrolling in a centralized legislature. The difference is that with logrolling there is a need to negotiate a majority coalition for a package of bills. With decentralized, autonomous policy arenas, decisions made in each autonomous arena do not need ratification by a majority of actors across all policy arenas. However, pluralist decentralization has something of the same flavor of Buchanan and Tullock's logrolling solution in that it too relies on improved revelation of preference intensity for efficiency gains. Individuals get involved in politics because they are intensely interested in a few, particular policies; individuals reveal their preference intensity by mobilizing their scarce resources in the appropriate policy arenas. The resulting policy outcome is analogous to the logrolling "coalition of minorities" platform generated by logrolling, in that intense minorities have a chance to influence the final outcome in one dimension of the final policy package. It is different from the logrolling outcome because it is stable.

While the "coalition of minorities" logroll is subject to decay through a voters' cycle, autonomous policy arenas can protect intense minority preferences indefinitely. Because the "apathetic" majority defaults in any given policy arena, a system of multiple policy arenas would seem to resolve the efficiency problem generated by the voting power of apathetic majorities, just as argued by Dahl.

As an example, we might think in terms of a national legislature which is divided into working committees. If the members of each committee tend to be those legislators who are most intensely interested in the policy area represented by that committee, and if a norm of reciprocity operates between committees to support the autonomy of each policy arena, then we would have a pluralist system ideally designed to protect interested minorities from majorities.

Perhaps even more starkly, we might imagine a community in which there is a separate school board, and a separate redevelopment agency, as well as a city government. And we may again assume that the teachers' union would devote its limited resources to promoting certain candidates for the school board rather than for the redevelopment agency, and the Chamber of Commerce would devote its influence resources in the reverse pattern. At the local level the different institutions of government constitute even more perfectly autonomous policy arenas.

The question then becomes, what does the public-choice literature have to say about such a system of decentralized

policy arenas? The answer is fairly clear from the literature of social choice, that whatever its other advantages, such a pluralist decentralized institutional system cannot generate marketlike efficiency. The first indication of this came from Sen's Liberal Paradox (1970, pp. 152-157).

Imagine a set of individuals who are making collective choices with respect to a set x of alternatives. Each individual has a preference ordering over the alternatives, and each possible set of preference orderings constitutes a profile of preferences. A social-decision function associates with each profile of preference orderings a social-preference ordering. The individual-preference orderings are given by R_i , and the social-preference ordering by R_S , where xRy may be understood as indicating a preference for x over y , or indifference. Strong preference is given by xP_y . Both the individual-preference orderings and the social-preference ordering are assumed to be complete (either xRy or yRx for all pairs of alternatives), reflexive (xRx for every alternative) and transitive (xRy and yRz imply xRz for all triples of alternatives).

We would like to place two restrictions on such a social-decision function. The first is Pareto optimality: given any pair of alternatives, if $xP_i y$ for all individuals in society, then $xP_S y$.

For the second condition, imagine that the social ordering is arrived at by a social-decision function that is partially decentralized: that is, there are two alternatives

(x and y) out of X that are decided in one policy arena, and two other alternatives (u and v) which are decided in another policy arena. There is a group of decisive individuals in each policy arena, such that if everyone in Group I prefers x to y, then the social preference is $xR_S y$; if everyone in Group II prefers u to v, then the social preference is $uR_S v$. Groups I and II are mutually exclusive, but not necessarily collectively exhaustive of N.

There must be some group that is decisive for every pair of alternatives, namely set N of all individuals. By assuming decentralization, we are simply formalizing the pluralist notion that different individuals are concerned and involved in different matters. If, for instance, the same majority could enforce a social ordering for all pairs of alternatives, then we would indeed have the kind of situation described by Dahl, in which an apathetic majority was cramming everything down the throats of interested minorities. Our formalization of decentralization is the barest possible form of decentralization: if the group that can enforce x over y is a majority, then there is some minority exclusive of that majority which has, as a minimum, the right to enforce u over v.

Now, because the social ordering must be defined for all preference profiles, we can examine the following particular profile:

Group I	Group II and the rest of N
v	y
x	u
y	v
u	x

Because everyone in Group I prefers x to y, then the social preference must be $xR_S y$. Because everyone in Group II prefers u to v, the social preference must be $uR_S v$. Because everyone in society prefers v to x, then the social preference must be $vP_S x$. By transitivity, these three results imply $UP_S y$. But this contradicts another relationship which we can derive from the Pareto optimality condition, namely $yP_S u$.

This contradiction demonstrates that our set of assumptions must be mutually inconsistent. That is, with a social-decision function defined for all profiles yielding a transitive social preference, this minimal degree of decentralization is inconsistent with Pareto efficiency. For some profiles, a decentralized, pluralist government must be either cyclically unstable or yield inefficient results.

But the pluralist will doubtless object to this well-known Sen paradox by pointing out that the proof used a particular profile of individual preferences which was unpluralistic; that is, the Group I individuals were most interested in the alternative pair v and u (which were at the top and bottom of their preference orderings), yet they were decisive for a different pair of alternatives. The same inconsistency is true for the people in

Group II. There was a most unpluralistic mismatch of preference intensity with influence. This mismatch, pluralists could conceivably argue, would not occur in the long run, since individuals would not utilize their limited influence-resources in such a way as to become decisive in the "wrong" policy arena. The pluralists would be correct in claiming that the original Sen paradox does not deny the possibility of an efficient pluralist system.

The question then becomes whether decentralization and efficiency are compatible if we exclude those profiles of individual preferences which make decisive groups more interested in policy pairs they are not decisive over, than they are in the pairs for which they are decisive. The answer, supplied by Blau (1975, pp. 395-401), is still no, provided we allow three policy arenas instead of two.

This pluralist constraint on allowable preference profiles is operationalized as follows: if Group I is decisive for x over y, and if another group is decisive for m over n, then it cannot be the case that n is ranked higher and m lower than both x and y otherwise Group I would be more intensely interested in m and n than in x and y. We now require the social-preference profiles in which the members of each decisive group are not inappropriately interested in some other group's alternative pair. Now let us examine the preference profiles in Table 1. Each group is decisive for that alternative pair indicated by the strong arrows on the left of the group's preference profile. That each profile

TABLE 1
PREFERENCE PROFILES FOR THE BLAU PARADOX

Group I	Group II	Group III and the rest of N

fits the constraint defined earlier is indicated by the dotted arrows, indicating that no group's preferences for its own decisive alternative pair is bracketed by the preference pair of some other decisive group.

