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The Future of Government Regulation: The Public Response

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by Murray L. Weidenbaum

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This booklet is one in a series designed to enhance the understanding of the private enterprise system and the key forces affecting it. The series will provide a forum for considering vital current issues in public policy and for communicating these views to a wide audience in the business, government, and academic communities. Publications will include papers and speeches, conference proceedings, and other research results of the Center for the Study of American Business.

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THE FUTURE OF GOVERNMENT REGULATION: The Public Response

by Murray L. Weidenbaum

Beneficium invito non datur.
(A benefit cannot be bestowed on an unwilling person.)
Old Latin maxim

Business and government have key and obvious roles in dealing with the problems that arise from the vast amount of government intervention in the private economy. But the fundamental pressures for the expansion of government have come from other areas, from a wide assortment of interest groups and academic sources augmented by the nation's rich variety of communications media. In this article, attention will be focused on the latter institutions, which in their totality often serve as a proxy for the public interest.

THE VARIOUS INTEREST GROUPS

Until the middle of the twentieth century, most of the interest groups that were involved in advocating changes in business-government relations were what could be called producer groups. The public debates were dominated by business firms, trade associations, labor unions, and farmer organizations, all concerned

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with some aspect of economic activity. In contrast, a newer type of interest group has tended to be the most prominent factor in public policy discussions in more recent years. The newer interest groups have concerns that are essentially social, and for that reason they are usually oblivious to the economic impacts of their proposals. They range from ecological associations to civil rights organizations to consumer groups. Many of them, especially in the legal area, have appropriated the very term "public interest group," and as a consequence their views tend to be reported as representative of the views of the citizenry as a whole.

Their claim to represent the public is not based on their knowledge of what the public wants or their accountability to the public. Instead they implicitly assume that they know what is best for the consumer. Examples of the gap between the desires of the public and the actions of the self-styled public interest groups are numerous. Although most polls of the American consumer show that the majority prefer information about potential product hazards rather than bans, the activist consumer groups—ignoring the old maxim quoted at the head of this article—continue to urge the outright prohibition of products that they contend are "unsafe."

In addition, although 61 percent of consumer activists were reported to favor more government regulation of business, according to pollster Louis Harris and Associates, only 30 percent of the public share that view. A large majority of the public, 57 percent, either advocate less regulation or are content with the status quo.[1] Surely, these groups do represent the views of some significant portion of American consumers. The point made here is that, although they have an important constituency, it is obvious that they represent only a portion of the public.

The gap between public desires and the proposals of public interest groups can be seen in the attempt by Ralph Nader and his associates in late 1977 to organize a consumer group (FANS, or Fight to Advance Our Nation's Sports) to represent the "sports-consuming public." That effort resulted mainly in a field day for newspaper columnists. According to FANS, sports fans have a right "to be informed about the operations" of teams, to "participate in the formation of rules," and to have their interests "represented in contract disputes between players and owners."

In his column on this newest consumer group, George F. Will stated, "FANS is like many other organizations that are concocted by 'consumerists' skillful at making work for themselves. It is the assertion, by a few persons who have appointed themselves to speak for many strangers, of concerns that few consumers share." Mr. Will also referred to "comic consumerism," such as FANS, as part of the spread of public interest lobbies that provide "political make-work."[2]

Mike Royko was even more blistering in his comments on FANS:

> Nader seems to be having weird thoughts about what society's real problems are. . . . Apparently, Nader doesn't understand what the average sports fan really wants. . . . Anybody who thinks that the issue is the quality of hot dogs is square enough to believe that all those fans are betting bubble gum cards.[3]

Those responses illustrate the fact that one of the necessary tasks in improving public policy is to get the self-styled, self-appointed public interest groups to undergo a fundamental metamorphosis and broaden their intellectual horizons. Just listen to the plaint of the Public Interest Economics Foundation (an activist consumer-oriented group comprised of economists). Lee Lane of the Foundation's staff shows how the change advocated here is sorely needed:

> One of the most difficult problems faced in public interest lobbying is how to communicate basic economic principles without antagonizing consumer and other public interest groups who may not have taken them into consideration in formulating their position.[4]

All in all, the public, the media, and government decision makers must realize that a limited viewpoint prevents the typical public interest group from effectively representing the totality of the public interest. One of the groups' powers is the myth of their powerfulness. One might turn an old phrase in this case and refer to the "power of arrogance."

