

Power and policy-making



Essay contributed to the European Union flagship project Enlightenment 2.0.

Delft, July 2019

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1. Power vs rationality

“Power tends to corrupt and absolute power corrupts absolutely” is a well-known quote from the British historian and politician Lord Acton (1887). Corruption is not limited to different forms of bribery but includes also the corruption of rationality. Put simply: if one has power, one doesn't have to argue and can suffice to give orders. Power is a fact of life and is in itself good nor bad. Important, however, is how power is used and structured.

The inverse correlation between rationality and power is expressed by many scholars. Flyvbjerg (1998) states: “The greater the power, the less the rationality”. Mulder (2004): “Powerful people have an obsessive desire to justify their power, by referring to noble principles, norms and values”. Keltner (2016): “When we are feeling powerful, we can easily rationalize our unethical actions with stories of our own superiority, which demean others”. Deutch (1963): “Power is the ability to afford not to learn. To talk rather than to listen”. Flyvbjerg (1998) adds: “Power blurs the dividing line between rationality and rationalization” and “Rationalization presented as rationality is a principal strategy in the exercise of power”. Finally, Immanuel Kant: “The possession of power unavoidably spoils the free use of reason” (Flyvbjerg 1998).

To summarize: “rationality is context-dependent, and power is the context of rationality” (Flyvbjerg 1998). What does this inverse relationship between power and rationality imply for the search for evidence informed policy? The latter being the aim of the EU Enlightenment 2.0 project. To arrive at some insights, a closer look is taken at what power is, how it works and how it influences rationality.

2. Power is indiscernible

Power can loosely be defined as the capacity to make a difference in the world. Power is about altering the states of others and is part of every relationship and interaction (Keltner 2016). Although power is part of most everyday actions, it is hardly noticed and even less talked about. Gabriel Garcia Marquez calls this in his autobiography ‘the haze of power’. The silence surrounding power in our liberal democracies has several causes.

The first cause is, that power can be effective, without being exercised (Scott 2001). Threat of economic sanctions or fear for dismissal by others, is in many cases enough to alter one's behaviour. The exercise of power will then not become manifest, while it is effective anyway. Power is a capacity and not necessarily an action.

Secondly, power is not supposed to be an issue in our liberal democracies (Galbraith 1983). Power is assumed to belong to the people. People elect their representatives in parliament, which in turn make the laws and appoint the government. Any further reflection on power seems irrelevant in a democracy. Next, the paradigm of consumer sovereignty puts in theory all power in the hands of consumers. The ‘invisible hand’ of the market economy, transforms the wishes of consumers into decisions of companies about what to produce against which prices. These two widely shared beliefs with respect to liberal democracies do not stand empirical testing (e.g. Galbraith 1983; Gilens and Page 2014; Higley and Burton 2006). They conceal the strong impact of power structures in the real world.

A third reason that power is nowadays largely invisible, lies with the shift that has occurred in the instruments of power (Galbraith 1983). Coercion (physical and psychological) and compensation (economic) have been overtaken by conditioning, as most important tool of power. Making people and politicians believe in your stories and expertise, will let them ‘voluntary’ act according to your

wishes. Shaping the basic beliefs in society, is a prime focus of the powerful (e.g. Galbraith 1967; Freudenberg 2014). Both the volume and the impact of commercials, public relations and propaganda have increased strongly since World War II (Packard 1957). An illustration of this development is the number of PR professionals in the USA, which has more than doubled in the three decades after 1980, while the number of independent journalists almost halved in the same period. Large organizations too – both corporations and governments – shape the narratives of their employees and suppliers. People generally don't bite the hand that feeds them and adapt their views in conformity with the interests of their organization.

Finally, "concealing power serves power" as Galbraith (1967) notes. It is in powers interest to remain invisible. This avoids provoking countervailing power.

It follows from the above considerations, that the impact of power is insufficiently recognized in our liberal democracies, let alone, adequately dealt with. Awareness of the link between power and rationality, is a condition for evidence-informed policy-making.

3. Power dynamics

Power relations are dynamic, not static. Power balances can and do shift in the course of time. People, companies and countries are partly driven by a desire to increase their power over others. However, power inevitably generates countervailing power. Such struggles result in the rise and fall in power. There is much to say about the dynamics of power (e.g. Flyvbjerg 1998; Galbraith 1983; Keltner 2016; Kennedy 1988; Mulder 2004). Because this paper focusses on rationality in policy-making, five topics are selected.