We also have three pairs of alternatives whose ranking is determined by unanimity: $v^P_S x$, $z^P_S u$, $y^P_S w$. These, combined with $xR y$, $uR v$ and $wR z$, yield an intransitive preference cycle, violating the condition of transitivity. Once again, decentralization must be inconsistent with either Pareto efficiency or transitivity, even when preference intensity is not incongruent with influence. A pluralist system, in which groups of individuals exert their influence resources, even in a very limited way, in decentralized policy arenas (as in New Haven) runs the inevitable risk of inefficiency.

As an example, we can imagine a pluralist community consisting of three kinds of people: teachers, downtown businessmen, and golfers. The teachers want a pay raise, the downtown businessmen want a redevelopment project, and the golfers want a new golf course. The cost of these three projects is C^T , C^D , and C^G , respectively. The cost of all projects approved is shared equally by all three groups. The benefits are B^T , B^D , and B^G , respectively, and the benefits are felt by each group individually. In order for each group to promote public approval of its project, it must be the case that the net benefit would be greater than zero: $B^i - t_i C^i > 0$; where t_i is the share of total costs paid by group i . In this case, where $t_i = 1/3$,

it must be the case that $B^i/C^i > 1/3$.

Now imagine that decisions are made by a unanimity rule. In this case, any group can veto any project; the only package of projects that can pass is the package of all three projects. And this package will only be passed if the net benefit to each group is greater than zero:

$$B^i - t_i \sum C^i > 0;$$

or

$$\frac{B^i}{\sum C^i} > t_i.$$

Summing over all three groups, this condition implies

$$\frac{\sum B^i}{\sum C^i} > 1.$$

That is, with a unanimity rule, the only package of projects that will be approved is one that satisfies an aggregate benefit-cost ratio greater than one, although the cost-benefit ratio of individual projects may be less than one.

Now imagine that the community requires the approval of a legislature (consisting in the particular example of equal numbers of representatives of downtown business, teachers, and golfers). Legislative approval requires a proportion k of positive votes, where k is somewhere between one-half and one. In this case, the efficiency condition is that a package can be passed only if the sum of the benefits of the projects in the

package, divided by the sum of the costs shared by the groups voting for the package, is greater than k . That is, if W is the majority coalition

$$\frac{\sum_{i \in W} B^i}{\sum_{i \in W} C^i} > k.$$

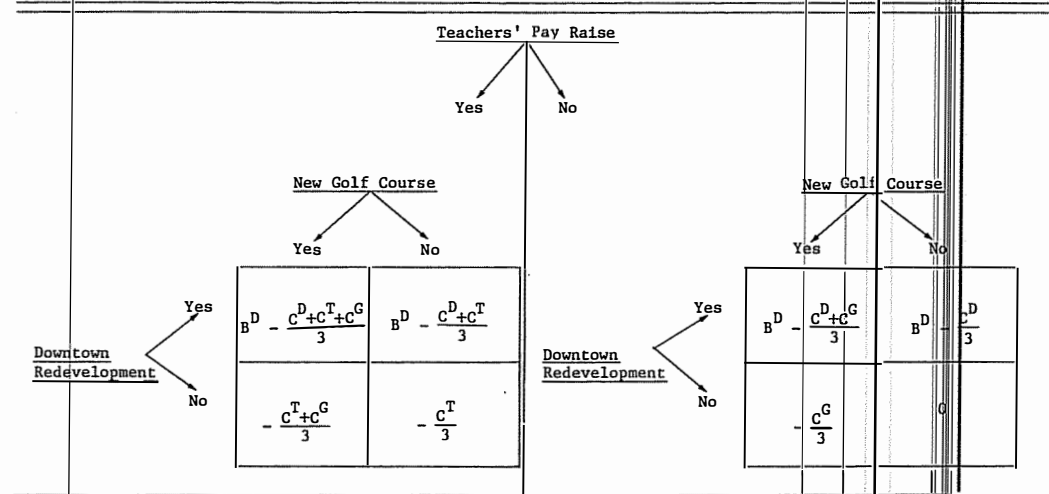
For instance, if the businessmen and golfers combined, the individual rationality constraint and majority rule require that

$$\frac{B^G + B^D}{C^G + C^D} > \frac{2}{3}.$$

This represents a drop in efficiency, as aggregate benefits over aggregate costs may be less than one. However, if the majority-rule legislature is replaced with a system of plural policy-arenas, even this efficiency requirement is not met. If the downtown businessmen have a majority in the redevelopment agency; the teachers' union has been instrumental in the election of a majority on the school board, and if a majority of the city council are golfers, then each policy arena is relatively autonomous. As long as B^i/G^i is greater than $t_i = 1/3$, each interest group has a dominant strategy to pass its own project, no matter what the other two groups do (see Figure 1). The net result is that all three groups will pass their projects, and the efficiency constraint is only that

$$\frac{\sum B^i}{\sum G^i} > \frac{1}{3}.$$

FIGURE 1
PAYOFFS TO BUSINESS, GIVEN ALL POSSIBLE OUTCOMES



While each group has a dominant strategy to use its control of its autonomous policy arena to pass its own project, the result is a prisoner's dilemma.

In general, if there are n autonomous policy arenas, dominated by n decisive interest groups, with each interest group paying tax share t_i of the total package of projects, the efficiency constraint is

$$\frac{\sum B^i}{\sum G^i} > \bar{t}_i,$$

where \bar{t}_i is the average tax-share. As the number of policy arenas increases, the efficiency constraint diminishes to zero.

PART TWO: COOPERATION AS A SOLUTION

The representativeness critique of pluralism that comes out of Olson, Frohlich and Oppenheimer, together with the efficiency critique that comes out of the social-choice literature, suggests that pluralist politics may at times violate efficiency in order to serve the largely upper- and middle-class interests of the organizations represented in the plural policy arenas.

One possible solution to this problem is the same that is suggested for the prisoner's dilemma: if the players in a prisoner's dilemma can forge a binding agreement to cooperate, then the problem of suboptimality is overcome. Surely it is precisely the function of government to provide a forum and a sanction for just this kind of binding agreement. Thus, at the

national level, while Seidman and others may critique the fragmentation of national policy-making among numerous policy sub-governments, Congress is after all available as a forum to guarantee that autonomous subgovernments overcome any problem of suboptimality. Thus, if the government as a whole would benefit by a cooperative agreement between the Army Corps of Engineers and the Bureau of Reclamation, for instance, then Congress is available to hammer out a cooperative agreement and to enforce it.

