American Business and Political Power: Public Opinion, Elections and Democracy by Mark A. Smith; Stuck in Neutral: Business and the Politics of Human Capital Investment by Cathie Jo Martin; Does Business Learn? by Sandra I. Suarez
Review by: Graham K. Wilson

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important developments of recent decades that are mentioned only in passing, or not at all, hence not explored in adequate depth:

- economic globalization that weakens ties between firms and local communities
- widening inequalities of income and wealth; the growing diversity of the U.S. population since the liberalization of immigration laws in 1965
- rising levels of materialism, and what Daniel Yankelovich calls the "affluence effect"—the tendency of higher levels of material well-being to exacerbate individualism
- rising levels of crime, which almost certainly reduce generalized trust
- the decline of institutions, such as political parties, that once affirmatively recruited individuals at the grassroots into wider networks
- the anti-union turn of government policy, and
- a series of national developments, involving leaders and public events, that have tended to reduce trust and divide citizens from one another.

I might add that, along with others, I have an intuition that the massive entrance of women into the paid workforce, and especially women with young children who work outside the home full-time, has had a greater effect on the fabric of neighborhoods and communities than Putnam suggests.

(4) I agree with Putnam that generational change has played a major role in altering patterns of association, especially because mounting evidence suggests that habits and outlooks developed when young tend to shape participation throughout life. But, as he himself acknowledges, to say this is to do little more than reformulate a central causal puzzle. We need a much fuller account of what brings about generational change, focusing on likely causes such as family structure and dynamics, cultural shifts, and pivotal public events.

(5) Finally, above and beyond this conceptual and empirical agenda, *Bowling Alone* points toward a normative inquiry into contemporary democracy. Is increased participation necessarily a sign of democratic health? (Francis Fukuyama and others doubt that it is.) Are forms of citizenship relative to specific historical epochs, as Michael Schudson suggests, and is our use of traditional participatory indices overlooking new ways of expressing citizenship? What does it mean that the very decades that have witnessed such dramatic declines in participation and trust have also seen an historic upswing in most forms of tolerance, a virtue not unrelated to the health of a diverse democratic society? It is one of the signal accomplishments of this important book to have brought us face to face with the need for renewed academic and popular debate about the shape of our democratic future.

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American Business and Political Power: Public Opinion, Elections and Democracy, by Mark A. Smith, Chicago: University of Chicago Press, 2000, 245 pp., $16 paper.
Stuck in Neutral: Business and the Politics of Human Capital Investment, by Cathie Jo Martin, Princeton: Princeton University Press, 2000, 262 pp., $19.95 paper, $49.95 cloth.
Does Business Learn? by Sandra I. Suarez, Ann Arbor: University of Michigan Press, 2000, 192 pp., $47.50 cloth.

It has often been remarked that the enduring tension in capitalist democracy is the relationship between its two elements, capitalism on the one hand and democracy on the other. For some, history shows that the relationship is close and supportive; most democracies have been capitalist and, although there have been prominent examples of authoritarian capitalist regimes, such as Pinochet's Chile, it is a more striking fact that there has never been a regime that was both thoroughly socialist (as opposed to social democratic) and democratic. For others such as Charles Lindblom (Lindblom, 1977), capitalism imprisons democratic governments. Policies that are perceived as harmful to business interests cannot be pursued by the governments of capitalist democracies unless they are willing to incur penalties such as capital flight and the loss of investment that would make these policies costly indeed. Moreover, capitalism generates inequalities that are themselves inimical to pluralist democracy. In the United States, business dominates the interest group system. There are far more lobbyists working in Washington for business than for any other interest, and business similarly dominates interest group contributions to the campaign finance system.

One might have expected that the massive normative importance of these issues would draw political scientists in large number to the study of the relationship between capitalism and democracy, business and politics. The reverse is, of course, the case. Relatively few political scientists in the United States focus on these topics. Those of us who teach courses on this topic find very few articles of any value in addressing this topic in academic journals, such as the *American Political Science Review*, that supposedly contain the best research in the discipline. In recent years, the tide may have begun to turn. The volume of work on business and politics does not approach topics such as voting behavior, congressional committees, and other war horses of American political science that dominate the *American Political Science Review* and *American Journal of Political Science*. Nevertheless, there are more panels on business and politics at the major political science conventions. Both the American Political Science Association and International Political Science Association have been actively working in the field in an organized fashion. The appearance in a single year of these three fine books on business and politics may in itself be an important evidence that the study of business and politics has forced its way into American political science.

