THEORIES OF GROUP FORMATION IN THE UNITED STATES

“The causes of faction... are sown in the nature of man.”  James Madison, Federalist Papers

BACKGROUND

Interest groups (also pressure groups, lobby groups, advocacy groups and special interest groups) use various forms of advocacy to influence public opinion and/or policy; they have played and continue to play an important part in the development of political and social systems. Groups vary considerably in size, influence and motive; some have wide ranging long term social purposes, others are focused and are a response to an immediate issue or concern.

Motives for action may be based on a shared political, faith, moral or commercial position. Groups use varied methods to try to achieve their aims including lobbying, media campaigns, publicity stunts, polls, research and policy briefings. Some groups are supported by powerful business or political interests and exert considerable influence on the political process, others have few such resources.

Some have developed into important social, political institutions or social movements. Some powerful Lobby groups have been accused of manipulating the democratic system for narrow commercial gain and in some instances have been found guilty of corruption, fraud, bribery and other serious crimes; lobbying has become increasingly regulated as a result. Some groups, generally ones with less financial resources, may use direct action and civil disobedience and in some cases are accused of being a threat to the social order or 'domestic extremists'. Research is beginning to explore how advocacy groups use social media to facilitate civic engagement and collective action.

Lobbying in the United States describes paid activity in which special interests hire well-connected professional advocates, often lawyers, to argue for specific legislation in decision-making bodies such as the United States Congress. It is a highly controversial phenomenon, often seen in a negative light by journalists and the American public, and frequently misunderstood. While lobbying is subject to extensive and often complex rules which, if not followed, can lead to penalties including jail, the activity of lobbying has been interpreted by court rulings as free speech and protected by the Constitution. Since the 1970s, lobbying activity has grown immensely in terms of the numbers of lobbyists and the size of lobbying budgets, and has become the focus of much criticism of American governance. Since lobbying rules require extensive disclosure, there is a wealth of data in the public sphere about which entities lobby, how, at whom, and for how much. The current pattern suggests much lobbying is done by corporations although a wide variety of coalitions representing diverse groups is possible. Lobbying happens at every level of government, including federal, state, county, municipal, and even local governments. In Washington, lobbying usually targets congresspersons, although there have been efforts to influence executive agency officials as well as Supreme Court appointments. It has been the subject of academic inquiry in various fields, including law, public policy, and economics. While the number of lobbyists in Washington is over twelve thousand, those with real clout number in the dozens, and a small group of firms handles much of lobbying in terms of expenditures. As an activity, lobbying takes time to learn, and requires skill and sensitivity, and depends on deft persuasion, and has much in common with generally non-political activities such as management consulting and public relations.
I. THE TRADITIONAL THEORY OF GROUPS.

Two basic variants: the *Causal Variant* and the *Formal Variant*.

a. The Causal Variant assumes that private organizations and groups are "ubiquitous" due to a fundamental human propensity to form and join associations.

Aristotle argued that "*Men journey together with a view to particular advantage, and by way of providing some particular thing needed for the purpose of life, and similarly the political association seem to have come together originally, and to continue in existence, for the sake of the general advantages it brings.*"

Thus there is an innate human propensity to form associations (a gregarius faculty) and said "man was by nature a political animal". The main scholars supporting this approach are Gaetano Mosca, Georg Simmel and Arthur Bentley.

b. The Formal Variant also emphasizes the universality of groups, but does not begin with any "instinct" or "tendency" to join groups. Instead it explains associational and group affiliations as an aspect of modern industrial societies leftover from earlier social organisations, noting that "primary" groups like family and kinship groups are predominant in primitive societies. But as society develops there is structural differentiation: new associations emerge to take on some of the functions that the family had previously undertaken.

The main scholars supporting this version are Talcott Parsons, Charles Cooley, and George Homans.

II. THE ORTHODOX THEORIES OF GROUPS.

*The Pluralist Tradition.*

Modern theories of group formation derive from the Pluralist Tradition, based on the political philosophy that private associations of all kinds should have a larger constitutional role in society, and that the state should not have an unlimited control over the plurality of those private associations. It opposes the Hegelian veneration of the state, on the one hand, but fears the anarchistic and laissez-faire individualistic extremes, on the other, and ends up seeking safety in a society whereby a number of important private associations provide a cushion between the individual and the state. The early pluralist theorists include A.D. Lindsay, Otto von Gierke, F. W. Maitland, John Dewey, Joseph Paul-Boncour and Emile Durkheim.

PUSH

(The pressure group as a social mechanism of economic redistribution to compensate for market failure.)

The first advocate and precursor of pluralism in the United States was the institutional economist **John R. Commons**. The basis is the view that market mechanisms did not of themselves bring about fair results to the different groups in the economy, and the conviction that this unfairness was due to disparities in the bargaining power of those different groups. Those disparities would not be removed by collective action promoted by the government unless pressure groups forced through the necessary reforms. Thus pressure groups are virtually an indispensable means for the achievement of a just and rational economic order; with the conflict among different interest groups being vehicles of reform and progress.
The Analytical Pluralists.

