

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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The Iron 'Biangle'

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Is it possible that no one in this country, not John McCain, not George W. Bush, no one in the media, no one at all, paid any attention in Political Science 101?

John McCain has, for months (does it just seem like years?) been hammering away at the theme that he wants to "give government back to the people," by breaking the "iron triangle of money, legislation, and special interests."

"W" responded last week, deriding McCain for ringing the "iron triangle like a dinner bell," raising millions from thought-to-be taboo special interests. And the media, for their part, have long cheered the attention McCain has focused on this dreaded "iron triangle."

The problem is that no one, as far as we can tell, has any idea what the real "iron triangle" is. Even the folks over at the *Economist* (who, fortunate never to have attended American schools, should know better) cede McCain's definition of the term without question. McCain, they write, is waging a lonely battle against the "'Iron Triangle' of lobbyists, zillion-dollar political contributors, and corrupted politicians . . ."

But you see, to paraphrase Carlyle, as any schoolboy knows, McCain's "iron triangle," is misdefined. In fact, we'll go so far as to say that McCain's entire theory of campaign finance reform is based on this misdefinition and, as such, is dangerously miscalculated. He isn't just a loony when it comes to understanding this, his favorite topic, he is, to paraphrase Kesey, "the bull goose loony" of the subject.

The real "iron triangle" actually describes the relationship between special interests, legislators (specifically in their committee and subcommittee roles), and *the bureaucracy*. It is this last "leg," so conveniently forgotten by McCain and his cohorts, that is paramount to any discussion of the topic of this nefarious, three-sided polygon of American politics.

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Please forgive us if the following discussion is too academic, but the “academics” of American government are what this debate over “iron triangles” has thus far lacked.

The iron triangle or “sub-government” model of public policy, was “popularized” in the 1960s by Theodore Lowi, a demigod of American political science. He discussed the idea at considerable length in his classic 1969 book (revised in 1979), *The End of Liberalism*. We drew on this book ourselves in an article published last August entitled “The Dawn Of A New Political Era - Part III.”

In a nutshell, Lowi’s thesis is that the triangular connections between special interests, legislators, and bureaucrats has rendered obsolete the old liberal-conservative dialogue that had dominated American politics for so many years, slowly replacing it with a system he called “interest group liberalism.”

Briefly stated, this sub-government/iron triangle theory describes a situation where interest groups throw money at legislators, who, in turn, lean on bureaucrats over whom they have oversight authority. Bureaucrats, for their part, seek to maximize their utility and their budgets by favoring special interests well-represented by powerful legislators. They also restart the cycle over and over again by proposing an endless stream of regulations. These proposed regulations rankle special interests, who throw money at legislators . . . blah, blah, blah, *ad infinitum*.

Lowi was not a fan of this situation, believing that it distorted expectations of government and deligitimized public policy. Some of the interest group theorists who followed him, however, notably Hugh Hecho and Robert Salisbury (one of this country’s foremost expert on the subject) altered Lowi’s normative spin on the process, suggesting that “issue networks” (the expanded alternative model of special interest group action) actually serve the public’s interests.

According to the “issue networks” crowd, in the “administrative state,” where bureaucrats possess both knowledge unavailable to the general public and substantial power, the narrowly focused and well-funded “special interests,” so boisterously denounced by McCain, actually provide an alternative source of information and help to effectively represent the will of the people. Organized interest groups have the power to succeed in affecting policy and regulation, where individuals do not.

Now, regardless of whether one likes or despises this system, it is nearly universally unquestioned that the “iron triangle” is the most important theoretical model for the study of public policy and administrative behavior in this nation, and that the empirical aspects of Lowi’s model are accurate. In other words, the nexus between special interests, legislators, and bureaucrats is undeniable.

Yet, as we said earlier, McCain has chosen to redefine the model, eliminating one of the crucial legs, leaving what can only be described as an “iron biangle.” Using this geometric *ignis fatuus* as a model, he tells adoring throngs that by cutting of the monetary lifeline between “special interests” and legislators, he will “give government back to the people.”

This is, in our opinion, pure nonsense. It is far more likely, (we would say inevitable) that by effectively cutting the “special interest groups” out of the process, McCain would vastly increase the power of the other two sides of the triangle, namely the bureaucracy and the legislators.

According to the real “iron triangle” model, a bureaucrat’s sole motivation for listening to the public is legislative oversight. A legislator’s primary motivation for exercising oversight is special interest money. Take the money out the equation, and bureaucrats become effectively insulated from “politics” and are free to regulate without fear of public reprisal. This would please most liberal Democrats, but would be a catastrophe for Republicans who believe in free market economics.

What, for example, do you suppose, would have been the result of Hillary’s 1993 health care proposal had something akin to McCain’s campaign finance legislation been in place? When considering this question, keep in mind that Hillary-care was a program developed by public policy wonks, fine-tuned by health care bureaucrats, and overwhelmingly supported by the bureaucratic community. Keep in mind as well that the vast majority of Americans, who had just elected the Clintons on the promise of “change,” initially favored some sort of government solution to the health care “crisis.”

Who then stopped Miss Hillary from nationalizing a huge chunk of the economy? The voters? Nope. The plan was dead and buried before the ‘94 election. Republican legislators? Wrong again. Recall that Republicans were a minority and, as we have seen recently, many lack political scruples anyway. The media? Please!

The forces for good, in this case, were McCain’s “hated” special interests. Insurance companies, doctors’ groups, pharmaceutical manufacturers, all “bought” access to legislators through campaign contributions. Then, and only then, were they able to counter the interventionist information that government “experts” had used to justify Hillary’s plan, and explain what a catastrophe the program would have created.

Had McCain’s campaign finance restrictions been in place, the proposal would, we think, undoubtedly have passed with flying colors. The “special interests” saved the nation’s citizens, and the health care industry, from such a fate.

In a similar vein, we ask, what do you suppose would happen to the pharmaceutical industry if the next president proposes drug benefits for Medicare recipients, and if McCain prevents, let’s say Merck, from buying access to members? Our bet is price controls, dramatically decreased profits, an eventual curbing of research and development, and a net decline in the “common good.” Of course, we would all be able to crow about how “clean” our political system has become.

What McCain fails to grasp is what the great sociologist Max Weber, who is often quoted in these pages, pointed out almost 80 year ago, namely that in a bureaucratic society, of which ours is undeniably one, professionally trained bureaucrats hold most of the cards. The specialized, technical nature of modern society creates policy issues too complicated and too diverse for politicians to fully grasp. Bureaucrats fill in the blanks. But professional bureaucrats, by their very nature, favor interventionist solutions to problems. Regulation rules the day.

In cutting off the leg of the “special interests,” McCain proposes eliminating legislators’ only non-interventionist source of information, the only counter to the bureaucracy in the modern administrative state. The result would undoubtedly be an increase in the importance and authority of un-elected, unaccountable bureaucrats. With his misspecified “iron triangle” model, McCain proposes removing all checks on bureaucratic power.

John McCain bills himself as a “Reagan Republican,” but the end result of his campaign finance proposal would be exactly that which Reagan dedicated his career to preventing, namely bureaucratic hegemony. Whereas McCain talks about “getting the special interests out of Washington,” Reagan talked about “getting Washington out of the special interests.” This difference is more than just semantic and it has its roots in McCain’s “iron biangle.”

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