Cooperation: "Two Sovereign Powers"

However, the limitations of this approach to solving the problems of pluralism are large. A few examples illustrate the limitations. According to Grant McConnell, two rival public-works subgovernments, claiming the allegiance of the Army Corps of Engineers and the Bureau of Reclamation, have sacrificed a lot of energy in "head-on conflicts" with respect to development of water policy in the Kings River Project, the Missouri basin, and elsewhere. For example, by the early 1940s both arenas had rival plans for the development of the Missouri basin. In order to avert the kind of unpopular and wasteful conflict that occurred in the Kings River Project, "representatives of the bureau and the corps met and 'reconciled' the two plans. The resulting plan was then hurriedly presented to Congress, which gave its approval and a mandate for speedy construction" (1966, p. 224). But, what seemed on the surface to be a cooperative solution, averting inefficient conflict, did not guarantee efficiency. The Pick-Sloan

Plan, which reconciled the difference between the two governments,

was a simple consolidation of almost all the projects proposed by both agencies, with none of the inherent conflicts of purpose resolved and with specific glaring inconsistencies retained. . . . It was the sort of agreement that would not have been surprising had it been made by two sovereign powers confronted by a third at whose expense the two could collaborate for their mutual benefit. In the Missouri Basin, however, the third party consisted of the United States and those members of its broad constituency whose interests were not served by either agency within the territories that the jurisdictional settlement allotted to each. [p. 224]

For instance, one of the projects to grow out of the Pick-Sloan Plan was the Bureau of Reclamation's Garrison Diversion Project which has been so controversial in recent years. This project provides irrigation water to 1,200 farm families in North Dakota by means of a 300 mile long canal, and at an average subsidy of \$300,000 per farm. While the principal benefit was to provide irrigation water to farms that were already dry-farming profitably anyhow, the costs have included obliterating other farms, depriving still other farms whose sources of underground water were eliminated by the construction of the canal, salt pollution of water going into Canada, and the elimination of prairie wetland wildlife habitat. While a group of outside experts concluded that the benefit-cost ratio of the project was significantly less than one (instead of the bureau's estimate of up to 1.67) the only source of opposition was late in coming, and was from the government of

Canada and the United States Fish and Wildlife Service.

Clearly, it was not in the interests of the congressmen who have benefited from the division of the spoils in the Missouri Basin to raise questions about the overall efficiency of the water policy in that area; and other congressmen are generally too much preoccupied with the projects that are essential for their own reelection to work for anything as nebulous as a cooperative, efficient solution between rival subgovernments. It is difficult to campaign for reelection on such a platform.

Cooperation: The "Delicate Ediface"

This is not to say that it is never attempted. Senator Adlai Stevenson Jr.'s efforts with regard to reorganization of the Senate committee system is another example. The congressional committee system is the central element in the national system of plural policy arenas. The congressional committee or subcommittee provides the legislative authority and political support for the preference policies within a particular policy subgovernment, and the norm of reciprocity between subcommittees and committees provides the necessary guarantee of autonomy between different subgovernments. By 1977 there was a total of 31 standing, special, select, and joint committees for the 100 senators to serve on, and a total of 170 subcommittees. This was considered to be too many, because every Democrat was, on the average, the chairman of two subcommittees and a member of many more. It was evidently felt by many that the problems of providing efficient, cooperative

policy-making among such a large number of policy subgovernments were too much to overcome; and as a result there was in early 1977 a strong effort to cut down the number of committees to make committees more inclusive and integrative. In particular, the number of committees was going to be cut from thirty-one to fifteen. This plan had the backing of party leadership, which committed \$300,000 to study the problem. The new freshmen and the defeat of several key committee chairmen seemed to make the time ripe for a wholesale reform of the committee system.

The description of the attempted reform effort sounds very much like an attempt to cooperatively overcome the inefficiency of a prisoner's dilemma. The tricky thing about cooperatively overcoming a prisoner's dilemma is that if one individual is committed to cooperation while other individuals have the opportunity to back out, it will be better for the others to back out, leaving them in a better position and the "sucker" worse off. If any individual does back out of the cooperative agreement, then all other individuals who can will hastily back out as well, leaving the same inefficient state as before. This is essentially what happened to the Senate reorganization plan.

"Several people told me privately that they would support the proposal as long as nobody was exempted," said Senator Cannon, chairman of the Rules Committee (New York Times, 10 February 1977). To hold the line, Senator Cannon tried to hold the Rules Committee meeting on the affair as a closed session. "I just felt that we could expedite it. You wouldn't have the pressure of all the

pressure groups, seeing how the senators voted." Although he secured the unanimous consent of the Senate to hold a closed bill-drafting session (with only one other senator on the floor at the time), he also needed the consent of the Rules Committee. Senator Clark, facing an election that was to unseat him, objected to the closed-door proceedings, and later voted in favor of reinstating every committee that was slated for consolidation or elimination.

The decision to keep the hearings open may have sealed the fate of the plan. "All concerned agreed that the unraveling had occurred because of the intensive lobbying by veterans organizations to save the Veterans Committee. . . . Senators said that when they traveled through their states they were met by veterans groups who urged them to retain the committee rather than merge it with the Armed Services Committee." The Rules Committee buckled, and the Veterans Committee was reinstated. With that, the collapse of the cooperative effort to consolidate the committee structure of the Senate was assured. "With the virtual assurance that the Veterans Committee would be restored, Senator Pell moved for reinstatement of a committee that was highly regarded by his Rhode Island constituency: Small Business." At this point, Senator Stevenson, the architect of the plan, protested. "If this committee wants reorganization, this is where you make the decision, right now," he said. "Once you have done it in one case, made special exceptions, you are going to do it for other groups, and reorganization goes down the drain. You are going to the bone, and if you cut through the first of

those bones, the rest are going to get cut too, and the delicate ediface is going to come down."

Nelson of Wisconsin said he had supported abolition of Small Business only if it were part of a major reorganization.

After Small Business, the Special Committee on Aging was reinstated. The number of committees to be eliminated was reduced from sixteen (over half) to six.

In the end, the six committees finally eliminated by the reorganization plan included the Senate Committee on Nutrition and Human Needs, chaired by McGovern. Told by Cannon that reorganization required biting the bullet, McGovern asked "Why didn't we bite the bullet on the nine other committees that the Senate and the Senator's Committee saw fit to extend? Why didn't we bite the bullet on veterans affairs or small business or the aging? Is it because these groups have a more potent lobby than the hungry poor?" Cannon acknowledged that "we did have a lot of pressures in many instances, as the senator knows."