**Earl Latham:** The group as the basic political unit: the structure of society is associational; groups are its basic unit.

**Arthur F. Bentley:** Public policy as the result of group pressures. He argued that there are no effective individual interests, that every group has its interests, that these interests always result in group action, and that there is no one group interest that includes everyone in society.

Based in these assumptions, Bentley was able to claim that all things involving government, all things great and small, are determined by conflicting group pressures. What resulted becomes the one and only determinant of the course of government policy. This was the key to understanding government in general and economic policy in particular.

Groups possess a degree of power or pressure more or less in proportion to their numbers. The larger, more nearly general, interest would usually tend to defeat the smaller, narrower, special interest. Trading favors (logrolling) was “… not to be feared: it was an excellent, efficient device for adjusting group interest.”

**David Truman:** Disturbance Theory is based in the following assumptions: Simple societies have no associations (in the clinical sense of the term) but as they become more complex (as highly differentiated institutionalized groups increase in numbers) societies generate greater numbers of associations. This increase in the number of associations will inevitably have its impact on government. The associations will acquire connections with the institutions of government whenever government is important to the groups in question.

Disturbance Theory is thus similar to Commons’ view – the market’s failure to more evenly allocate resources in society produces “disturbances and dislocations”. These in turn produced associations -of owners, of workers, of farmers- operating upon government to mitigate and control the negativities of the system through tariffs, subsidies, wages guarantees, social insurance and the like.

### III. NEGATIVE EXTERNALITIES: THE FREE RIDER DILEMMA

The Analytical/Pluralist Theory assumes man is a social animal drawn to interact with people of similar views; and that there is an identity between individual interest and the interest of the group. In this sense group interests are seen as the aggregation of its individual member’s self-interest.

Mancur Olson notes a conflict here between individual interest and group interest. While individual interest seeks "private good," group interest seeks "collective good".

- A private good is the achievement of an individual goal or the satisfaction of an individual need. It can be a material reward, social status or social acceptance.

- A collective good is the achievement of any common goal or the satisfaction of any common interest. Most often material; such as roads, parks, bridges, sewers, etc.

The crucial difference between both is that while private goods are exclusively for an individual, collective goods "must be available to everyone if they are available to anyone." The achievement of any common goal or the
satisfaction of any common interest means that a public or collective good has been provided for that group. But rational self-interested individuals will not generally act to achieve their common or group interest.

Furthermore, though all of the members of the group have a common interest in obtaining collective benefits, they have no common interest in paying the cost of providing that collective good. We would prefer that others pay the entire cost, and ordinarily would get any benefit provided whether he had borne part of the cost or not.

Thus the problem of collective action is that rational self-interested individuals do not have incentives to joint groups in order to obtain a collective good. They rather prefer to be "Free Riders." Selective Incentives have to be offered to individuals to make them act in their common interest.

In small groups there may very well be some voluntary action in support of the common purposes of the individuals in the group, but in most cases this action will cease before it reaches the optimal level for the member of the group as a whole. In the sharing of the cost of efforts to achieve a common goal in small groups, there is however a surprising tendency for the exploitation of the great by the small.

In other words, an individual's - or a small subset of individuals' - contribution is sufficiently large to be noticeable to other members. Members in small groups also have some means of monitoring tendencies toward free-riding and convincing free-riders to share the burden of providing the collective good and organization cost. But in order to keep the voluntary action at its optimal level small groups have to provide their member with social incentives and social pressures, which are non-collective goods.

The former are increases in social status, social acceptance, prestige, respect, friendship etc. And the second are social exclusion, induction of sense of guilt, destruction of self-esteem, etc.

The more significant problem is the logic of collective action in large groups, due to the lack of incentives for the self-interest individual and its propensity to become a free rider. To solve this problem of participation in collective action and in order to bring in free riders, large groups have to introduce a second set of selective incentives: either economic incentives or coercion.

James Wilson distinguished three types of benefits that can accrue to an individual by belonging to an interest group:

- **Material**: tangible rewards that can usually be translated into monetary terms.
- **Solidary**: social rewards that derive from associating in group activities.
- **Purposive**: rewards associated with ideological or issue-oriented goals that offer no significant tangible benefits to members.

**IV. ROBERT SALISBURY’S EXCHANGE THEORY OF GROUPS.**

For Salisbury the formation of an interest group is exceedingly problematic: "It requires somebody to emerge who is willing to bear the substantial cost of organizing a group by locating potential members, organizing meetings, and convincing them to contribute time and money to the new group". But most individuals are preoccupied with their material self-interest and thus would be unwilling to contribute much to the provision of a collective good.
The solution to group formation was to focus on individual entrepreneurs willing to bear the initial organization costs in return not for a share of the collective benefits but instead for a staff job with the new organization.

Acknowledging that the organizers of some purposive groups might be skilled at articulating a common group interest, Salisbury argued that:

1. Group organizers were essentially small-business people offering benefits for the price of membership in order to finance their jobs.