It is Smith's book that engages most directly and thoroughly with the normative questions that underpin the field. Showing commendable courage for a scholar beginning his career, Smith seeks to discover whether corporations do indeed dominate American politics. One can hardly imagine a topic less likely to fit with the standard advice to graduate students to pick something manageable for their dissertation topic. Smith develops an intriguingly counterintuitive argument. When business unites to support or oppose a policy, it is likely to lose. When business is less cohesive, it is more likely to win. Smith explains this apparent paradox in terms of the forces likely to be arrayed against business. When business is united, it is generally confronted by impressively organized opposition from labor or public interest groups that mobilize public opinion against it. Careful empirical analysis leads Smith to the conclude that there is no evidence that public policy shifts in favor of business when economic times are bad. This finding negates, in his view, a central tenet of the structuralist account of business power and suggests that elected politicians will be forced to yield to business to secure employment and their own reelection. Yet Smith does not reach a Panglossian conclusion that everything is for the best in this best of all possible worlds. On the contrary, he concludes that, "Business unity coexists, but only uneasily, with the precepts and requirements of democracy" (p. 213). Smith fears that business power may be excessive in two respects. First, in numerous technical but important and cumulatively very significant issues business has no serious opposition. Second, business does seem to be able to affect public opinion. Smith contends that by increasing its support for pro-business think tanks from the 1970s onward, business has changed public opinion in its favor: " ...recognizable—if not overwhelming—changes in the public mood arise from shifts in the ideological balance among the think tanks that are represented in the public media" (p. 194).

Smith's conclusions are thus in line with those of critical pluralist scholars such as myself (Wilson, 1981), David Vogel (1989), and Mucciaroni (1995). Business does not necessarily win. Business is obliged to expend significant resources on protecting its interests from other interests. Nonetheless, conflict between business and other interests does not take place on as level a playing field as pluralists have seemed to suggest. Business enjoys significant advantages compared with other interests in terms of the resources it can devote to politics. Smith's distinctive contribution may be less his conclusions than how he reaches them. He shows commendably thorough scholarship in defining and measuring important concepts such as business unity. Smith displays considerable ingenuity in empirically testing theories, such as the structuralist claims that democratically elected politicians are obliged to surrender to business to attract investment. His book displays a familiarity with both a wide range of theoretical arguments and statistical techniques often praised but rarely achieved.

It is, of course, possible to criticize Smith's arguments. Some statistical analyses seem asked to bear more of the weight of the argument than appear appropriate. The rejection of the structuralist argument, for example, rests primarily on the failure of a model to demonstrate a relationship between a downturn in the economy and politicians' failure to respond to public opinion. While it is reasonable to contend that science advances by rejecting hypotheses, it seems a little risky to base one's own argument on a failure to discover a statistical relationship between concepts so difficult to define or measure as public opinion and pro- or anti-business policy. As Smith himself recognizes, it is also somewhat perilous to explain shifts in public opinion, so difficult to define and measure reliably, by shifts in the prominence of think tanks in media reports. The possibilities for spurious relationships are considerable. Nonetheless, Smith deserves enormous credit for his thorough and imaginative use of data as well as for his bravery in confronting the most challenging issues in the study of business and politics.

Cathie Jo Martin's book explores the relationship between business and a range of social policies. We have become used to the simple idea that business invariably opposes policies that expand the size and scope of the welfare state. Martin reminds us that this is not necessarily the case. There have been important examples in American history of American business leaders who supported progressive initiatives: Gerald Swope of General Electric in the New Deal era is perhaps the best known example, and Ferguson has broadened the example into a well-known, interesting theoretical argument. Those immersed in the comparative politics literature on welfare state development will know that welfare states are not always developed by politicians who are left of center and are not always opposed by business. Martin believes that the possibilities for productive engagement between social reformers and business were greater in the 1990s than was commonly realized. Basing her study on hundreds of interviews with government relations executives in a wide variety of businesses, Martin argues that, in business circles, there was considerable support for reforms such as national health insurance, government-sponsored training, and family leave.

Why, then, did attempts at constructive dialogue—for example, between business and the Clinton health care reform task force—fail? Martin suggests that the problem is that the small-business tail wags the entire business dog. Small businesses tend to have more clout than large corporations in business umbrella organizations, such as the Chamber of Commerce. Conscious of their more limited resources, small business has organized determinedly and its apparent weakness, its fragmentation into numerous small concerns, has translated into an important strength as it is a presence in every congressional district in the country.

