Policy-making as Power-building

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The problem of money in politics is at its core a concern about how money and economic wealth might translated into political power and influence. While much of the literature on money in politics identifies particular mechanisms through which economic power converts into political power, this paper takes a complementary approach, shifting focus from the diagnosis of democratic failure, to our theories and toolkits for constructing inclusive and equitable democratic processes. The central question here is how political institutions might be constructed to counteract the disparities of economic and political power at heart of the money-in-politics problem.

I offer three key points in this paper. First, this paper suggests that we should conceptualize the problem of disparate power as requiring not the insulation of policymaking from political influence, but rather the inclusion of a more diverse set of constituencies and voices in policymaking institutions and processes. Preventing the “purchasing of power” requires more than simply walling off policymaking bodies from wealthy, business, or elite influence; it ultimately requires building countervailing power. Second, this paper suggests that in this quest for countervailing power, institutions and policymaking processes are not simply reactive to the external balance of power among interest groups, civil society organizations, and community organizations; rather, institutional structures and policymaking processes help construct the landscape of political power—and can be restructured to more pro-actively foster and catalyze such countervailing power. Third, to show how these ideas might play out in practice, this paper shifts focus from the electoral and legislative arena to the regulatory and local arenas. These are spaces where much of the day-to-day business of government takes place, where policy processes are equally subject to the mechanisms of purchased influence that afflict legislatures, and where there is a surprising degree of flexibility and potential to construct a process that catalyzes and harnesses countervailing power more effectively.

I. Insulation or inclusion? Theorizing disparate political power and its remedies

The literature on political inequality has developed rapidly in recent years. We have a growing set of studies documenting the ways in which our political process is
empirically more responsive to the preferences of wealthier citizens. The concept of “purchasing power” is a short-hand that encompasses a range of mechanisms through which economic inequality and wealth can drive such disparities in political power, responsiveness, and accountability. Legislators may be dependent on campaign funders and donors. Elected officials may share a common socioeconomic or cultural background as economic elites, leading them to favor more elite-friendly policies. Business interests may be more effective in organizing as an interest group, particularly in their investment in the ecosystem of lobbying, advocacy, and model legislation organizations leveraged to influence federal and state legislatures. The decline of organized labor may have accelerated this shift in the balance of power among such lobbying and advocacy groups. Legislatures themselves may be especially vulnerable to these disparities in lobbying influence in part because of their own declining resources—financial, human, temporal—to conduct independent policy research and draft legislation.

But how we respond to the problem of “purchased power” depends largely on our underlying theories of what an ideal democratic politics look like. And unfortunately many of our standard policy responses rest on a flawed theory of what we might call “good governance”. These policies—such as efforts to prevent lobbying, undo the “revolving door”, increase the barriers between interest groups and policymakers to make the latter more autonomous and independent, or bind policymakers more directly to the public will through more aggressive transparency measures—ultimately seek to sterilize or insulate the policymaking processes from the undue influence of special interests. The implicit theory and hypothesis here is that good government requires rationality, deliberation, and civility, which would obtain if only “politics” did not contaminate the process.

But this view of democratic defect and remedy is problematic. Citizens and political associations are not disinterested, rationalistic, deliberative actors; they are, rather, necessarily subjective, partial, political. It is this partiality that motivates political action, and which is irreducibly at the heart of most normative disagreements in politics. Furthermore, attempts at sterilizing the policymaking process, however well-intentioned, have to be viewed with some degree of skepticism, for it seems

2 Lawrence Lessig, Republic, Lost: How money corrupts Congress—and a plan to stop it (Hachette, 2011); Zephyr Teachout, Corruption in America: From Benjamin Franklin’s snuff box to Citizens United (Harvard University Press, 2014).
unlikely that insulation can redress the fundamental problem of disparate political power. More well-resourced and sophisticated individuals and groups are likely to overcome higher barriers to political entry; the groups most politically disempowered are more likely to be “screened out”.