This case illustrates both the problems of pluralistic politics and the limitations of voluntary cooperation as a way of overcoming the problems. Evidently a majority of the senators felt that the government would be able to respond with more coordinated, efficient policy if the prime institutional mechanism for national pluralism, the Senate committee system, were consolidated. But, instead of overcoming the limitations of pluralistic politics, the consolidation effort ended up being an exercise in pluralistic politics, in which the most effectively

organized interest groups maintained the most important institutional cornerstone of their respective policy arenas. At the same time, those interest groups unable to muster the required political support, most notably the "hungry poor," were purged of their voice in the Senate committee structure.

PART THREE: "PRESSURE SYSTEM" VS. "PARTY SYSTEM"

As McConnell has written, "a large number of groups have achieved substantial autonomy for themselves and the isolation of important segments of government and public policy" (1966, p. 7). This isolation is at times so severe, that inefficiencies cannot be overcome by cooperation alone. What is the alternative?

Fortunately, not all of American politics is based upon this array of small constituencies. The party system, the Presidency and the national government as a whole represent opposing tendencies. To a very great degree, policies serving the values of liberty and equality [and I would add, efficiency] are the achievements of these institutions. Public values generally must depend upon the creation of a national constituency." [p. 8]

I believe Schattschneider is correct when he says that the creation of a national constituency is the special function of the party system. While the groups who are active in the autonomous policy arenas (the pressure system) have the advantage of cohesiveness, that advantage does not help in the game of party politics. "The big game is the party game because in the last analysis there is no political substitute for victory in an

election. . . . The party system is by a wide margin the largest mobilization of people in the country. The parties lack many of the qualities of smaller organizations, but . . . they are the only organizations that can win elections" (1960, pp. 58-59).

Dahl's New Haven does not serve, by itself, as an appropriate case study of plural policy arenas, because New Haven has an active party system. While Dahl regarded the party system in New Haven as just another policy arena, parallel to redevelopment politics and education politics -- another arena in which power could be studied as decisions are implemented -- if Schattschneider is correct the presence of parties in New Haven is the central fact about politics in New Haven. All other policy arenas must, in some sense, be subservient to parties because there is "no substitute for victory in an election."

However, not all cities have active party systems. The reforms instituted by the Progressive Movement weakened the party system in many medium-sized cities, and abolished parties altogether in others. These latter cities constitute cases in which the effects of decentralized policy arenas, sans parties, can be most clearly understood.

Pasadena

Pasadena is the second oldest city in Los Angeles County, incorporated in 1886 during the county's great land-boom. It soon became nationally known as a gathering place for wealthy eastern industrialists and midwestern farmers, who came

to Pasadena for the winter season and stayed to retire. The term "Old Pasadena" still refers to the remaining representatives of this social elite, most of them living in the southwestern area of the city.

In Southern California's Progressive revolt, wealthy Pasadenans played a typical role. They undertook to operate their own municipal water and electric utility plants, and enacted the normal, progressive, anti-political-party, electoral measures. The city manager form of government was successfully pushed by the wealthy Pasadenans, who hoped that that form of government would be useful in maintaining Pasadena's residential quality and in resisting pressures to link Pasadena to Los Angeles by means of railway lines.

While Pasadena's economy before 1929 was primarily dependent on the winter tourist trade and the wealthy easterners who had chosen Pasadena as a place to retire, this pattern was badly disrupted by the Depression. Pasadena's reputation as a watering hole for the rich never recovered from the Depression or the influx of smog. Pasadena instead began to draw on the fact that it held the California Institute of Technology to attract a variety of "clean industry." And, in a 1959 report to the Chamber of Commerce, Robert Oliver, a Stanford research economist, pointed to growing signs of urban blight in parts of residential and commercial Pasadena, and outlined a program of redevelopment for the city.

As in New Haven, policy making in Pasadena is characterized

by the existence of plural policy arenas. Education is handled by a separate school board, covering an area larger than the city of Pasadena, and with no links to the local government. While the municipal government handles police, fire, library, planning, parks and recreation, and other normal municipal functions, there are separate boards for several of these functions which are very strong.

One of the most autonomous policy areas is redevelopment, which is handled by the Pasadena Redevelopment Agency (PRA), established in 1959. The PRA is an independent agency composed of commissioners appointed by the Pasadena Council.

Northwest Pasadena, which had housed the servants of the original Pasadena social elite, became one of the few enclaves of blacks in the county outside of the city of Los Angeles. This enclave grew as blacks left the central city. The black population grew from 12 to 16 percent in the decade of the sixties, and by the end of this time, the Spanish-speaking population had established itself as a minority population growing at an even faster rate. One of the chief concerns of Pasadena's leaders in the seventies came to be that Pasadena's population of minorities would be limited. As the chairperson of Pasadena's Planning Commission said in a 1979 interview, Pasadena felt it had done its fair share in housing the county's poor.

Pasadena's political leadership showed little tendency to reflect Pasadena's changing population structure. During the Progressive Era, Pasadena had adopted the norm of citywide

elections. During the late sixties, this was modified to a system in which the seven council races had a primary election in each of seven geographic districts, and a runoff between the two highest in the citywide election. Only if a council candidate got 60 percent of the vote in the primary was his the only name that appeared on the citywide ballot. This system had much the same effect that normal citywide elections have: by placing an electoral premium on citywide name recognition and citywide advertising, it promoted the election of white businessmen and professionals and limited the possibilities of minority representation on the council.

Since its establishment in 1959, the Pasadena Redevelopment Agency has been responsible for several major projects, including the location of headquarters of several major companies in Pasadena. However, the largest and most controversial project has been the retail mall created in downtown Pasadena, and still under construction at the present time. Eschewing the reputational approach so ably criticized by Polsby, we can ask who made the key decisions in the retail mall project, and who benefited from these key decisions? The key decisions analyzed will be: (1) the selection of a design for the mall, (2) the selection of a developer, and (3) the selection of a means of financing.

Design for the Mall. The most salient fact about the selection of the design for the downtown redevelopment project is that, from the first, only a single alternative was considered: a

two department-store, covered mall.

Serious discussion of downtown redevelopment began with the Livingston-Blayney Report of 1970. This report was initiated by a group of downtown businessmen known as Pasadena Now, who requested and received partial financial assistance from the city government. Louis Vincenti, president and chairman of the board of Mutual Savings in downtown Pasadena, was at the time both a member of Pasadena Now and the chairman of the Pasadena Redevelopment Agency. The two alternatives considered by the consultants in the Livingston-Blayney Report were: no community sponsored downtown redevelopment (which was rejected out-of-hand), and a retail center. More modest alternatives, such as subsidization of improvements of present structures, were not considered. Critics of the mall claim that no alternative was suggested because Pasadena Now and the PRA had already decided that they wanted a downtown redevelopment mall, and had made this wish known to the developers.

