

Review of Policy – AP Government

HOW POLICY WORKS:

Generalizations:

- Public Policy - government actions to address some perceived social, economic, or economic problem.
- The political agenda determines which issues will receive consideration in formulating new policy.
- Policy tends to be made incrementally.
- Policy tends to be fragmented because of overlapping jurisdictions within bureaucratic departments & congressional committees. Also conflicts between branches of national government produce fragmentation as do shared responsibilities of federal & state governments.
- **Issue networks** consist of groups of individuals from inside & outside the government who work together to develop policy in a specific area. There are so many interest groups involved with competing viewpoints that this is more accurate than the previous **iron triangle** (alliance among bureaucrats, interest groups, & congressional subcommittee members). The **revolving door** refers to how agency heads & workers will often become lobbyists after leaving government work and how agency heads are often drawn from interest group & industry leaders that agree with the President. However, the 1978 Ethics in Government Act said that senior Executive Branch officials can't lobby their former agency until at least a year after leaving office.

Types of Policies:

1. **Distributive policies** – allocate resources to a segment of society so that a service or benefit is gained; price supports for farmers, financial aid for college students; sometimes called pork & are the results of iron triangles; stable over time
2. **Redistributive policies** – take resources from 1 sector of society & transfer it to another; tax policy; groups with more financial resources & organization have bigger impact on these policies (home-owners deductions; deductions for people for sales of stock, bonds, real-estate); welfare, unemployment, social security
3. **Regulatory** – guide the operations of government programs; regulate business, labor, & energy, & environment; affected by competition & coalitions between interest groups

Specific Approaches:

- **Incentives** – offer people reward to bring about certain behavior (free land to RR to build transcontinental RR, get people to become home-owners by deducting mortgage interest from income tax)
- **Disincentives** discourage certain behaviors – laws against murder, robbery
- **Government provides a service or program** – Interstate Highway System, Amtrak
- **Government establishes rules** – FDA makes drug manufacturers follow certain rules on testing drugs to protect us; OSHA sets workplace safety guidelines that business must follow

Policy-Making Process:

1. **Agenda setting** – problems are defined as political issues that gov't needs to take action on (public v government); must be seen as a serious political problem; elected officials put an issue on the agenda if they'll get political benefits or if they think political costs of doing nothing are too high
2. **Policy formulation** – formal proposals are developed & a decision is made whether or not to adopt one of those
3. **Adopting the policy** – action by the government through executive order, agency regulations, congressional legislation or court decision
4. **Implementation** – carrying out the policy; make sure people/businesses know about new regulations & give time for compliance; come up with penalties & enforcement; involves bargaining between different interest groups & levels of government through hearings, comment periods, etc; bureaucracy, courts, & police are involved in compliance
5. **Policy evaluation** – analysis of policy to see how well it is working (both public officials & private organizations are involved; feedback through studies to see good & bad consequences; could fine-tune or even throw out policy; starts again)

Who's Involved:

- **Groups** – interest groups, political parties, candidates, & other unorganized groups demand action
- **Institutions** – (A) Courts can make decisions that force action by other branches (school desegregation) and can help change even where there is no popular majority for change. (B) Bureaucracy proposes policies & is responsible for writing specific rules & guidelines to carry out policies once passed by Congress. (C) Congress, especially the Senate, produces potential presidential candidates who use activism to gain recognition. Congress passes the laws which define policies.
- **Media** – Helps shape the political agenda by publicizing certain issues. Often this is how the public becomes aware of issues.
- **Non-profits** – voluntary groups with tax-exempt status receive government funds to help carry out policy.

REGULATORY POLICY:

Viewpoints:

- **Conservatives** – believe there is too much gov't regulation, gov't should play limited role & should only promote public order, develop economic infrastructure & provide national security; free market better (*business coalitions* say gov't regulations harm productivity & force them to raise prices or cut back on workers)
- **Liberals** – want more gov't regulation to restrain the negative impacts of free market & protect rights of citizens; (*consumer coalitions/citizens' groups* say without regulation businesses will go against public welfare in order to maximize profit)

Methods used to influence: lobbying, donating to campaigns, lawsuits, advertising in mass media

Analysis: **Pluralist theory** says it's fair because those with most persuasive case will win out; **Elitist theory** points out that businesses have more resources so are more likely to achieve favorable political outcomes.