There is, by contrast, a second normative and historical tradition of democratic theory which we might call “Madisonian,” where the central focus is not on screening politics out, but rather, accepting that political conflict and disagreement are here to stay, expanding the ability of diverse constituencies to engage in a democratic process of contestation and debate, and structuring this contestation so that it is productive, ensuring government is responsive and adaptive to the multiplicity of public needs. On this view, democracy is not a rationalistic, deliberative process of citizens operating free of political influence; it is rather a contestatory and conflictual process where a multiplicity of constituencies contest and construct the very definition of “the public good.” A successful democracy, then, is not just one that “removes” alien influences in order to unshackle the “true” public will. Rather, a well-functioning democratic system consists of institutions, processes, and organizations that enable a wide array of communities to engage in political action, on equal terms. The remedy for disparities in political power, then, is to find ways to build up the countervailing power of relatively marginalized yet affected constituencies. This Madisonian view of democracy is more true to the lived reality of democratic politics, and suggests a very different approach to designing institutions and policy processes to counteract purchased power by fostering countervailing power instead.

II. Building countervailing power: the role of institutions and processes

If countering inequalities of political power requires building countervailing power, how can this countervailing power be fostered, built, and catalyzed? The existing political inequality literature suggests a number of strategies for counteracting the purchasing of power by investing in countervailing power of non-elite constituencies as a way to check the influence and interests of elites. We might, for example focus on personnel, changing who runs for and holds elected office to represent a wider range of constituencies. Or we might invest in the civil society infrastructure to exercise countervailing power through more equal lobbying, research, and advocacy.

To these strategies for power-building, I suggest a complementary area of focus: institutional and process design. Our institutions and processes for policymaking are not just neutral responders to the external pressures of interest groups. Rather, they themselves shape the political terrain on which individuals and constituencies attempt to exercise political power. Thus, the scope for affected

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7 There is a divide in democratic theory between these deliberative and contestatory orientations. Arguably, the contestatory view of democracy is more true to the heart of Madisonian (and classical) republican political thought. See e.g. John McCormick, Machiavellian Democracy (Cambridge University Press, 2011). On the contrast between Madisonian and good governance approaches, see also Drutman, “Political Dynamism”.
constituencies to build and exercise countervailing power is a function not only of their ability to organize and mobilize, but also of the institutional and policymaking context in which they operate. First, there must be a visible and capable governmental target to which claims can be brought, and which has the authority and capacity to address those claims. Without a clear and efficacious target, it is difficult to mobilize—and even more difficult to convert mobilization into a policy change. Second, there must be an interface through which these constituencies can engage with policymakers, and have meaningful voice over actual policy decisions. Without such an interface, mobilized groups face an uphill battle in being heard and having real influence.

How we design and structure institutions can therefore play a large role in rebalancing disparities of political power, shaping the degree to which democratic politics remains unequal, or becomes more inclusive and responsive. A focus on the power implications of institutional structures and processes suggests a very different approach to institutional design. When we think about institutional design, we tend to think in epistemic, deliberative, or technocratic terms, focusing on how governance bodies can produce the “correct” policy in light of the complexity of most policy issues—and in efforts to resist disparate political influence. This tends to lead to institutional structures that increase the insulation of policymakers from politics. A focus on building countervailing power, by contrast, forces us to consider instead how a wider range of affected constituencies can be engaged and empowered through a policymaking institution or process—and how such engagement can be structured so it is both meaningfully empowering, but also sufficiently effective in terms of generating workable and sound public policies. This is a more complex task for institutional design.

III. Institutionalizing countervailing power: Regulatory reform reconsidered

If a vibrant democracy depends on countervailing power, and countervailing power is activated and enabled in part by institutional context, then we must look to how we design our institutions to foster a more equitable distribution of political power. A good example of the payoffs of this of responding to the problem of purchased power can be found in debates over democratizing the institutions of regulatory governance.

Indeed, the problem of purchased power—and the potential for a more inclusive, contestatory democracy—extends well beyond the electoral and legislative arena. Much of the business of governing takes place in institutional sites outside of the legislature or the electoral system. It is federal and local government regulatory bodies that form the front-line of governance, where policies are crafted and implemented, and where policymakers most directly interface with the immediate needs and concerns of different constituencies.\(^8\) Regulatory bodies are themselves

\(^8\) Christopher Ansell, *Pragmatist Democracy: Evolutionary Learning as Public Philosophy* (New York: Oxford University Press, 2011), at 3 (Public agencies are the “nexus of democracy and governance,” where popular consent and legitimation in broad terms clashes with the need to respond to immediate complex policy problems) and 5 (Agencies provide a “central linchpin” in linking democratic consent with concrete problem-solving).
vulnerable to the same mechanisms of unequal political influence that manifest in legislative bodies. In addition to more blatant instances of “regulatory capture,” regulations might be skewed by the more forceful, influential, and sophisticated lobbying and advocacy efforts of business interests. Regulation may also be skewed in more subtle ways. Regulators themselves might be overly dependent on interest groups for research and information creating a kind of “epistemic capture,” particularly acute as agency resources dwindle or as policy issues become more complex. Regulators may also share a common socioeconomic or cultural background with industry interests, creating a kind of “cultural capture.”