2. Most group activity has little to do with efforts to affect public policy decisions but is concerned rather with the internal exchange of benefits by which the group is organized and sustained. These benefits can be selective material, solidary or expressive, with the first predominating in most viable organizations. Group leaders are preoccupied with organizational maintenance -with providing whatever was necessary to keep the dues coming.

3. Leader-member belief congruence was irrelevant, as long as the benefits offered were sufficient to maintain membership. Congruence would probably be high in organizations where collective policy benefits provided important inducements to membership.

The exchange theory of groups portrays group leaders as entrepreneurs selling the benefits of group affiliation for a price. Political organizations were quasi-firms, producing and exchanging legitimacy (a quasi-good in a broader political exchange environment. The clear normative implication of this perspective supported more government reliance on the economic marketplace and other more esoteric mechanisms whereby individual choice could be the basis of aggregate decision.

V. TERRY MOE’S INTERNAL POLITICS THEORY OF GROUPS.

Moe argues that the emergence and functioning of interest groups only can be understood by taking into account the close interconnection of internal politics and the structural determinant of formation and maintenance: Mechanisms of communications, the administration of membership benefits, the ecology of member sub-groups, and the patterns of relation with outsiders.

There are three main components:

a) *The individual decision to join.*

Here we link the decision to join with varying individual perceptions; members may join for political reasons if they think their contributions are efficacious in providing some of the collective goods. While the collective good-selective incentive distinction remains a crucial one, both nonpolitical and political inducements now have a central logical roles to play in explaining group membership.

b) *Organization formation and maintenance.*

Moe introduces the leadership component (*The Political Entrepreneur*) allowing for basic types of participants (for example, staff personnel, outsiders), and imposing certain simplifications on the organization and its environment. Organizational formation and maintenance are then approached by singling out the strategic options available to the political entrepreneur with respect to basic organizational dimensions [communications, the administration of
selective incentives, the administration of collective goods, members bargaining, and environmental relationship] and by recognizing the cost and benefits associated with his various options.

Moe argues that these strategic and organizational options available to the political entrepreneur represent distinctive kinds of advantages and disadvantages, and that the entrepreneur approach in building and maintaining the organization will be shaped accordingly.

c) Internal politics.

Moe assumes that the entrepreneur make all policy decisions for the group. But some members count much more than others in internal politics and that many members, particularly those who join purely for nonpolitical reasons, may have no impact. Influence is not restricted to elements within the membership; it is also available to staff members and outsiders, and these participants may play crucial roles in the determination of group policy.

Moe also allows for additional types of individual values; these supplementary values have far-reaching consequences for all the basic organizational dimensions. Above all, they have the potential for enhancing group representativeness, threatening organizational stability, and producing a more dynamic organizational context in which groups goals and individual political preferences are more centrally determining factors than in material associations. Because of the logical roles of imperfect information and values other than economic self-interest, rational behavior is not inconsistent with the pursuit of common interest.

Moe also distinguishes between organizations in which selective material incentives are important inducements to membership versus groups in which purposive or collective policy benefits predominate.

- In the former, there is no reason to expect leader-member policy congruence, as the organization's policy positions are irrelevant to group maintenance.

- In the latter -comprising most business and farm organizations, as well as virtually all noneconomic groups - congruence should be substantial as leaders will be solicitous of members' views and will go to considerable lengths to influence them. He also notes, however, that information costs probably preclude most members from having accurate perceptions of their leader's beliefs and actions.

VI. PAUL SABATIER'S COMMITMENT THEORY OF GROUPS.

The basic premise: The high degree of time, energy, and resources needed to be involved in group activities stems from "beliefs about good policy", so that expected collective benefits arising from a group's political activities thus are critical to political participation.

These benefits may be material -for example, financial benefits arising from changes in law- or they may be more ideological/purposive. In many cases, they will be a mixture of the two. Self-interested behavior typically becomes intertwined with congruent conceptions of improving social welfare, either out of self-respect or concerns of political efficacy.

Although material self-interest may create an incentive to join an interest group, typically only those individuals for whom the perceived benefits are quite large or who have buttressed self-interest with ideological incentives will be sufficiently committed to join and, then, to become leaders. Thus commitment theory would expect a group to be organized by potential members or by entrepreneurs strongly committed to its collective political goals. Their
motivation could be significant material self-interest (e.g., adjacent landowners organizing a group to save a scenic area) or it could be ideological.

Members would come from the subset of particularly committed people within its "potential" group (i.e., people who professed allegiance to the interest group's purposes or who should share in its collective benefits). These committed people, however, make up only a small percentage of potential beneficiaries. Commitment theory accounts for the free-rider problem but that most potential members will lack the material or ideological commitment to take the time and expense to join; most people are simply not very interested in, or informed about, policy issues.

As for belief congruence between members and leaders, this approach states that leaders will be more committed to the group's collective purposes -more ideologically extreme- than its members because it is that commitment that makes them willing to bear the cost of going to meetings, writing letters, and all of the other mundane tasks necessary to keep the group going.