Types:

- **Business** – began in late 1800s to eliminate monopolies; now focus on fraud & lack of competition
 - **Interstate Commerce Act** (first federal gov't regulation of business; used the “commerce clause” which says only the National Government can regulate trade between states; first regulated the railroads, then expanded)
 - **Sherman Anti-Trust Act** – first action of federal government to place limits on monopolies & prevent restraint of trade but had no way to really enforce and was also used by business against unions
 - **Clayton Anti-Trust Act** – spelled out more specifics of unlawful practices of monopolies and provided more power to enforce it through the Federal Trade Commission
- **Labor** – began in 1930s with New Deal; to protect workers through equal employment, collective bargaining, safety standards
 - **Wagner Act (National Labor Relations Act)** – unions legal & required fair bargaining
 - **Taft-Hartley Act (1947)** – let US president postpone strikes, closed shop illegal
 - **Landrum-Griffin Act (1959)** – regulate union disclosure & elections to deal with corruption
 - **Occupational Safety & Health Act** – sets workplace standards for safety
- **Consumer Protection**
 - **Pure Food & Drug Act (FDA) & Meat Inspection Act** (Upton Sinclair)
 - **Consumer Product Safety Act**
 - **Motor Vehicle Safety Act** (due to Ralph Nader)
- **Environmental Protection**
 - **National Parks & Forests** – begins in late 1800s; continues with TR & tripling nat'l forests
 - **Environmental lobbies** in 1960s say gov't should protect environment, putting environment on national agenda – Audubon Society, Sierra Club, Environment Defense Fund
 - **Federal action** – sets standards to be carried out by states but states often opposed them, ie where to store environmental waste
 - **Environmental Protection Agency** – created in 1970 to coordinate & enforce all governmental environmental programs; sets & enforces standards for water & air pollution & for individual pollutants
 - **Water Quality Improvement Act (1970)** – reaction to oil spill in California & first Earth Day; to eliminate all pollutant discharges into US waters
 - **Clean Air Act (1970)** – required drastic reduction in auto pollution to combat smog in most major US cities; cities had to establish reduction programs & had to restrict use of cars if didn't meet federal goals; but restrictions were not enforced because of opposition so **Clean Air Act of 1990** set tougher standards (required EPA to enforce 189 specific standards – example of rewriting legislation) but also longer deadlines
 - **Clean Air Act (1977)** – required scrubbers for new coal-burning power plants to reduce acid rain (rainfall contaminated by industrial pollutants that damages forests & lakes); after business lobbying the **Clean Air Act of 1990** allowed power plants to decide for themselves how to cut emissions & gave them more time to do so
 - **Pesticides** – Ban on DDT in 1972 (reaction to book *Silent Spring*) & authorized EPA to investigate & remove unsafe pesticides; but because budget was kept low, few have been removed from market

Trends:

- Progressive in early 1900 attacked monopolies & required consumer & workplace protections
- New Deal regulations on business & pro-labor policies
- Consumer, workplace, vehicle safety & environmental protection in 1960s & 1970s
- Deregulation – Modern presidents say there is too much regulation; Government is problem, not solution
 - Ford & Carter deregulate railroads & airlines
 - Reagan
 - Cuts regulatory agency budgets by 20%

- Staffs agencies with those favoring deregulation
- Reduces number of regulations

ECONOMIC POLICY

ECONOMIC THEORIES

- **Laissez-Faire** – policy followed by US Government until 20th century; free market without any intervention from government
- **Keynesian** – formulated by British economist John Maynard Keynes & first followed by FDR's New Deal; idea that government should manage the economy to create the right level of demand. If demand is too low, government should spend more than it collects in taxes; when demand is too high, government should increase taxes or cut expenditures. This could be done to counter problems caused by business cycles (recessions, depressions, inflation).
- **Economic Planning** – Government should plan parts of a country's economic activity when markets fail to account for the public good. John Kenneth Galbraith advocated wage & price controls when markets are unable to constrain inflation (used by Pres Nixon). Others say government should direct investments to needed industries that are unable to attract private investment. This is done routinely in European & Asian economies but not much in US.
- **Supply-side tax cuts** – Stress there is a need for less government interference in the economy and that tax cuts will stimulate investment, productivity, & growth and therefore greater tax revenue.
- **Reaganomics** – Begun by Pres Reagan in 1981; combination of monetarism, supply-side tax cuts & domestic budget cutting; goal was to reduce the size of the federal government, stimulate economic growth, & to increase military spending. It did stimulate the economy but large tax cuts combined with more military spending drastically increased the federal debt.
- **Monetarism** – advocated by economist Milton Friedman; said inflation occurs when there is too much money in the economy chasing after too few goods so we should increase the money supply at a rate about equal to economic growth, then let the free market operate.

