Lane: The Regulation of Businessmen: Social Conditions of Government Economic Control

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"This is a book," its author states, "on the social and personal sources of friction in economic regulation."1 Those who wish to reject the pessimism of Adam Smith and believe in the reality of cooperation, trusteeship, and relatively frictionless social change will be heartened by this study. Professor Lane of the Department of Political Science of Yale University thinks it possible that "the conflict of interests associated with economic regulation can be adjusted without weakening the force of that regulation."2 This result will make "implausible and remote" the Marxian solution. For, "in the growing knowledge of inter-personal and inter-group relations there is an instrument for social change more powerful than the dialectic. . . ."3

Professor Lane has limited his analysis to federal peacetime regulation of trade practices, wages and hours, and labor relations. He has drawn data primarily from interviews with twenty-five businessmen in two New England states, seven officials in federal agencies, a content analysis of Connecticut Industry, magazine of the Manufacturers Association of Connecticut, and a special study of the New England shoe industry.4

Though federal regulations are "inoffensive in any serious sense and reveal a moderately simple pattern,"5 they have evoked considerable protest from the business community—a protest which has been expressed in books, trade journals, press releases, "grassroots lobbying," public relations campaigns, and contributions to the Republican Party. In the opinion of Professor Lane the economic costs of regulation do not adequately explain the bitter attack on "regimentation." The hostility, he suggests, derives rather from the "psychic cost."6 "While regulation came to businessmen with a relatively low price tag, it nevertheless was burdensome and exacted a toll of anxiety, frustration, and dejection beyond all relation to the economic cost."7 It challenged their ideology, attacked "the business ego, psychologically a most traumatic experience," "frustrated men by depriving them of choices to which they had become

1. P. vii.
2. P. 130.
3. Ibid.
5. P. 7.
7. Ibid.
accustomed," and "aroused new anxieties . . . in a time already tense with doubt and foreboding." 8

After the first outburst of resentment and criticism—prolonged in the reaction to the National Labor Relations Act presumably because "it reduced business power vis-a-vis another . . . social group" 9—there is typically a period of adjustment and accommodation. While "there seems to be no over-all long term trend toward favorable references to government regulation," 10 there is a "decline in expressed hostility to government regulatory measures." 11 Content analysis of Connecticut Industry suggests "an alteration in the attention frame such that government-business relationships occupy a smaller attention area and the problems of production occupy a larger area of business attention." 12 This change, Professor Lane believes, reflects the partial achievement of a "symbiotic relationship with government." 13 But the adjustment of business leaders is imperfect, despite "the healing measures of reculturation," 14 because of friction between bureaucrats and businessmen. "There is a social gulf between business management and government management, at least during reform, that is, regulatory administrations, and probably at other times as well." 15 Misunderstanding arises from: "(1) differential occupation traits, (2) differential development of language, (3) differential standards of evaluation, and (4) differential reference groups." 16 To overcome these obstacles to effective and harmonious regulation the bureaucrats "must be aware of the nature of the situation which confronts them." 17 This entails "the proper orientation of administrative officers" and "an understanding of the real nature of business grievances" 18 to be obtained by opinion surveys and content analysis of business publications. Administrators must use the "guided situations (such as a hearing or a conference)" to provide "a cartharsis for the hostile emotions." 19 They must also seek "to reduce the sense of deprivation" and "effect a restructuring of business attitudes." 20 Professor Lane is confident that if "the regulators demonstrate a tolerant endurance, even a sympathetic understanding, of initial hostility and if they also move to minimize the deprivations which regulation imposes upon business, they have prepared the way for a salubrious reconstruction of attitudes." 21

10. P. 52.
11. P. 55.
12. Ibid.
13. Ibid.
15. P. 110.
17. P. 108.
19. P. 120.
20. Ibid.
The presentation of charts, diagrams, and tables, and the reliance on the language and concepts of sociology, social psychology, and psychoanalysis may not totally convince some readers that Professor Lane's analysis has contributed significantly either to the understanding of business-government relations or to the resolution of conflicts arising from economic controls. The history of regulation in the United States reveals a rather consistent pattern. Regulatory measures passed in response to widespread discontent with business abuses have been rapidly vitiated by prolonged controversy in the courts, by the failure of Congress to appropriate adequate funds for enforcement, by the launching by business of public relations campaigns to distort and misrepresent the purpose and result of regulations, or by the transformation of the enforcement agency into an advocate for the business point of view. Sometimes the last comes about through deliberate appointment of personnel hostile to the enforcement of regulations, as recently in the Securities and Exchange Commission, the Federal Power Commission, and the Federal Communications Commission; more commonly, perhaps, it comes about because the regulatory body is subjected to pressure only from the economic interest it regulates. Professor Lane's concern that the administrator acquire the "proper orientation" seems to be somewhat misplaced in an era when devoted public servants have received rather short shrift from Congress and Executive alike. Whether officials have recently relied on public opinion surveys and content analyses to minimize damage to the business ego is not clear, but there will be those who doubt the existence of widespread frustration among businessmen during the present administration. There is merit, of course, in not deliberately provoking the emotional resistance of individuals to law enforcement. Nevertheless, one may doubt that any selection of language by Leland Olds would have won him the plaudits of the electric power industry or the enthusiastic support of natural gas producers, so long as he persisted in protecting consumers' interests. Where the cost to industry of a regulation, e.g., wages and hours, or trade practices, can be passed on to consumers or the government in the form of higher prices, reconciliation may be rapid. In such instances it is conceivable that "professionals"—personnel men and public relations men—may convince management to cooperate with the regulation. In wide areas, however, the implementation of regulations impinges upon the ability of economic groups to make key decisions in society. This direct limitation of power must ultimately be resolved in contests between political parties. There is at least some indication that opposing economic interests are increasingly being represented in opposing political parties. This may be more significant for the implementation of effective regulation in the public interest than any amount of "group therapy" or even the development of "euphoric empathy" between public officials and businessmen.

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