In addition to Pasadena Now, Vincenti, and the PRA, the proponents of the retail mall included Assistant City Manager Don Pollard, who had been hired in 1969 after having been instrumental in the creation of the Fresno mall. The coincidence in timing between the acquisition of Pollard with the support of the downtown businessmen, and the Livingston-Blayney Report has not been overlooked by the opponents of the mall. Pollard has been in a key position in local government, and able to ensure that city administration is uniformly behind the retail mall project. One

minority politician pointed to Pollard as one of a "small group of people" who "decided a long time ago to redevelop downtown. They hired all the 'pushers' in the city government. That's why all the staff are for it. They were hired to be for it." Several city employees felt that their jobs would be jeopardized if they made critical remarks about the mall to researchers from Caltech, and claimed that members of the Planning Commission had been forced off the commission because of their positions on the retail mall. This was confirmed, most surprisingly by Mayor White, who (along with many of the city council) remained rather passive as regards the retail mall, but admitted to disliking "this attitude that 'if you're not for us, you're against us,'" and said that "there are certain people who just don't get appointed or reappointed to advisory commissions [because of their attitudes on the retail center]" (Isaac 1977, p. 24).

In 1977, when a member of the Cultural Heritage Commission opposed demolition of an historic building on the proposed retail center site, she was replaced without warning. Mayor White then wrote a private letter of apology to her, which became public. He wrote that the retail center "has become our own Vietnam War. . . . People are characterized as for it or against it. Depending on which side of the question you fall, or are placed, you become with us or against us. . . . You have apparently been characterized as them, foe, against us. . . . There is no more honest way to describe the action of the Board last week. . . . than as an act of retribution, for vindictive purposes" (The

Altadenan, 18 August 1977).

For four years there was a general selling job done for the idea of a retail mall, but no specific plan was proposed. Then, in 1974, the Pasadena Planning Commission was presented with a package that included the design, financing, developer and an Environmental Impact Report. Once again, there were no alternatives presented to the Planning Commission: it was a two department-store retail mall or nothing. The Planning Commission approved the Environmental Impact Report, with two dissenters, including Robert Oliver, the Stanford economist who had moved to Pasadena shortly after issuing the 1959 report which first called for redevelopment in Pasadena. As Oliver said a few years later,

As a member of the Planning Commission, I asked repeatedly for meetings dedicated to a discussion of the Livingston Blayney report and long range plans for Pasadena. But I was always told to wait until the redevelopment agency had a specific proposal. It was too early. Then, when a tentative proposal was presented, we were told that agreements with the developer had already been signed. There was no turning back. Suddenly it was "too late." [Isaac 1977, p. 20]

The PRA was using techniques used by powerful administrative agencies everywhere -- controlling the agenda, presenting proposals as faits accomplis, limiting discussion and information flows -- in order to get authorization for preferred alternatives from public representatives.

In January of 1975 the City Board of Directors approved the disposition and development agreement between the PRA and the

developer chosen by the PRA, Ernest Hahn. By July of 1975, the J. C. Penney Company signed a commitment to build a store in the retail center. By a year later, the financing was arranged, and still no serious alternatives to a two department-store mall were ever considered.

Part of the reason for this was the fact that the public had virtually no awareness that the mall decision had been made. What information there was was all positive. It was not until the financing was arranged in 1976 that many people became aware that the mall had been located in the middle of the scenic center of Pasadena and would, in fact, be built in the center of what was up until then the wide boulevard stretching from the old Pasadena library, past the lovely city building, to the auditorium. At that time, the storm of protest began to break.

Although it was essentially too late at that time, the board of directors passed a "gag order" to try to continue to keep the lid on the retail mall project. This ordinance was passed in August of 1976 to stop any city employees from giving any information "regarding any aspect of the retail center" to either a city councilperson as an individual or to any member of the public.

Selection of a Developer for the Mall. The story of how the developer for the mall was chosen came out as a result of a lawsuit involving the lack of competitive bidding for the contract to build the publicly owned parking garage for the mall. Central in the selection of the developer was Gerald Trimble, executive

director of the PRA since 1969.

The executive director of the Pasadena Redevelopment Agency, Gerald Trimble, was hired after a meeting with Louis Vincenti and one other member of the PRA Board. There was no advertisement for the job. At the meeting with Pings and Vincenti, at which Trimble was first interviewed, he was also told that he was hired, and was given carte blanche authority to put the retail center together.

Trimble's carte blanche authority extended to Ernest Hahn as the central developer for the retail mall. By March 1, 1972, before there had been a vote by the PRA Board or city council on the retail mall, the PRA had printed a brochure saying that the PRA was committed to the retail center project. And by the same date, Trimble had signed for the PRA an agreement which bound the PRA to negotiate exclusively with Hahn for the development of the retail center.

Ernest W. Hahn Incorporated has constructed numerous shopping malls throughout Southern California. The contract that was worked out with Hahn allowed him to buy the air rights over a publicly owned parking garage, on which he would construct the mall. The PRA paid over \$20 million for land, relocation and clearing costs for three square blocks, and over \$13 million for the construction of the underground garage. Hahn then sold the air rights for \$4.4 million. Counting the interest costs, it would have taken him well over \$100 million to procure the same air rights for himself.

In addition, Hahn was granted the right to build the underground parking garage himself. Despite the fact that state law requires any public project exceeding \$2,500 to be open to competitive bidding, Hahn won the contract with no open bidding. When sued by a private citizen on this point, the PRA legal counsel argued that this lapse was valid because the construction of this publicly owned parking garage "involved both public and private interests," so the requirement of competitive bidding did not apply. The court ignored this defense, but ruled that the 60-day statute of limitations on public objections to violation of bidding requirements had run out, so the contract was allowed to stand.

Hahn's chief architect for his numerous shopping center projects in Southern California was Charles Kober Associates. Kober, for instance, is working for Hahn as the architect for the retail center on a contingency fee. That is, he works for a fixed fee, plus a bonus which will be given at the end of the project if Hahn is satisfied with Kober's work.

In addition to being Hahn's architect, however, Kober was selected as the PRA architect to supervise Hahn, as contractor. He was hired by Executive Director Trimble, with the approval of the PRA Board. In his capacity as PRA architect on the retail mall project, it is Kober's job to okay additional expenses on the construction of the parking garage by Hahn. When the PRA staff decides it wants any changes in the original design, Hahn says how much the changes will cost, and Kober authorizes the

extra expenditure. The construction of the garage was originally estimated at \$10 million; it is now estimated that the final cost will be closer to \$14 million. The construction of the project, for which Hahn has no performance bond, is on a cost plus fifteen percent basis.