MONETARY POLICY - government's control of the money supply

- Gov't can control how much or how little is in circulation by the amount of money they print; too much money in circulation can cause inflation (devaluation of dollar); too little causes deflation.
- Federal Reserve System (12 regional banks which supervise 5000 member banks) controls money supply. The Federal Reserve Board (which has great independence from government control; members are appointed by Pres, confirmed by Senate, & president can't remove them before their 14 year term is up; chair is elected by the board for 4 years) controls the money supply by adjusting interest rates (high rates discourage borrowing and low ones encourage it).

FISCAL POLICY - makes changes in government's methods of raising money & spending it

- **GOVERNMENT REVENUES**
 - Income Tax (40% of revenues); **Progressive** (higher income & ability to pay, the higher the tax RATE); 10% comes from corporate income tax
 - Social Insurance Taxes – done through withholding on paychecks (Social Security & Medicare); 1/3 of total federal revenues but they are earmarked for those specific programs
 - Borrowing – usually from own taxpayers to fund its expense; **deficit spending** (when gov't spends more money than it takes in within an given fiscal year); Beginning in 1990s Congress began talking about balanced budget amendment but by late 1990s there was a surplus until current war on terror.
 - Other taxes – Excise taxes (on specific goods & services; **regressive** [same for everyone, not based on income so they take a bigger percent of a poorer person's income]; estate taxes (on money & property inherited when someone dies); customs, duties, & tariffs (on goods imported into US; could be not for a money-maker but instead to control trade)
- **GOVERNMENT OUTLAYS** (now over \$2.5 trillion a year)
 - Entitlement programs** – required by law & given to people meeting specific eligibility requirements; Social Security, unemployment insurance, Medicare, federal retirement pensions. Social Security & Medicare now make up nearly half of total federal spending each year, leaving little discretionary funds to create new policies with.

- National Defense** – now 18% of total budget (but had been 28% during Cold War)
- National Debt** – 8%, required payments on interest for the national debt
- Other – highways, education, housing, foreign aid

FOREIGN POLICY & DEFENSE

Trends in Foreign US Policy:

- **Isolationism** (Washington - avoid “entangling alliances”) until 20th century, also between 2 world wars
- **Interventionism** – US uses sanctions, treaties, military force in pursuit of a goal (moral justification – spread of democracy; strategic justification – perceived threat to Am. economic or military interest) – especially in Latin America; WWI & II
- **Containment** (stop SPREAD of communism) during Cold War years (1945-1991)
- **Post Cold War since 1990s**– (1) US favors spread of democracy & protecting democratic nations (2) US uses its economic & military power to be the world’s “**policeman**” (3) trade more important – NAFTA (4) **preemption** – attack them before they attack us – Iraq (response to 9/11) – unilateral (5) can often involve conflicts between national security interests & human rights concerns (6) more **pragmatic** (flexibility, short-term strategic goals, reluctance to get involved in long-term conflicts, used influence to resolve crisis through negotiation, but also some short-term interventions & bombings against terrorists)

Advantages of President which help him dominate foreign policy:

- Commander in Chief
- Chief diplomat –negotiates treaties, extends official recognition to other nations
- He represents our country (Chief of State) – only 1 person, not 535
- Can make **executive agreements** with other nations that don’t require Senate approval
- Imperial presidency –easier today when quick response is demanded to a crisis situation so less democratic than domestic policy & Congress & its constituents more preoccupied with domestic

Checks & Balances in foreign policy:

- President is Commander in Chief, Congress appropriates money for foreign/military operations & declares war.
- President appoints ambassadors, but the Senate confirms them by simple majority.
- President negotiates treaties, but the Senate must ratify them with 2/3 vote.
- Senate foreign policy committee is most powerful foreign policy maker outside of executive branch
- Although Americans often think the president is in charge of foreign policy, only Congress can regulate commerce with other nations & declare war
- Supreme Court has ruled federal government has foreign policy powers beyond those specifically mentioned in Constitution. Supreme Court reluctant to intervene in disputes between president & Congress over war powers & has ruled many actions constitutional in wartime (Japanese internment).
- Checks on presidential foreign policy powers are mainly **political not constitutional**. Congress controls appropriations & can resist funding a president’s policy. Congress can also limit the president’s ability to give military or economic aid to other countries (law pass in 1980s saying cannot give aid to the Contras [anti-communists] so Reagan did Iran-Contra to fund them).
- **Covert Activities** – House & Senate Intelligence Committees have to be kept informed but don’t have to approve
- **War Powers Act**
 - 1973 (response to Nixon’s bombing of Cambodia & anti-Vietnam sentiment)
 - President must report all commitments of troops in hostile situations within 48 hrs
 - President may make only a 60 day commitment of troops, unless there is a declaration of Congressional approval.
 - Little influence on American military actions – most presidents feel it is unconstitutional & every president since its passage has sent troops abroad without congressional approval. Congress reluctant to cut off appropriations for popular military actions.

STATE DEPARTMENT & SECRETARY OF STATE:

- **Secretary of State** is main coordinator of all our foreign policy (based on the philosophy of the President); sometimes can be influenced by career diplomats in State Department who have a different slant from the president (when he becomes more loyal to them- going native)
- Also includes Foreign Service (ambassadors & US reps to other countries, most working abroad)

NATIONAL SECURITY COUNCIL:

- part of Executive Office of President; Pres now relies on this more because of above problems

- members are President, VP, Secretary of State, Secretary of Defense, & any others that president says
- **National Security Advisor** – head the Council and often has as much influence as Secretary of State
- goal - to present various perspectives, advise president on immediate military & foreign policy problems

MILITARY POLICY

Civilian control of military – Pres commander in Chief; dominated by Congress because of “power of purse” & budget process; little reduction in military spending after Cold War because of need to benefit state or district; military spending still one of largest parts of budget; no president wants to be accused of leaving nation undefended so he’s reluctant to cut military budget in his proposal

Dept of Defense & Pentagon

Joint Chiefs of Staff: advisory to Secty of Defense – ea appointed by Pres & confirmed by Senate

DOMESTIC/SOCIAL POLICY

Distributive Policy:

- Policies that distribute political benefits to organized interest groups; stable over time
- Subsidies, ie gov’t pays interest on college loans to banks until students graduate so banks will grant loans to students
- Pluralism says so many interest groups that it causes compromise but officials may just give out MORE money as more interest groups get involved.
- **Agriculture**
 - Subsidies in form of price supports: minimum price guarantee for each crop to keep prices up; results in iron triangle between **agricultural interest groups** (American Dairy Farmers, National Cattlemen, Citrus Growers), **Senate & House Committees on Agriculture, & Department of Agriculture**; all 3 benefit from dispensing large subsidies
 - Critics (members of Congress of non-farm states) complained that if subsidies were eliminated, food prices would be lower
 - 1996 – Freedom to Farm Act – phased out price supports for most farm products (now most determined by free market) but left in program paying farmers not to farm
- **Defense**
 - Military-Industrial Complex (DOD & nation’s weapons manufacturers & House/Senate committees in charge of military appropriations)
 - Defense contractors guaranteed a certain % of profit over cost so manufacturers had no incentive to reduce costs
 - **Revolving door** – companies hired retired military officers
 - Cuts in military spending didn’t happen after Cold War because each senator/rep wanted military contracts for their states, so set up Non-partisan base-closing commission – all or nothing vote

Redistributive Policy:

- Redistributes money or benefits from one group to another
- Conflict between elite & non-elite groups; equal opportunity/social justice v liberty/private property
- Most programs involve redistribution of INCOME – safety net for poor
- **Affirmative Action** – redistributes employment & education from elite to a non-elite
- **Welfare:**
 - **Liberals** want national government to have more control over welfare programs; **conservatives** want states to have more control; **Conservatives** make distinction between deserving & undeserving poor; **liberals** say poverty is often beyond control of individual
 - **Contributory programs** – Social Security & Medicare – most don’t think of this as welfare; Social Security is 7.65% of total paycheck; only pay it on first \$61,000 of income & collect at 65; Social Security is redistributive from working to retired
 - **Non-contributory programs** – Medicaid, Aid to Families with Dependent Children – Americans support these only when they perceive costs not too high & most are deserving

- 1996 – **Welfare Reform Act (Temporary Assistance to Needy Families)** – passed because of compromises among many interest groups; block grants to states to administer welfare the way they want; 2 year time limit on welfare; denied aid to legal immigrants until citizens