Walter Brueggemann, academic dean at Eden Theological Seminary, has referred to "coercive consumerism." In that regard, the power of consumer groups should not be underestimated. On June 15, 1978, Consumers Union labeled a Chrysler Corporation product (the Dodge Omni and the similarly designed Plymouth Horizon) as "the most unfortunate car of the year." Sales of the cars dropped off soon after that single action, even though the authoritative *Motor Trend* magazine earlier had named those two cars jointly as "Car of the Year." Chrysler reported a 23 percent decline for the 10-day period from June 20 to June 30 compared to sales for the last ten days of the preceding month. Subsequently, the government's own National Highway Traffic Safety Administration, after exhaustive testing, gave the cars a clean bill of health and stated that the Consumers Union tests bore "no significant relationship to any real-world driving task or maneuver." [5] But the damage had been done.

At times, even the liberal academic constituency of the public interest groups tends to grow impatient with the groups' economic illiteracy. Professor David Vogel of the School of Business Administration of the University of California at Berkeley (who could not be categorized as conservative by any stretch of the imagination) cited the shortcomings evident in a recent book on the corporation by Ralph Nader and his associates:

> The idea that there might be trade-offs between various economic and social objectives appears utterly foreign to its authors. They are unwilling to establish priorities. Their credibility is dangerously weakened when they glibly assure us that through appropriate legal changes, the corporation can be made to give us everything we want: cheap and safe products, high domestic employment, reduced air and water pollution, and continuous technological innovation. This legal determinism is economically naive. . . . I wish he [Nader] would make it easier for those of us who share his goals to defend his analyses.[6]

Vogel's remark may remind us that it is a platitude to state that communication is a two-way street. But the self-styled public interest groups do tend to act as if communication were strictly a

one-way affair. They expect business firms to listen carefully to and respond rapidly to their "demands," but they cavalierly dismiss the points made by any business official as mere self-serving apologetics. That double standard is more than unfair; it makes the achievement of good public policy difficult.

The issues at stake are far too central to the future of American society to be dealt with by humoring or placating the attackers of the U.S. business system or by waiting until the attackers lose interest and pick on some other target. The problem is not one for business alone. The business system—unintentionally and surely not by choice—constitutes the front line of defense for consumers, homeowners, motorists, investors, employees, and taxpayers. Each of those groups (as we have seen) can be adversely affected by government action against business that is advocated by "corporate activists," who view the business firm as an instrument for achieving their social objectives.

The fiction that business does not care about people because profit comes first should be exposed for the errant nonsense that it is. Business has all the incentives to take actions that result in improving human welfare. The reasons for doing so arise, of course, not out of benevolence but out of hard-nosed, practical, and effective economic incentives. More purchases by willing consumers do tend to generate more profits and greater accumulation of capital. In the case of the self-appointed social activists, the situation is just the reverse. The social activists do not care about, or at least do not understand, the ultimate consequences of their actions. Knowingly or not, they would use the accumulated wealth of our society as their intellectual plaything.

Those are harsh words. But it is clear that a little humility would go a long way in reducing the shrillness of many of the representatives of the so-called public interest groups. It is no simple task to identify *the* public interest in any specific issue of public policy. To any participant in government policy making it is apparent that good policy consists of properly balancing and reconciling a variety of worthy interests. That is far more difficult than merely choosing, in a simple-minded fashion, between "public" or "consumer" interests, which are presumably good and to be endorsed, and "special" or business interests, which are presumably evil and to be opposed.

To be sure, there is considerable variety among the various public interest groups. Some of the older consumer organizations and their publications are becoming aware of the adverse economic impacts of government intervention. For example, in the July 1978 issue, *Consumers' Research Magazine* reports that "Government regulations are raising the price of consumer products. There is a trend gaining in consumers' field of attention that involves evaluating cost vs. the benefits of so-called consumer legislation."

The problem with the so-called public interest groups is not their venality but their belief that they alone represent *the* public interest. The confidence these groups have had in pursuing their numerous and sometimes far-reaching missions is not always warranted, especially when their activities—and their demands—are scrutinized in the context of the full effects of the government regulations which they so often instigate or endorse with tremendous zeal. To be sure, it is commonplace for members of various groups—including trade associations and labor unions—to identify their interests with the national interest. But unlike the public interest groups, the grandiose claims of those other organizations are usually dismissed as too obviously self-serving.