Martin's book is more representative of most important studies of business and politics in its methodology. Some of her evidence comes from the analysis of statistical data; she shows, for example, that the best indicator of whether a corporation is open to progressive social policy proposals, such as national health insurance, is whether it employs enough policy professionals to link it to the arguments being advanced in the policy field. Martin bases her work largely, however, on in-depth interviews and documentary sources rather than on statistical analysis. The method allows her to explore the nuances of executives' thinking and the reasons for their strategic moves. Its limitation is that Martin is necessarily influenced by those who talked to her rather than those who did not. Martin considers but rejects the possibility that the government affairs executives to whom she talked were not representative of their corporations' leaders; although chief executives were prepared to allow their government affairs vice presidents some leeway, they would ultimately bring them back into line with more conservative preferences. Governmental affairs executives may, in short, be much more liberal than executives in general.

One criticism I should make of the book, a criticism directed at the publisher rather than the author, is the lack of a bibliography. Footnotes are my favorite form of referencing but they really need to be supplemented by a bibliography or at least an index that contains authors' names as well as subjects.

The great strength of Martin's book is the insight that comes from the comparative perspective. Martin, well versed in the politics of neo-corporatist countries like Denmark, is aware that the compromises or, as they are often called, settlements, that have to be made between progressive politicians and business in capitalist democracies are particularly hard to arrange in the United States because of the fragmented, competitive nature of its interest group system. Whenever a business umbrella organization like the Chamber of Commerce agrees to compromise, for example on health care reform, it runs a considerable risk of losing members to competing organizations (e.g., the National Federation of Independent Business) that characterize its actions as weakness or betrayal. The implicit comparison in Martin's book is between the United States and countries in which business is apparently more strongly organized into a single business peak association. This type of organization may be more able to make the compromises with reformers that Martin believes many corporate executives in the United States favor.

Martin's book explores the relationship between business and politics in what Lowi termed the redistributive areas of social policy. Suarez's book is an extended case study of business politics in the distributive policy field. More specifically, Suarez examines the evolving tactics of corporations, largely pharmaceuticals, in defending the huge tax breaks they have received for shifting production to Puerto Rico. The great value of Suarez's book is that it reminds us that even when their most immediate interests are on the line, corporations just like individuals may fail to act in a manner that fully protects their interests. Corporations, like individuals, have to engage in political learning to maximize their political gains. Pharmaceutical firms failed to mobilize to the full to protect their tax breaks in the 1970s and saw them restricted. In 1986 and again in 1993, pharmaceutical corporations mobilized much more effectively and cohesively to protect their self-interest, often with the aid of politicians from mainland America with numerous Puerto Rican constituents. Although Suarez does not stress the point, the story is a microcosm of the broader story of the evolution of business politics that Vogel (1989), myself (Wilson 1981), and Mucciaroni (1995) have told; perhaps because of a false sense of security developed during the "end of ideology" era of the 1950s, corporations did not deploy their impressive capacity to act politically to the full. Suarez, however, develops the argument more theoretically into a model of political learning. The behavior of corporations today is determined not only by current threats or possibilities but by their experience of politics in a previous era. We often assume that those with resources are readily able to pursue them. Suarez shows how even richly endowed corporations may fail to act as effectively as possible politically. The book makes an important contribution to the interest group literature in general by showing how interest groups come to engage in politics and what strategies to pursue. Yet, although Suarez advances an interesting theoretical argument, I would recommend the book largely because it offers a richly detailed study of corporations discovering where their interests lie, deciding to engage in politics, and then discovering how to act effectively. We need richly detailed case studies as well as statistical studies and theories. Suarez provides one.

As is often the case in distributive politics, the story of tax breaks for corporations operating in Puerto Rico is depressing. There was little reason to believe that the type of tax subsidies offered did much for ordinary Puerto Ricans or were optimal in terms of stimulating economic development in the commonwealth. Although Suarez's study ends with a considerable reduction in tax credits for operating in Puerto Rico, the story she tells illustrates the importance of Smith's warning: It is in the complicated, detailed policy areas in which business faces little or no organized opposition that the danger of excessive business power is greatest. Throughout the period in which the Puerto Rican tax breaks were in place, politicians in Washington were supposedly desperate for revenue to reduce the budget deficit. Yet the tax breaks survived. Ordinary Americans are entitled to question why their political system generates such perverse outcomes and to conclude with these authors that although some of the common explanations are incorrect, business has more leverage than many would wish. Political scientists can at least take consolation in the appearance of three excellent studies of business and politics in a single year.

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