The first deals with powerlessness. When a person, group or organization is not able to reduce its power distance to the powerful, it might quit its attempts to gain more power and instead shift towards irrational behaviour, to maintain its self-esteem (Mulder 2004). This might be part of the logic behind populism. Following this approach, people voting for populists want to regain influence and populist politicians exploit their powerlessness. Keltner (2016) describes the severe negative impacts of powerlessness: continual threat, stress, poor health and undermining the ability to contribute to society. So, reducing powerlessness might lead to an increase in rationality in policy-making. Besides this, it is a key condition for an inclusive society.

The second is related to the first. Power always involves two sides and needs to be accepted by subordinates. Keltner (2016) states that power is not grabbed but is given to those who advance the greater good. Acts for the general interest generate trust in the powerful. However, many – not all! – powerful persons fall for the temptations of power. As Keltner (2016) states: power can lead to empathy deficits, diminished moral sentiments, self-serving impulsivity and disrespect to others. These attitudes and behaviour, in turn, undermine trust and weaken the powerful. The current lack of trust in institutions might partly originate from an insufficient focus on the greater good by political and business elites. This is suggested by the rising inequality with the related negative social impacts and the lack of economic progress for the low and middle-income groups (Wilkinson and Pickett 2018).

Next, Flyvbjerg (1998) distinguishes between circumstances with stable power relations and those with open confrontation. In open confrontation, rationality yields to power. As the saying goes 'Truth is the first casualty of war'. Stable power relations are favourable for rationality. So, the current decline in rationality of policy-making, might be partly explained by less stable power relations. This seems to be the case at international level. The *relative* power of the USA is declining, leading

towards a multipolar world order. At the same time, the influence of international institutions and arrangements appears to be declining. In some Western democracies, stable power relations seem to be on the wane as well. Such developments diminish the prospects for rationality.

Fourth, since World War II, a gradual shift in relative power has occurred from public to private actors. Large corporations extended their market power, to reduce uncertainties, increase markets and create opportunities for innovation and growth (Freudenberg 2014; Galbraith 1967). Globalisation strengthened the position of multinational industries vis-à-vis nation-states, especially the smaller ones (Rodrik 2011). Tax and pollution havens are evidently attractive for companies. The recent rise of large tech companies – Microsoft, Google and others – further enhances corporate power. Due to their network character, these companies have a natural tendency towards monopoly. Regulation of tech companies is still in an infant stage. The popular call for ‘small government’ is an expression of the shift in *relative* power from public to private.

An unavoidable consequence of this shift from public to private power is, that the narratives of large corporations have permeated and shaped the core beliefs of our times. This is illustrated by the management and competition language most governments use these days. How rational are the current and widely supported narratives, such as related to productivity growth, competitiveness and innovation? Do these really benefit the ‘ordinary citizen’ as claimed, or do they guard the autonomy of large corporations as Galbraith (1967) argues? Do they even jeopardize human health as Freudenberg (2014) shows? The lack of public and political discussion about our dominant economic beliefs, is worrisome. An open mind and critical attitude towards the currently dominant economic narratives – rational or rationalizations? – is required for the enhancement of democracy and rationality in policy-making.

Finally, countervailing power has weakened during the last decades. Labour unions have lost a large part of their former influence. Government support for environmental concerns, which are not backed by economic interests, has been withdrawn in many countries. The critical and independent role of the press and universities has diminished, partly because of their changed financial situation. Countervailing power is on the wane, despite its crucial value for democracy.

4. Power and government

Because the Enlightenment 2.0 project focusses on government policy, it is useful to explicate the three roles of government with respect to power. In the first place, governments exercise power themselves. They have a monopoly on the use of force, they make laws and enforce them, they tax citizens and companies and are a large client of the business sector. Furthermore, governments influence public beliefs through their communications.

Secondly, democratic governments are all but one actor in the wider power struggles related to policy-making. Vested interests and citizen groups do use their power to influence public policy. They influence public opinion and consider counteractions, such as strikes and moving their business abroad. Globalisation has strengthened international markets, thus limiting the scope for national policies. Democratic institutions need power, to have sufficient influence on the outcome of these policy struggles.

Finally, and often overlooked, governments determine in many ways the distribution of power within society. Laws enhance or limit the power of labour unions. Granting intellectual property rights benefits some at the expense of others. Anti-trust action reduces market power of large corporations. Taxes, tax exemptions and redistribution, support some at the cost of others. Shifting

power to other institutions – such as national banks, international treaties, agencies, private security companies – reduces the power of parliament. The liberalization of financial markets from around 1980, increased the power of the financial sector with their focus on short term profits. The decision to regard self-employed as companies and not as employees, reduces their power, because they are not allowed to unionize. These examples illustrate the large impact of governments on the power distribution in society.