○ **Taxation**

- Tax code is a way to redistribute revenue from one group to another
- Income Tax is **Progressive**, created by 16th amendment in 1913
- **1986** – Major income tax revision created 2 brackets so wealthy couldn't use as many loopholes, now 3 brackets with top being 39%
- **Redistributive** policies in current tax code – (1) families take \$500/child tax credit (2) homeowners deduct mortgage interest from income tax owed
- Other taxes as **Regressive** because poor pay larger percentage of income in taxes since all taxed at same rate (Social Security; sales tax; excise tax on cigarettes, alcohol, & gasoline)

Medicaid: means-tested (must be below certain poverty level); entitlement (can't deny anyone who qualifies); medical insurance for poor

Medicare: medical insurance for elderly; must be certain age to receive; entitlement

Education:

- traditionally controlled by state & local
- Head Start – 1960s through today
- Nation at Risk Report - 1990
- No Child Left Behind (George W Bush) – unfunded mandate
- Federal government spends less than 10% of budget on education

THE BUDGET PROCESS:

- **Budget & Accounting Act of 1921** gave the responsibility for preparing the budget to the president.
- President submits budget to Congress each Jan; Congress has until the end of September to pass it (end of their session). If they don't pass it by then, government shuts down unless they pass a *Continuing Resolution* (agree to spend at last year's amounts for each category until new budget is passed).
- **Office of Management & Budget (OMB)** is most powerful domestic agency in the bureaucracy and in the Executive Office of the President with the director appointed by the President with approval of the Senate. The OMB starts the budget process in the Spring by meeting with President to discuss the economic situation & see President's proposed budget. OMB sends general guidelines of proposed amount to each agency which then in the fall submits their specific budget needs & requests. OMB compares with money available & President's legislative agenda (at this point agency heads try to get around the OMB by talking directly to the President or his advisers). This process causes *incremental financing* because agencies always ask for the amount they got the previous year, plus an increase. Then Congress in the approval process focuses only on the increase, not the entire amount – so money spent tends always to go up.
- **Congress & the Budget** – huge budget goes to Congress in late winter before it has to be passed by the following September
- Congress created ***Congressional Budget Office (CBO)*** because it didn't trust OMB estimates of costs since it's under Executive Office of President.
- *First goes to these committees in Congress:*
 - (a) **Tax committees** - Ways & Means in the House and Finance Committee in the Senate – to consider proposals for taxes & tariffs
 - (b) **Authorization Committees** – ie House Armed Services Committee; Senate Banking Committee; Housing & Urban Affairs Committee; 20 in House & 15 in Senate; There is one for each policy area and they AUTHORIZE the total amount of money that will be spent in that policy area.
 - (c) **Appropriations Committee** –
 1. House usually acts first on this.
 2. Each request is assigned to one of 13 subcommittees of the House Appropriations Committee

3. Each subcommittee holds hearings to hear testimony
4. They decide how much money will actually be given to each agency & program; usually they cut whatever amount was decided in the authorization process
5. Senate is doing this separately so they must compare their amounts given and *reconcile*.
6. Then final budget is approved by a floor vote in each house
7. Sent to president for his signature

Reforms to the Budget Process:

(a) **Budget & Impoundment Control Act of 1974** – created a timetable for completing the budget process and created the **Congressional Budget Office (CBO)** to provide alternate estimates & budget studies (instead of the OMB); required President to make agencies spend all money allocated to a program/policy

(b) **Gramm-Rudman** – 1985; small group of Repub & Democ senators frustrated with Reagan deficits proposed a plan for a balanced budget by gradually eliminating the deficit; mandated that the deficit be lowered by a certain amount each year until budget was balanced by 1991; if Congress failed to do this there would be automatic across-the-board budget cuts (same % in each category); too painful, Congress chose not to enforce

(c) **Balanced budget Reforms of the 1990s:**

Budget Enforcement Act of 1990 - divided into 2 types of spending: **mandatory** (for entitlement programs that provide benefits to individuals who qualify) and **discretionary** (things government does not HAVE to spending money on); for mandatory they set pay-as-you-go restrictions (have to offset with more taxes or cuts somewhere else; for discretionary they put caps on it

Balanced Budget Act of 1997 (Clinton & Republican Congress) – produced surplus ahead of schedule – In 2000 election, the 2 parties had sharp policy differences on how to handle the surplus (R-cut taxes; D-spend more on social needs, ie universal health care)