But regulatory and governance bodies are important for another reason: they possess an under-utilized potential for developing a more inclusive, contestatory process that enhances countervailing power. Regulatory bodies are not merely the executors of legislation; there is wide discretion in how policies are shaped and implemented. More importantly, there is also significant discretion in how regulatory processes themselves might be reshaped. Harnessing this potential can help institutionalize the kind of inclusionary, power-building mechanisms needed to counteract the purchasing of power.

In particular, there are two promising strategies for fostering countervailing power through institutional design in regulation. First, regulatory bodies can be constituted in a representative manner, providing a direct institutional lever of power for a wider range of affected constituencies. Second, regulations and public policies can be made amenable to more participatory methods of monitoring, accountability, and enforcement through “citizen audits”. These approaches offer the hope of a more inclusive approach to governance, but also the way to activate and empower marginalized groups. By “injecting direct, mobilized, deliberative citizen participation into democratic governance,” such participation and representation can help “favor the voices of the least advantaged” and “offer a procedural antidote” for the inequalities in legislation and policymaking.

Proxy Advocacy: Countervailing power through representation

Dedicated institutional representatives within a regulatory process can provide a dedicated foothold for the countervailing power of affected but disempowered or

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11 Fung, “Recipes for Public Spheres,” 342. See also Fung, “Varieties of Participation,” 66 (“mechanisms of direct participation are not (as commonly imagined) a strict alternative to political representation or expertise but instead a complement to them”).
diffused constituencies. This kind of “proxy advocacy” is a more robust form of inclusion and empowerment than the ad hoc and more easily ignored current practices of advisory public interest organizations or agency ombudsmen. It is also surprisingly effective in the few contexts it has been implemented.

Consider for example recent developments in local economic development policies. A central challenge in urban development is how to ensure that deals struck with developers over major new projects actually produce benefits for local constituencies, whether in the form of hiring of local workers or developer investments in community needs like green space, schools, or affordable housing. Such community benefits are often agreed to but ignored, as developers capture or simply run roughshod over local government bodies—housing policy is an excellent example of purchased power run amok in a regulatory rather than legislative context. Some cities, however, are creating representative oversight bodies to address this problem. In Oakland, for example, the massive redevelopment of the old Oakland Army Base is monitored by a city-chartered oversight body comprised of representatives from the developers and community organizations. This body not only provides a foothold of oversight power for all affected stakeholders; it also provides a forum for airing grievances empowering community organizations and civil society groups to bring claims where the developers might be falling short of commitments on local hire or community benefits investments. This body in a vacuum does not produce this power, but in combination with sustained community organizing in the area, this body provides a critical forum and lever through which community groups can build and exercise countervailing power.

Similar mechanisms for representation and countervailing power are also possible in federal regulatory bodies. The Dodd-Frank financial reform overhaul takes some tentative steps in this direction, creating a number of advisory boards comprised of a mix of interest groups and experts, and creating advocates dedicated to pressure regulators on behalf of particular constituencies, like investors. Some scholars have called for creation of a dedicated public interest

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12 See, e.g., Daniel Schwarcz, “Preventing Capture Through Consumer Empowerment Programs: Some Evidence from Insurance Regulation,” in Carpenter and Moss, eds., Preventing Capture (examining case studies of how proxy advocacy and tripartism has helped mitigate the risk of capture in state-level insurance regulation).