The shortcomings of these groups may not be so obvious, but they exist. For example, such groups are often tempted to try to protect people from themselves. A good example is the state laws requiring people riding motorcycles to wear helmets. When Colorado repealed the statute making helmets compulsory for motorcyclists, helmet use declined substantially and injuries and deaths rose dramatically. Between 1976 and 1977, the proportion of cycle accidents in that state involving severe head injuries rose 260 percent and the rate of deaths climbed 57 percent.[7]

Why did Colorado, and 21 other states, eliminate the compulsory helmet laws? Primarily because of the pressure from the cyclists themselves, who contended that such rules infringe their personal rights. So, should adults be permitted to take risks which

may be lethal? Or should the government overrule their individual judgment? Such difficult philosophical questions may stimulate great cocktail party conversations. ("If society is going to protect individuals from their own folly, why limit the action to cyclists? Why not include tobacco smoking, heavy eating, excessive drinking, and so on?")

But such philosophical approaches ignore the wide range of intermediate positions in which more satisfying solutions may be found. Informed consumers, for example, may be less prone to take high risks than those who are not aware of the true nature of the hazard. Rather than choose between the alternatives of doing nothing and taking the route of compulsory safety, government might follow the intermediate position of making information on motorcycle hazards more readily available to cyclists. The choice of wearing a helmet or not would be made by the individual, but it might be a more informed choice than is now being made.

Moreover, public interest groups, as well as regulatory decision makers, tend to ignore the fact that many individuals voluntarily engage in hazardous activities which are not necessarily economic in nature. According to the American Industrial Health Council, the following are the risks associated with typical recreational pursuits. It is intriguing to note that many of the categories, which are basically unregulated, are on the average far more hazardous than many of the highly regulated activities in which people engage to earn a living.

Activity	*Annual Projected Deaths Per 100,000 Participants*
Motorcycle racing	180
Horse racing	130
Automobile racing	100
Rock climbing	100
Canoeing	40
Power boating	17

By way of comparison, the comparable figure for manufacturing industries is 8 deaths per 100,000 workers.[8]

It is not inevitable, of course, that public interest groups remain oblivious to the desires of consumers who want less rather than more government intervention in private matters. The public interest (PI) phenomenon took a new twist in the 1970s. The supporters of the private enterprise system, who for years have seen environmental activists and other PI groups inhibit or terminate business operations, have now turned the tables on those same groups by using comparable or identical legal methods. The numerous new groups, working in opposition to the "traditional" PI organizations, act as clearinghouses for research and litigation and attempt to bring a sense of balance to matters pertaining to that broad and elusive term, "the public interest."

The first of the "new breed" of public interest groups was the Pacific Legal Foundation, an independent law firm established in Sacramento in 1973. Its founders sought to counter the force of a small group of citizens who, ostensibly acting on behalf of the public at large, had delayed year after year the Trans-Alaska pipeline, offshore drilling for oil and gas, and other vitally needed energy resources on what the Foundation considered to be the most specious of environmental criteria. Similar groups subsequently have been set up in other regions of the country. The Southeastern Legal Foundation is based in Atlanta; the Mid-America Legal Foundation in Chicago; the Great Plains Legal Foundation in Kansas City; the Mid-Atlantic Legal Foundation in Philadelphia; the Mountain States Legal Foundation in Denver; the Northeastern Legal Foundation in Springfield, Massachusetts; and the Capital Legal Foundation in Washington, D.C.

The regional PI law centers have joined in or initiated a variety of lawsuits that challenge the legal actions taken by older PI groups. Increasingly, the newer law foundations have found that federal and state environmental laws and other regulations need not necessarily be the bane of business but can on occasion be used to the advantage of the private sector. The various causes in which the groups have taken part, often in *amicus curiae* (friend of the court) briefs, include the snail darter case [Tellico Dam], use of West Coast ports for Alaskan oil, and OSHA's authority to conduct inspections of business without search warrants. The latter resulted in a Supreme Court decision requiring search warrants.[9]

The Pacific Legal Foundation filed suit requesting that the Environmental Protection Agency prepare an environmental impact statement prior to banning DDT. The Foundation charged that the risks involved in using the pesticide against the tussock moth were negligible compared to the damage done by the insect to timber (the moths destroy about 700 million board feet of wood each year). The case was settled when the EPA dropped its opposition and granted a DDT permit.[10]

The new breed of PI organizations is now also active in the health field. The American Council on Science and Health was set up in July 1978 to compete with Ralph Nader's Health Research Group and Center for Science in the Public Interest. According to Dr. Elizabeth Whelan, the founder of the new council, "What we object to is the current tendency to call 'cancer' at just the slightest evidence, and the eagerness of our government regulatory agencies to ban perfectly useful substances at the hint of hypothetical risk."