Once the parking garage is constructed by Hahn, Hahn, as developer of the mall, will lease the garage with a fifty-year lease, getting any profit from the parking fees, if he decides to institute such fees. While the nominal lease payment is \$396,000 a year, any property taxes Hahn pays on the parking garage will be subtracted from that amount, up to the full amount of the lease payment. The redevelopment agency pays all operation and maintenance costs for the garage.

Financing the Mall. How is the PRA getting the money to finance this large subsidy to Hahn? Originally, the plan called for lease-revenue bonds, totalling \$62 million, to be used to clear the three square blocks of the mall site and build the parking facility. PRA's basic source of money is its tax increment authority. The PRA is authorized to create redevelopment areas; when it does so, the property assessments in the redevelopment areas are immediately frozen. The normal city, county, and school district tax rate is applied to any increase in market value over the frozen level of assessments, and this money goes to the PRA. Thus, the school district and the county are deprived of any benefits of increases in property value within the

redevelopment area whether caused by inflation, natural increases in property values, the actions of the PRA, or whatever.

Furthermore, under redevelopment law, the PRA's use of this automatic flow of resources is not subject to audit, even by a grand jury. This financial independence must be regarded as the greatest source of autonomy for Pasadena's redevelopment arena.

The PRA created a large downtown redevelopment area covering 340 acres in the late sixties. Money from the tax increment authority began to come in automatically during the seventies as inflation increased property values.

By the mid-seventies, the redevelopment agency was ready to capitalize on this flow of resources by borrowing to finance the retail mall. Under the original funding proposal, the PRA would sell lease-revenue bonds totaling \$62 million. The money would be used to clear the retail mall site and to build the parking garage. The parking structures would be leased to the city, and the lease revenue would be used to pay off the bonds. Tax increment authority money would be used to repay the city.

This program was approved by the Pasadena Board of Directors (City Council) with little controversy in August of 1976. This program, however, was referendable, and over 5,000 signatures were raised in the next few weeks to oppose the retail mall and to make the financing of the project appear on the ballot. As one city director said, "there are concerns about this particular

decision we've made, and I would be willing to bet that in the last five years, this is probably the only one that could have gotten this many signatures" (Transcript of City Board meeting, 21 September 1976).

However, on September 21, the board of directors heard the chairman of the PRA cancel his request for city involvement in the financing of the retail mall, since that involvement was what made the financing referendable. He proposed instead that the financing be by means of tax-allocation bonds, to be repaid directly by the tax increment authority of the PRA. The disadvantage of this method was that the interest rate of tax-allocation bonds would necessarily be higher because they would not be backed by the city; their advantage was that they were not referendable for the same reason. The PRA was suddenly willing to pay the higher interest rate rather than let the public vote on the retail mall. Said Pings, "with all due thanks to your willingness as a city board and as a city, your willingness to allow us to consider the lease-revenue mechanism, the PRA would prefer to switch to tax allocation bonds" (ibid.).

To objections from the floor that the city be allowed to vote on the retail mall, Director Yokaitis argued that he was satisfied that the public was behind the retail mall, and that public participation had been adequate through the series of public hearings on the matter. To this Director Wilfong responded that "I still contend that the majority of people in the city don't know much of anything about what the retail center is all about, and

many of them don't even know that there is a retail center being proposed." Director Wilfong, who turned out to be the swing vote, was won over by the argument that the referendum would only be a referendum on the means of financing the mall, and that the decision to build the mall had already been made. The directors voted 4-2-1 to repeal the lease-revenue ordinance.

Opposition to the retail mall still had not organized at this time; the petition signatures had essentially been the work of a few individuals. It was only after the financing conflict that Pasadenans for Responsible Planning organized to institute a lawsuit based on the alleged inadequacy of the Environmental Impact Report. The case was thrown out of the court, but even before the case was resolved, the PRA was proceeding with acquisition of land for the project. Essentially all the major decisions had been made about the project before the opposition managed to become organized.

The reasons for this tardy organization offer an illustration of problems with pluralism and representativeness. The groups that were most interested in the downtown redevelopment issue were already organized to support the administrative decision-makers who had been hired to implement a retail mall. The groups who disliked the retail mall concept were a diverse group with no natural basis of organization. They included groups interested in Pasadena's historical heritage; businessmen from outside of the downtown area who felt the mall would hurt their business; self-appointed community "watch dogs"; racists who felt that the

mall would attract large numbers of blacks to Pasadena to shop, to work, and perhaps to look for housing; liberals who disapproved of redevelopment financing methods and the closed decision-process. The costs associated with organizing such a diverse group were large.

While the mall represented a major bread-and-butter issue for downtown businessmen, it was a much less intense issue for the heritage group, the racists, and liberals, all of whom had other pressing matters of concern. Bussing was of more concern to both the racists and the liberals, and divided the two groups. As a result, the people who stayed with the issue the longest were the self-appointed watchdogs of local government, one of whom was an articulate young man who seemed to get positive benefits out of taking on the local government; and the second of whom was a retired IRS auditor who regarded the money and time spent on the issue as a legacy to the city. Obviously, the funds available to this group of people was smaller than that available to the proponents of the mall, who had tapped into public financing through the PRA's tax-increment authority. Half of the \$10,000 necessary for the unsuccessful lawsuit was directly donated by the retired IRS auditor.

The Efficiency of the Mall: Countywide Perspective

From the standpoint of the county as a whole, the case of redevelopment projects, financed out of tax-increment authority, is clearly an example of the Blau paradox discussed earlier in

this paper. Each of the autonomous city governments in the county is reliant on property tax and sales tax revenue. Because of this, they must compete for revenue-producing economic activities such as retail malls. The primary beneficiaries of this competition are the county's large developers and businesses, which are able to locate in the jurisdiction that is able to "bid" the highest in the form of subsidized infrastructure and land. As two critics of the system explain, redevelopment "doesn't attract new development to the county so much as determine where it will locate -- in this city or that" (Los Angeles Times, 23 January 1977). With all cities competing for the same development, it is not clear that the final geographic distribution of business is much different than it would be if this competition did not take place; but any city that does not participate, given the institutional framework, is certain to lose out. The individual cities are forced to play a prisoner's dilemma game with each other. This factor was foremost in the mind of the principal pro-mall backer on the city board, who argued that "people who build retail centers go to where the cheaper land is, and if you don't make it available through the redevelopment process, it isn't going to happen in downtown Pasadena" (ibid.).