14 See e.g., Dodd-Frank Act § 901-911 (to be codified at 15 U.S.C. § 78) (creating an Investor Advisory Committee, which is tasked with advising the Financial Stability Oversight Council (FSOC) on regulatory reforms to protect investors comprised of a mix of representatives of various stakeholder interests, such as state governments, senior citizens, and pension funds, in addition to relevant experts—including an Investor Advocate, who is explicitly empowered to head an advocacy unit within the network of financial regulatory agencies); Dodd-Frank Act § 915 (to be codified at 15 U.S.C. § 80b-11 note) (empowering the Investor Advocate to lobby the SEC for policies favorable to investor interests); Dodd-Frank Act § 919D (to be codified at 15 U.S.C. § 78d) (creating a forum for individual investors to lodge complaints and report lapses in financial regulations); Dodd-Frank Act § 973-976 (to be codified at 15 U.S.C. § 78) (establishing a
council, an independent governmental entity comprised of experts and public advocates charged with conducting investigations, proposing policies, auditing the regulations proposed and implemented by other financial regulatory bodies—all in an effort to magnify and channel the countervailing interests of citizens to prevent the capture of financial regulatory bodies by sophisticated industry players.\textsuperscript{15}

Arguably the early success of the Consumer Financial Protection Bureau (CFPB) itself can be understood in terms of such proxy representation: while the agency operates as a traditional expert-based rulemaking body, it also works hard to engage the public in general and consumer advocates in particular to identify issues in need of policy solutions, in effect channeling consumer interests in a regulatory ecosystem that often leaves ordinary people out of view. This focus is partly a result of statutory directives—the CFPB has within it dedicated offices for outreach to and engagement with constituencies that may have particular needs but are often overlooked in financial regulation policy, such as veterans, students, and pensioners—but it is also a result of the agency’s personnel, character, and ethos, as many individuals working in the CFPB are themselves veterans of the consumer rights movement.

\textit{Citizen audits: Countervailing power through participatory monitoring}

The experience of the CFPB and the Oakland Army Base evoke a second key strategy for institutionalizing countervailing power in the regulatory process: the harnessing of grassroots participation in monitoring and enforcement—what we might call “citizen audits.” Community and civil society organizations can organize and mobilize to monitor the conduct of public officials, to generate information about their communities, and to direct these efforts towards activities intended to both goad and hold policymakers accountable. Citizen audits are also about more than providing information; rather, they offer a mechanism for generating political accountability and redressing disparities of capture, corruption, or power. Citizen audits achieve this by catalyzing the mobilization and organization of civil society actors, and by providing an institutionalized mechanism for pressuring and influencing policymakers.

Consider the example of the global community and advocacy group Slumdwellers International (SDI), which uses such participatory monitoring and audits as critical power-building tools.\textsuperscript{16} SDI chapters organize slum communities to conduct “pavement censuses” documenting patterns of land use, tenancy, and where (if any) public goods such as sewage, water, and other services are provided. These activists use the data as an advocacy tool, giving lie to public officials’ promises of investing in poor neighborhoods, and revealing patterns of corruption or neglect. The collection of data also helped identify local needs that the community could


then advocate for in city budget decisions. SDI activists leverage this data collection and local knowledge to elevate themselves into necessary—and therefore, powerful—partners for governments seeking to construct infrastructure and development projects. This local knowledge in turn has enabled SDI chapters to gain the support of individual bureaucrats, thus building greater political influence over time—a tactic that one SDI leader describes as “picking off the state one person at a time.” This strategy of leveraging community participation in monitoring the degree to which regulators and businesses alike follow and enforce existing standards has become a more widespread tool for empowering communities and holding policymakers accountable in a variety of contexts.17

In the federal regulatory context, the Community Reinvestment Act of 1977 offers an example of a similar dynamic where communities leverage citizen audits and participatory monitoring to build and exercise countervailing power. While the substantive focus of the CRA is to address racial disparities in credit access and lending, the most important innovation of the CRA was its system of engaging community groups in its enforcement regime. In the process, the CRA did more than promote racial equity in lending; it also build the countervailing power of minority and poor communities.18

Three important design features of the CRA process enabled this countervailing power—features that can be replicated in other regulatory policy designs. First, the CRA process expanded the ability of citizens to define and then monitor outcomes. The CRA proposed flexible standards for judging whether a bank met local credit needs without specifying what these needs might be. This created space for community groups to participate in defining “local needs,” and evaluating themselves whether those needs were met.19 Second, the agency also collected and made public data on bank lending that helped citizens conduct these evaluations.20 Third, the CRA process provided citizens with leverage on banks by empowering them to request agency examinations for banks that community groups felt were falling short of local needs. These examinations had real consequences, as banks needed a good CRA “score” to gain regulatory approval for mergers—giving banks an incentive to engage with those groups.21 The end result was that in cities with well-organized community groups, the CRA institutionalized some degree of