The rise of this new breed of public interest groups points, in short, to the numerous shortcomings of the older groups. In large measure, the rise was necessitated by the unwillingness of the self-appointed public interest organizations to take full account of the consequences of their actions, which was a result of their obliviousness to economic considerations. The advent of competition among public interest groups also was instigated by the overconfident belief of the older breed of public interest groups that they and they alone represented the public at large. People do not in all cases want to be protected from themselves; they usually want to make their own informed decisions. Nor do people always want to pay the hidden tax incurred by heavy governmental regulation of business. It is fairly clear, therefore, that the activists, now faced with a cogent and persuasive opposition, need to reassess their positions and their methods and the goals toward which they work—not merely for their own continued existence but, more importantly, for the interests of the public they wish to represent.

ACADEMIC RESEARCH

The need to improve understanding of the business-government interaction extends beyond the interest groups to the researchers in academia. There is, unfortunately, a parallel between generals fighting the last war and academic men and women researching issues of public policy: Many of them are behind the times. When business executives, labor union representatives, public interest groups, or government officials discuss government regulation of business, their key concerns relate to the newer cross-industry type of regulation typified by EPA, OSHA, EEOC, and CPSC. Yet academic research is still preoccupied with railroads, television, and airlines, which are the industries subject to the older, more traditional type of regulation.[11]

The point to be made here is not that the ICC, CAB, or FCC do not deserve professional attention. Instead, the point is that academic literature and teaching need to take fuller account of the expansion in scope and change in character of government regulation of business during the past decade. As we have seen, the expansion in regulation—whether measured by the size of regulatory budgets or by the numbers of rules—by and large is in the newer areas. The prevailing theories and models of regulation need to be reworked to take account of the revised institutional structure. Whether the railroads and their unions "capture" the Interstate Commerce Commission is a far more trivial concern than understanding the full range of impacts of environmental, safety, and employment regulation.

The traditional academic way of looking at government regulation is no longer appropriate. The case is not so much that the standard theory of government regulation of business is obsolete; rather, it is that the theory is inappropriate for an increasing share of regulatory activity. The newer types of regulatory agencies do not conform to the standard theory, which, we may recall, was based on the industry type of regulatory commission such as the ICC. The key shortcoming of the new type of regulation is not that the regulated industries will "capture" the government agencies that regulate them; the main danger is that the proponents of the social regulations will be oblivious to the serious economic impacts of their demands. Although deregulation may often be the simple but effective solution to the problems of the older, industry-type regulation, the elimination of health, safety, and related regulation is neither warranted nor realistic. There is a great need for objective and analytical research focusing on ways to improve the effectiveness of the newer regulatory efforts and also reduce the many adverse side effects of regulation.

Academic research could make an important contribution to the regulatory process by exploring the effective limits of regulation and identifying promising alternative methods of achieving public policy objectives. The administrative limits to regulation surely are a fit subject for future research. However, other and perhaps far more urgent limits arise from the adverse impact of the increasing government involvement in internal business decision making. That development can be termed a "second managerial revolution" because so many of the traditional prerogatives of corporate management are being taken over by an immense cadre of government planners, regulators, and inspectors.[12]

When in this regard we examine the sector of industry that already is most subject to government supervision—defense production—the results are disconcerting. It is precisely the companies, such as Lockheed, that are most heavily dependent on military contracts that report the largest cost overrun and the longest delays. Therefore, it is clear that the ultimate consequence of government assumption of basic entrepreneurial and managerial functions is surely a topic worthy of considerable attention and study. The undesirable characteristics of a "Lockheed economy" have not generally permeated civilian-oriented industries, but the experiences of that closely regulated and highly subsidized company surely provide some warning of what can happen nationwide.