The end result of this prisoner's dilemma is that in the aggregate, a super-optimal level of resources is spent on redevelopment projects. Each city maximizes its own revenue by equating its own marginal cost with marginal gain in sales-tax revenue. Since the marginal cost felt by the individual city is

a small fraction of the total cost to the county (in terms of loss of county and school district property tax revenue) there is a huge tendency to have an oversupply of redevelopment projects.

This would seem to be the case in the Pasadena shopping region. In this one shopping region, there is a shopping mall at Arcadia, a shopping mall at Glendale, a shopping mall at Eagle Rock, and another being sought in South Pasadena.

Thus, as in the Blau paradox, each city is more concerned with getting its own redevelopment project approved, than with stopping other projects, which it is powerless to do anyway. However, the negative externality associated with all other redevelopment projects is greater than the positive benefit of approving its own project: each city would be better off if it were not competing for retail centers by means of tax-increment financing. By 1977, \$80 million in tax-increment financing was going to subsidize developers in the various redevelopment areas around the county.

This analysis, however, is generated by assuming that individual cities act as rational maximizers. However, this assumption could be incorrect if within the city of Pasadena, the redevelopment policy arena is so autonomous that redevelopment projects exceed even that point at which the tax cost foregone by the city exceeds the tax gain. That is, the autonomy of policy arenas within Pasadena may generate inefficiencies even from the standpoint of Pasadena as a closed system.

The Efficiency of the Mall: Pasadena's Perspective

Fiorina (1978) has developed an argument to demonstrate why inefficiently high levels of government activity may be related to the institutionalized incentives within Congress. One aspect of the argument is that the institution of reciprocity between committees guarantees autonomy to individual committees, which allows a "universalistic" attitude toward the distributional projects which individual legislators see as being necessary for their reelection. Within the different policy-related committees, the tendency is to let each congressman have his project; the autonomy between policy arenas guaranteed by reciprocity allows each committee to make much policy unfettered by the majority of congressmen outside that committee.

An even stronger autonomy exists in Pasadena. At least with respect to redevelopment, many of the major decisions (such as design, developer, architect, etc.) take place largely outside of city government. Even those decisions which are most central and most controversial, such as the financing of the mall, tend to be ushered through automatically. (The "gag rule" was directed at councilmen as much as at the public.) Even the mayor talks about decisions made by the board in a passive, apologetic way.

Within the city of Pasadena, it is quite possible that this autonomy of policy arenas acts, as it does in Congress, to produce a level of government growth beyond efficiency. The individuals active in the redevelopment policy arena (staff members, board members, downtown business groups) certainly would

seem to have no incentive to spend less than all the available increment-authority money. (This money comes to them automatically, and by redevelopment law is not subject to audit, even by a grand jury.)

And is this public subsidy efficient from the standpoint of the city? This is hard to tell, since the benefits of improving the downtown are not clearly measurable, and neither are many of the costs, including increased congestion and noise; increased demand for police and fire services and other city services, and loss of at least one architectural landmark. Robert Oliver, the one outside economist to become involved in the project, claims that

The financial infeasibility of the Retail Center is, I think, beyond dispute. PRA spokesmen admit that property tax revenue from the entire 340-acre downtown redevelopment area will be needed to pay off the bonds the PRA will sell to build the 3,380 parking spaces (\$16,000 per parking space) for the 14.9 acre . . . Retail Center . . . Projections by the PRA are that property tax revenue will increase by \$47 million, more or less, between now and 1999 (when the bonds will be paid off) if the Retail Center is built, and sales tax revenue will increase by an additional \$7 million (\$340,000 a year). That's \$54 million total projected return by the end of the century, long before which the Retail Center is likely to be obsolete. Over the same period, the PRA will have paid out \$52 million in principal and an additional \$57 million, more or less, interest. [McCallum 1977, p. 15]

Redevelopment Politics

The remarkable thing about the key decisions made in

Pasadena was the degree to which they were made autonomously within a single policy arena, and never made it into the larger political system.

Schattschneider claims that "conflicts are frequently won or lost by the success that the contestants have in getting the audience involved in the fight or in excluding it, as the case may be" (1960, p. 4). And again, "we are bound to suppose therefore that control of the scale of conflict has always been a prime instrument of political strategy, whatever the language of politics may have been" (p. 8).

This was the case in Pasadena. The losers in the redevelopment-policy arena tried to broaden the scope of conflict — (1) by placing the issue on the ballot through the referendum and (2) by making it an issue in councilmanic elections. Their failure to do so successfully ensured the failure of anti-redevelopment forces.

Even Trimble, the director of the PRA, implicitly admitted that a referendum on development would have killed the retail center, when he said that the city board had a choice of "not going ahead or changing the method of financing" to avoid the referendum (McCallum 1977, p. 15). One of the pro-mall councilpersons, a realtor, justified avoiding a referendum by saying that "she feared an election would be divisive and that citizens would not understand the issues" (Isaac 1977, p. 21). She was certainly right that the issue would have been divisive and conflictual, and as Schattschneider remarks, "the best

point at which to manage conflict is before it starts. The expansion of the conflict may have consequences that are extremely distasteful" (1960, p. 15).

The opponents were equally unsuccessful in the councilmanic races. "He who determines what politics is about runs the country, because the definition of the alternatives is the choice of conflicts, and the choice of conflicts allocates power" (p. 68). The anti-mall forces were unable to displace the normal issues of Pasadena politics, and their failure to do so meant that the councilmanic races were won and lost on other grounds. In the spring of 1977, a few months after the anti-mall activists became organized and engaged in their lawsuit, three of the four pro-mall councilmen were up for reelection, at the same time that the local school board was involved in a heated set of campaign races involving bussing. The bussing issue, which divided both the pro-mall and anti-mall forces, seems to have blotted out the redevelopment issue: "there exist a great number of potential conflicts in the community which cannot be developed because they are blotted out by strong systems of antagonism" (ibid.). One of the three pro-mall candidates won without opposition. One black councilman lost to a neutral black candidate on issues unrelated to the mall. In the final race, an anti-mall candidate ran against one of the strongest pro-mall incumbents, in a district in which the incumbent was regarded as safe. The incumbent ran an anti-bussing campaign in an anti-bussing district, and won reelection by a lopsided margin.