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18 In this, the CRA is part of an often-forgotten legacy of the War on Poverty and its efforts to empower citizen and community groups through welfare policy, mobilizing them as a countervailing power against established economic and political interest groups. See e.g. Melish, “Maximum Feasible Participation of the Poor”; and Noel Cazaneve, Impossible Democracy: The Unlikely Success of the War on Poverty Community Action Programs (State University of New York Press, 2007).
20 Barr, “Credit Where it Counts,” at 113.
21 Barr, “Credit Where it Counts,” at 113. Note that this regulatory oversight became more effective after 1995 regulations and revisions which specified three tests by which these firms would be evaluated: a lending test, and investment test, and the service test. Barr, 112.
countervailing power, which often led to banks pro-actively engaging those groups in direct negotiations over alternative lending practices and projects.\textsuperscript{22}

Regulations and public policies can thus be designed to foster countervailing power through citizen audits, if they provide a forum and means for citizens to monitor outcomes—such as the articulation of standards that outline the goals of the policy and the collecting of data or other metrics on outcomes—and if they provide citizens with real leverage by empowering them to trigger actual policy and enforcement proceedings.

IV. Policymaking as Power-building

The problem of purchasing power cannot be resolved purely by insulating governance from the influence of wealthy, business, or elite interests. Instead, we must look at measures that can actively build the countervailing power of other affected constituencies. While this will necessarily require investing in the ability of civil society organizations to mobilize, organize, and advocate, it will also depend on reformulating institutions and policymaking processes themselves to provide visible, accessible, and inclusionary institutions where these community organizations can plug in, and where they can exercise real political power. Regulatory bodies offer a particularly under-utilized arena where such inclusion can be institutionalized, whether through the representation of stakeholders in policymaking, or through the empowering of communities to monitor and audit outcomes. Nor would these measure require significant legal change to become reality: regulatory bodies already have significant discretion over designing policies, processes, and engaging stakeholders.

These possibilities suggest a broader conceptual shift in how we think about public policy: moving from a focus on policymaking as a purely substantive endeavor, to a focus on policymaking as a mode of power-building.

First, we should be aware of how policy designs are not just about the substantive and technical issues. Policy designs can be leveraged to build constituencies, foster community organizing, and build countervailing power. Such power-building policy design requires more than simply making “submerged” policies visible and legible;\textsuperscript{23} it suggests a very different approach to the design of the policies themselves to provide hooks and levers through which constituencies can shape or monitor the policies themselves, and in so doing build and exercise meaningful political power.

Second, we need to invest in government capacity, not just to make and administer policies, but also to design, deploy, and manage these inclusionary, representative, and participatory strategies. These approaches to inclusive governance and policymaking require significant investment and expertise on the part of the

\textsuperscript{22} Raymond Brescia, “Part of the Disease or Part of the Cure: The Financial Crisis and the Community Reinvestment Act,” 60 S.C. L. Rev. 618 (2008), at 635-6.

\textsuperscript{23} See e.g. Suzanne Mettler, \textit{The Submerged State: How invisible government policies undermine American democracy} (University of Chicago Press, 2011).
conveners, designing representative and participatory mechanisms, providing briefings for the participants on the relevant data and issues, and facilitating discussion to lead to concrete, usable recommendations. Policymakers tend not to invest in these skills or tasks. To fully harness the potential of institutional design and policymaking for building countervailing power, this will have to change.¹⁵

Third, the focus on policymaking as power-building might also shift how we think about building the strategic capacity of civil society and community organizations themselves. Community organizing will have to build organizations capable of engaging in these representative and participatory processes. This means developing a repertoire and skill set that goes beyond the articulation of grievance and advocacy, to the ability to share in the actual business of governing. This is not an automatic or costless transition, but it is essential to enabling civil society groups to make full use of the kinds of inclusionary strategies discussed above.²⁶

²⁴ See e.g. Carolyn Lukensmeyer, Bringing Citizen Voices to the Table: A guide for public managers (John Wiley & Sons, 2012), pp. 305-8.
²⁶ On this shift from “grievance to governance,” see e.g. Ford convening; Jodeen Olguin-Taylor, “From Grievance to Governance: 8 Features of Transformative Campaigns,” LetsTalkMovementBuilding.org (January 26, 2016), online at http://letstalkmovementbuilding.org/grievance-governance-8-features-transformative-campaigns