To support rationality in policy making, governments need to create and maintain a balance between different powers in society. If one power with associated narratives dominates, this will reduce the impact of arguments. During the last decades, several democratic decisions have been taken, with as an unintended consequence a decline in the *relative* power of democratic institutions. Parliaments seem to be hardly aware of their crucial role in maintaining and creating a balance of power in society. The classical separation of government powers – legislative, executive and judiciary – is for more than two ages a keystone of our democracies. The same principal of distributed power holds for society at large. A dynamic balance between all involved powers, is a favourable condition for rationality in policy-making and democracy.

5. Policy aims and instruments

Policy can be described as a consistent combination of policy aims with policy instruments. The proposed measures are supposed to result in the desired outcome. Political aims are often presented as a form of general interest. Jeremy Bentham formulated the utilitarian principle as ‘the greatest happiness for the greatest number’. Ethical considerations are relevant for setting policy aims. As Baruch Spinoza stated in ‘The Ethics’: “Those who are governed by reason desire for themselves nothing, which they do not desire also for the rest of mankind” (Pinker 2018). Rationality in policy-making not only relates to ethics but includes also to the ‘consistency’ between aims and proposed measures.

To assess the consistency, knowledge is developed and applied. However, the developed analytical frameworks are primarily fit for the current goals. A change in political goals, will generally require new or changed analytical frameworks, to assess their consistency. Existing knowledge is, therefore, likely biased towards the status quo. So, part of the reject of ‘current rationality’, might be caused by disagreement about policy goals. Not rationality in general is then challenged, but the rationality belonging to the current political goals and dominant narratives. If this is the case, a renewed dialogue about political priorities and the associated analytical frameworks, might enhance rationality in policy-making.

6. Rationality in policy-making

This short review of power as context for policy-making, suggests ways by which rationality in policy making might be enhanced. To summarize:

- The impact from power structures, on both policy-making and rationality, should be recognized and become part of public debate. The current silence surrounding power in our liberal democracies needs to end.
- The balance between different powers needs to be cherished and restored where appropriate. Countervailing power and independent institutions enhance the quality of policy-making. The current feeling of powerlessness among large groups in society needs to be pushed back.

- Transparency and simplicity enhance rationality. Transparency supports rationality, because it limits the hidden impact of power and its rationalizations. Complexity hides the underlying interests and benefits those with the resources to understand, deal and lobby.
- The existing dominant narrative about how to achieve societal progress – increased labour productivity and competitiveness – needs to be reconsidered. Is the outcome still consistent with (changed) societal preferences of ‘ordinary people’? Is the outcome really increasing societal wealth, or is it merely redistributing wealth to ‘distributional coalitions’ as Olson (1982) argues? In short: distributed power shapes a favourable context for evidence informed policies and democracy.

The considerations in this paper, lead to drastic suggestions for societal change, to support rationality in policy-making. These add up to the also needed improvements within democratic institutions, to enhance openness and effectiveness of policies. The latter forms the core of the Enlightenment 2.0 project. However, improving government processes and institutions may remain an uphill battle, if the context of policy-making does not change as well.

7. Societal benefits

Benefits of the advocated distribution of power, go far beyond improved policy-making. Some of these will be briefly mentioned hereafter, because they give an impression of the societal gains that are at stake. Benefits relate to individuals, organisations and society at large. Reduced feelings of powerlessness make people happier and empower the development of their competences (Keltner 2016). On interpersonal level, optimal influence relations are based on reciprocal open consultation, without power (Mulder 2004). Within organizations the potential and creativity of employees is enhanced, when they enjoy enough autonomy, and work in a culture ‘where arguments count’, instead of in an authoritarian hierarchy. Regarding societal progress, historic evidence indicates that, distributed power enhances innovation and economic growth (van Bavel 2016; Higley and Burton 2006; Lindsey and Teles 2017; Olson 1982; Wilkinson and Pickett 2018). A pluralistic society stimulates economic and societal progress and forms the basis of our freedom and democracy.

This wide range of positive effects mirrors the Enlightenment of the 18th century, which saw progress in many fields (Pinker 2018). The historic Enlightenment can be regarded as a liberation from contemporary rigid power structures and dogma’s, partly ordered by the then powerful Catholic Church. It might be no coincidence that the power of the Church was at that time weakened by the Reformation. And the Reformation was in turn enabled by the discovery of book printing, which gave more people access to knowledge and opinions. These and other historic changes in power, may inspire the pursuit of an Enlightenment 2.0 and the therefore essential distribution of power.

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