The one successful attempt to interject redevelopment

into Pasadena politics must be regarded as an accident. In early 1978, a seat on the city council fell open when Mayor White resigned. Reverend Morris Fisher was appointed to the seat after stiff examination on the retail mall issue by the principal pro-mall councilperson, Don Yokaitis. While Fisher honestly replied that he was in favor of finishing the retail mall, it rapidly became apparent that he was against the kind of closed-door politics that brought about the mall. He subsequently opposed a redevelopment plan to replace a low-income housing area with a foreign car retail center; he opposed a redevelopment project which was going to replace low-income housing with middle-income condominiums, and he finally advocated eliminating the autonomy of the redevelopment arena by having the city council members appoint themselves as the directors of the PRA. Said Yokaitis, "I was misled. That's all there is to it. Fisher has voted against virtually every progressive issue before the board since he was appointed" (Los Angeles Times 15 April 1979).

Fisher responded that he was not against the redevelopment projects, per se, he was against "the process of decisions being made by a few people for the many, of wiping out people of low and moderate income to help the wealthy" (ibid.).

In the 1978 election, Fisher was opposed by a young lawyer who had been a partner of Yokaitis's. Fisher won in the district primary, but by less than 50 percent of the vote, so both names went on the citywide runoff election. At this point, Fisher's opponent was endorsed by the pro-mall members of the

planning commission, the redevelopment agency, and the city council. With these endorsements, Fisher narrowly lost in the citywide runoff, although he won in his own district, and in the low-income heart of Pasadena. (At the time this paper is being written, a suit is being brought against the citywide runoff election system.)

Redevelopment and Parties

What was different about redevelopment in Pasadena and in New Haven? I suggest that, in large part, it was that in New Haven an elected official manipulated the business community via the redevelopment issue, while in Pasadena the business community manipulated the political machinery. In New Haven, as Dahl is at pains to point out, redevelopment had to meet the test of elections, as Mayor Lee made the issue a salient plank in his platform. In Pasadena, the business community was able to insulate itself from any form of political test. In New Haven, the "executive-centered coalition" was able to pick and choose the positions it would go to the polls with, from among a variety of issues interesting to a variety of pressure groups. If business had refused to cooperate with Lee, to accept his leadership, he could conceivably have dropped the matter and relied on a different issue and a different pressure group for that component of his political attractiveness. In Pasadena, the bureaucrats were in large part hired to perform on the redevelopment issue alone. Any disloyalty to the redevelopment coalition and they would have been out on their ears.

As Schattschneider wrote, "it is a great achievement

of American democracy that business has been forced to . . . compete for power in the widest arena in the political system" (1960, p. 42). It is also an achievement of democracy in New Haven. However, that is precisely the failing of pluralist democracy in Pasadena. Business has been able to insulate its own policy making from the widest arena.

Why has business been forced into a wide arena in New Haven, and not in Pasadena? The difference is not the existence of plural policy arenas in one city and not the other. Both cities are characterized by plural policy arenas. The difference is that in Pasadena the policy arenas were able to gain autonomy, an autonomy that was denied them in New Haven by centralizing political institutions that did not exist in Pasadena. In short, Pasadena is playing the game of pluralist pressure politics, while New Haven is playing the game of party politics. The "great achievement of American democracy" that Schattschneider refers to is the achievement of centralizing political parties, not decentralizing policy arenas.

Despite the fact that Dahl treats the "party nominations" arena as just another of the three policy arenas analyzed in Who Governs?, the very existence of this policy arena becomes the central fact, if Schattschneider is correct. Lee arguably owed his ability to construct an "executive centered coalition" to his key position in the Democratic party in New Haven. However, in Pasadena, as in other California Progressive cities, the parties were eliminated as viable political organizations.

In California, as elsewhere, "Progressivism did assert a public interest, but its vision of this interest was never clear. . . . If parties were to be emasculated, what would be left save government by the expert, government in the name of a public whose multitudes could never speak except through interest groups . . ." (McConnell 1966, p. 47).

In Pasadena, both the government expert and the private interest groups were agreed upon the desirability of redevelopment, and upon the desirability of depriving the others of speaking through the electoral process. As the Pasadena councilperson remarked, "an election would be divisive and the citizens would not understand."

The pressure system is dominated by those interests intense enough and wealthy enough to support permanent political organization. Conflicts among these private interests "are taken into the public arena precisely because someone wants to make certain that the power ratio among the private interests most immediately involved shall not prevail . . ." (Schattschneider 1960, p. 38). The only instrument capable of forcing these private interests into the public arena -- interests that are relatively powerless in the pressure system -- is the permanently organized political party, which may win elections with issues.

By bringing redevelopment politics into the arena of party politics, Lee, on the other hand, was able to play the central role in redevelopment, using the favorable public response to redevelopment both to keep himself elected and to wrench control

of the key decisions regarding redevelopment out of the hands of those most interested in it. "If there are twenty thousand pressure groups, and two parties, who has the favorable bargaining position" (p. 57)? Lee was able to identify his party with redevelopment; by so doing, he was able to provide the backers of redevelopment with a choice of voting for him or voting against redevelopment. "If business groups can do nothing but support the Republican candidates, the Republican party dominates the pressure groups" (p. 56).

CONCLUSION

In conclusion, I find that the basic discovery of the pluralists, that there exist plural policy arenas in government instead of a single monolithic power elite, is a broadly applicable discovery. However, I find it ironical that in New Haven, the pluralists picked a setting in which the most remarkable political phenomenon was not the presence of plural policy arenas, but the presence of an active, energetic party system in the driver's seat, capable of providing integrating and controlling political leadership. The problems of decentralized policy arenas analyzed in the public choice literature (unrepresentativeness and inefficiency) were not apparent in Dahl's discussion of New Haven just because it wasn't the pure case of a pluralist system.

Other local and state governments are not so lucky. In these governments, the fundamental fact is that plural policy arenas are relatively autonomous and the public has no voice other than

through those interest groups organized to speak in those specialized arenas. In these governments, I believe, the problems of pluralism are not hidden, as they were in New Haven.

And finally, the federal government underwent its own limited version of a Progressive rejection of political party and consequent development of fragmented policy arenas. With the destruction of the Republican party machines, the creation of independent regulatory agencies, and the strengthening of the committees through seniority, the subgovernments discussed by Seidman and McConnell were initiated. And to a great extent, this fragmentizing process has been hastened in the seventies, rather than retarded. While the committee system has been weakened, the major institution to gain from this weakening has been the subcommittee, not the legislative party. More than half the Democrats in the House are subcommittee chairmen who control their own staffs and budgets, in addition to the eighteen staff members and \$228,000 with which to pay them that each congressman now gets simply for being a congressman. Lobbying of this increasingly fragmented Congress has increased, so that every congressman can find sources of financing for his next campaign without party support. The number of corporations with Washington offices has quadrupled in the last four years. At the federal, as well as at the local level, politics is increasingly the pluralist politics of the pressure system, instead of the nationalizing integrating politics of party.

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