Although we have focused on shortcomings and disagreements in academic thinking, it would be useful to remind the public of the wide agreement that exists among professional economists on many of today's issues. In his presidential address to the American Economic Association, Walter Heller (an outstanding economist with impeccably liberal credentials) stated:

> Economists widely, in some cases almost uniformly, favor tougher antitrust policy, freer trade, deregulation of transportation, pollution taxes in place of most prohibitions. . . . They oppose fair trade laws, restrictive labor and management practices, distortive zoning laws and building codes, import quotas, ceilings on interest rates.[13]

Heller's view is indeed widely held among the academic economists. Professor James Tobin of Yale (another former president of the American Economic Association and also a well-known liberal) stated matter-of-factly in a recent book review, as if he were reporting a warm day in July: "Business and the consuming public are victims of excessive and mindless regulation." [14]

To show the extent of the agreement that now exists between supposedly "liberal" and supposedly "conservative" economists on the issue of government regulation, here are two statements (made in 1962) by Nobel laureate Milton Friedman, who is perhaps the dean of economic "conservatives":

> At any moment in time, by imposing uniform standards in housing, or nutrition, or clothing, government could undoubtedly improve the level of living of many individuals; by imposing uniform standards in schooling, road construction, or sanitation, central government could undoubtedly improve the level of performance in many local areas and perhaps even on the average of all communities. But in the process, government would replace progress by stagnation, it would substitute uniform mediocrity for the variety essential for that experimentation which can bring tomorrow's laggards above today's mean.

In short, Friedman contends that "what we urgently need, for both economic stability and growth, is a reduction of government intervention, not an increase." [15]

Finally, we should note the strong intellectual agreement on the fundamentals of the capitalistic system. The following statement by a thoughtful liberal economist, Robert Heilbroner, is one that most conservative economists would be pleased to endorse:

> Freedom in the sense that we use the word to describe our political, economic, and social liberties is a bourgeois idea, indissolubly linked to the celebration of the individual that underpins the culture of capitalism.[16]

It is one thing for academics to be in such widespread agreement on matters related to the fundamental nature of this nation's economic system. It is quite another thing, however, for the public to understand that the agreement exists. Bridging the gap between the two is a challenge to the media, and in good measure, so far, it is an unmet challenge.

THE NEGLECTED ROLE OF THE MEDIA

The author once attended a meeting of business executives addressed by the publisher of one of the nation's major newspapers. That publisher expressed her great concern about the economic illiteracy of the American public; she cited the large difference between what the average member of the public thinks corporate profits are (a rather large number) and what the profits actually are (a much lower number).[17] No one in the audience was so impolite as to ask the lady the obvious question, "Where did she think the public obtained such inaccurate information about American business?"

The answer is complex, of course; it involves the formal system of education, the various interest groups, and business firms themselves. But to a very large degree the question itself implicates the communications media—the newspapers, magazines, books, and radio and television stations, which provide Americans with the great bulk of their information and ideas on all sorts of matters, including issues of public policy.

Louis Banks, former managing editor of *Fortune* and now a teacher at MIT, described how, when he started teaching an advanced course for business executives, he first learned the depth of emotion felt by corporate executives about the media's coverage of business: "One of the reasons journalists don't know [about that depth of emotion] is that few businessmen . . . are brave enough to speak out openly for fear of retaliation." [18] In a comment on Banks's point, Kevin Phillips, a nationally syndicated columnist himself, compared some journalists to the members of the court of France's Louis XVI in the 1780s: "They don't care what's happening out in the provinces." [19]

On the other hand, here is what one writer who edited a national business weekly for several years and subsequently spent 17 years in public relations has to say on this matter:

> I don't understand *everything* media people do. Reporters and editors, like even corporate executives . . . sometimes have a bad day and do off-the-wall things. . . . Just as a small minority of business executives dispensed illegal or improper campaign contributions, so too there is a relatively small percentage of lazy or sleazy journalists. By far the greater number of journalists are reasonable people willing to listen to anyone they consider credible and whose opinions are supported by facts.[20]

All in all, there is great variation in media coverage of business and economic affairs. Some journalists have become veritable experts in reporting and analyzing current developments in those fields. Their work is properly relied upon as source information by scholars and government officials alike. Far more writers on business and related topics, however, lack a basic comprehension of the activities that they are reporting on. No sports desk would ever assign a reporter to cover a baseball game if he was unfamiliar with the rules of the game. But a comparable level of competence is not a general requirement for covering an annual meeting of a major corporation or for reporting on a critique of business by an important interest group. To worsen the situation, any criticism of the inaccurate coverage more often than not will provoke a diatribe on attempted interference with the freedom of the press.

It surely is not a question of accountability to business; it is a matter of responsibility to the public for fair and informed re-

porting on any major sector of the society. By no means is that a plea for business to use its advertising budget to influence the coverage that it receives by the media. To restate the obvious, that would be both morally reprehensible and counterproductive. Stanley Marcus, who headed the Neiman Marcus department stores for years, offers the following admonition: "A businessman can make no worse mistake than to try to use the muscle of his advertising dollar to try to influence the news." [21]

Frankly, it is disheartening to see the public fed, and coming to expect, a steady diet of biased reporting. Here is a minor but frequently encountered example: The staff of the SEC is drafting regulations that would require corporations to use a more uniform system of reporting compensation. How is that reported? As another increase in the reporting burden on business? Hardly. Here is the lead sentence in the article on the subject in the July 3, 1978, issue of *The Wall Street Journal:* "The Securities and Exchange Commission staff is preparing a further crackdown on the way publicly held companies report their executives' compensation." How can the typical reader avoid getting the impression that business is doing something so shady that it warrants a "crackdown" by government? *The Wall Street Journal* has a deserved reputation for the excellence of its reporting, and it is true that the patient reader of that article will get a fuller and more dispassionate report in the body of the article. But the reportorial approach is what is being criticized here.

Another example of that bias, also no doubt unintentional, occurred during the period of energy problems in 1974. When an oil company reported increased profits, it was front page news. When a company in another industry strongly affected by the energy situation (automobiles) revealed a decline in profits, the item appeared behind the sports section somewhere on the financial page. It is not surprising that many citizens began talking about business "rip-offs." That incident also shows a key shortcoming of most efforts to increase the economic understanding of reporters: the efforts tend to be aimed primarily or solely at business and financial writers. In newspapers and even more urgently in radio and television, it is the general news reporters who usually are least informed about business matters—and from whom the general public obtains most of its information and impressions about what is happening in and to American business.

The situation will not fundamentally improve until the average reporter stops thinking in simple-minded stereotypes, such as "Big business is a collection of fat cats trying to rip off the public" and "Public interest groups are the white knights who are protecting the public from that rip-off." The reporter should be equally suspicious of *all* advocates in the public policy arena. A contention does not become a fact just because it is uttered or written by a self-styled consumer advocate—or even by a college professor.

Moreover, reporters should have some understanding of the implications of their *own* actions. Kevin Phillips provides some interesting though controversial ideas in this regard:

> By promoting alienation with the present economic system, advocacy journalists are indirectly promoting growth of the state. In confirmation, all one has to do is think about the dissatisfactions and causes fanned by the media. . . . All have involved the creation of bureaucracy, of new layers of government, of new taxes.[22]

Surely the responsibility for communicating to the public a far better understanding of the business system and the impact on it by government falls on the shoulders of the journalism profession. It is not appropriate for business to play the "heavy" and to seek out reporters and try to convince them that they need to learn more about the business world. Business-sponsored courses in "economic journalism" may be a useful first response. But, realistically, the initiative must be reversed: the journalism profession should willingly see the need for broadening the intellectual horizons of its members and seize the initiative themselves. Journalists should be knocking on the doors of business, academia, and elsewhere in an attempt to gain that understanding of the vital part of the American society that is the business system.

When we read the growing body of literature on media coverage of business, it is apparent that one vital but neglected distinction must be made: the distinction between (1) business's complaints about adverse or critical news reporting and (2) the concern of business and indeed of the rest of society over inaccurate and misleading reporting. The gripes on the part of business executives about the excessive amount of criticism that they receive in newspapers, magazines, and on radio and television can be dismissed quickly. Marshall Loeb, senior editor of *Time*, reminds us that we are living in an era when all institutions are under fire—the church, government, the press, medicine. "Business," he notes, "is attacked more than many other institutions because it is highly visible."[23]

But it is the second concern, dealing with inaccuracy in the media, that deserves serious attention. According to the chief executive of one of the nation's largest companies, here is the response he got from a nationally syndicated columnist when he called some errors to the columnist's attention: "Sorry about the errors, but so what? You should not get upset when you're attacked."[24]

There is no excuse for uncorrected errors, and no segment of society, business or any other, should be expected to be at the receiving end of inaccurate reporting without responding. Criticism of our institutions, business included, is of course proper—and highly desirable. Giving the public inaccurate information is neither proper nor desirable. When a layman points that out, he should not in turn be lambasted by reporters for trying to interfere with the freedom of the press. Louis Banks describes this phenomenon as follows:

> Most of my friends who write, edit, publish, or broadcast the news work behind an invisible shield . . . of righteousness, defensiveness, and self-protection which blocks out germs of conflicting judgment or thoughtful criticism from other elements of our world.[25]

Lewis Young, editor-in-chief of *Business Week*, also has observed "a lack of understanding of how business works by newspaper reporters, since most have never worked in a business."[26] In the author's own experience with the media, the great majority of journalists are deeply concerned with accuracy of reporting and fairness in coverage (although they may not always achieve those objectives). As Katherine Graham, the publisher of the *Washington Post*, has pointed out, "The ordinary is not noteworthy. . . . The occasional business failure or the isolated crime makes headlines; there are no stories when products are delivered on time, when soup is safe, when candy bars don't shrink." [27]

But then again there is a fine line between vigorous coverage of important events and taking that "step beyond." The distinguished journalist and historian Theodore White, author of a series of books on recent presidential elections, noted the dilemma in fairly colorful language:

> You don't make your reputation as a reporter, and I did not make my reputation as a reporter, by praising anybody. You make your reputation as a reporter by gouging a chunk of raw and bleeding flesh from this system. . . . You gotta be able to prove you can snap your jaws for the kill. But maybe we've gone too far and maybe there should be someone to call us to account for this also.[28]

A business viewpoint similar to White's was expressed by Donald MacNaughton, at one time the chairman of the Prudential Life Insurance Company: "Sixty seconds on the evening news tonight is all that is required to ruin a reputation . . . or impair a company's profitability. The power of the press with today's methods of mass communication has become . . . the power to destroy." [29]

This is not a plea for any outsider to call the journalism profession to account, to use White's phrase; rather, it is a matter for self-restraint. Just as the adverse reaction to the slush fund scandals resulted in a *voluntary* improvement in the prevailing mores of the business system, so a similar realization is required by members of the journalism profession. Sensationalism and colorful but inaccurate phrases may help to get an article into a publication and into a more prominent location (laymen tend to ignore the keen competition that exists among reporters for a given newspaper or TV station). But such action should come to be considered beyond the bounds of good journalism. As Irving

Kristol has written, most journalists may not "give a damn" what the business community thinks of them, but they care very much about the kind of professional reputation they have among their peers.[30]

IMPROVING PUBLIC UNDERSTANDING

As pointed out at this article's start, the three major groups discussed here—the interest groups, the academic researchers, and the reporters in the media—often serve in their totality as a proxy for the public interest. That is, each of those private groups has sufficient power to influence the public policies which affect, in so many ways, the people of this nation.

If that is true—and it would appear to be—then the unifying theme that underlies the responses of each of the groups is the interesting and difficult notion of "representation" in the broadest sense of the word. Each of the groups has the power to influence what happens to citizens simply because each, to varying degrees, has acquired the power to stand in the citizens' place and to speak for the citizens. Each can "re-present," or "present again," *for* the people what each perceives to be the desires and opinions *of* the people. Such power is by no means negligible.

But given that line of reasoning, the implications for the roles of public interest activists, academicians, and reporters are profound. The implications involve, first of all, the perceptions of each group, that is, what each group perceives to be truly "public" opinions and desires. They also involve what each group perceives to be the function of government and the proper role of business. We may find those perceptions have a common ground when we consider them in light of the hard facts about the unintended and often adverse effects of government regulation.

Second, the implications of the groups' roles involve the critical concept of responsibility. Each group, since it possesses power, has the obligation to respond constructively to the issues in government policy which affect the lives of the people the group represents. Each of the groups, for that reason, must be willing to do a number of things: (1) improve its understanding of its own role in society, whether it is raising the public consciousness or doing research or reporting to the public, (2) be more self-critical and self-restrained, (3) analyze more carefully both the short-term and the long-term effects of what it does and of the government actions it proposes, and, last but not least, (4) comprehend that government intervention in private activities inevitably "regulates," in a far different sense, the life of the nation's citizens for good or for ill.

A basic improvement in public policy toward the American business system is not a matter that can be handled by government and business alone. In our society, it is a matter that must be dealt with by interest groups, academicians, members of the media, and others who have the power, the perceptivity, the willingness, and the responsibility to represent the public and promote the public's interests.

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