

**HANDLING THE “BIGGEST LOSERS”:  
COMPENSATION IN ENTREPRENEURIAL POLITICS**

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## LIST OF ABBREVIATIONS

AARP	American Association of Retired Persons
ADP	Aéroport de Paris
ADVOCNAR	Association de Défense Contre les Nuisances Aériennes
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
ANA	All Nippon Airways
CDG Airport	Charles de Gaulle Airport
CEA	Commissariat à l'Énergie Atomique
CDRR	Comité de Défense des Riverains de Roissy
DUP	Déclaration d'utilité publique
EDF	Électricité de France
EDWAAA	Economic Dislocation and Worker Adjustment Assistance Act
FBR	Fast breeder reactor
JAL	Japan Airlines
JAS	Japan Air System
LDP	Liberal Democratic Party
NAFTA	North American Free Trade Agreement
NAFTA-TAA	NAFTA Transitional Adjustment Assistance
NRA	National Rifle Association
TAA	Trade Adjustment Assistance
UI	Unemployment insurance
WTO	World Trade Organization



## **ABSTRACT**

Conventional theories about compensation to “losers” posit that assistance to groups adversely affected by entrepreneurial politics remains static within regimes and across sectors. In contrast, this paper hypothesizes that assistance to those adversely affected by policies depends on characteristics both of the loser group and the political regime. Rather than finding blanket redistribution, as many have argued, the strength of the affected group and its legitimacy with decision makers create variation in the amount of compensation across sectors, time, and countries. While some scholars have sought to predict outcomes at the national level, this paper draws on both ideational and interest-based methodologies to create a nuanced view from the sectoral and case level. Using examples of market-opening liberalization and the siting of often unwanted projects in India, France, and the United States, this paper sets forth a new approach to the political economy of compensation.

## INTRODUCTION

Once states have committed to a policy that will affect small, identifiable groups more harshly than society as a whole, how do governments then handle those “losers”? Many political economists argue that governments around the world seek to compensate those who suffer the forces of globalization and increasing trade through policies of redistribution such as transfers (Lau, Qian, and Roland 2000). Theorists have long held that governments must provide compensation to groups seeking social progress and assistance in the face of new economic and trade pressures (Wagner [1883] 1958; Polanyi [1944] 2001). A large literature envisions the public sector of health care and welfare as a form of insurance in which the government compensates losers for policies, such as trade liberalization and increased competition, which may harm their interests and income (Cameron 1978; Rodrik 1997; Adsera and Boix 2002). Studies have shown that governments spend more on education and social security when their populations are more exposed to trade, presumably in an attempt to counterbalance the negative effects that often ensue (Avelino, Brown, and Hunter 2005).

Research, however, has underscored that not all countries, even those in the same geographic region, provide similar levels of assistance to domestic losers (Albertos 2002). In certain sectors, often painful reform may be seen as necessary by decision makers, while in other areas, the costs and benefits may be ambiguous; hence, bureaucrats and politicians may view market liberalization in different ways across different sectors (Vogel 2006). As political regimes conserve resources and provide only the minimally necessary concessions to groups seeking redistribution, they may avoid providing compensation for smaller contentious groups with few allies and instead rely on their Weberian monopoly over force to achieve national goals (Aldrich forthcoming). Through this paper, I hope to explore how states handle losers in two

arenas of entrepreneurial politics: liberalization and controversial facility siting. By bringing together two dissimilar issue areas with similar distributional characteristics, I seek to demonstrate how the role of legitimacy and the strength of interest groups play a role in compensation.

## CHAPTER 1

### ENTREPRENEURIAL POLITICS

The costs and benefits of policies and programs create and alter constellations of interest groups, politicians, and bureaucrats involved in the process; not all public interests activate and mobilize over issues, and not all groups are envisioned as equally legitimate by the state (Vogel 2006). Public policy scholar James Q. Wilson created a well-known typology of regulatory politics based on whether costs and benefits were perceived as concentrated or distributed.

**Table 1. Wilson’s Typology of Politics by Perceived Costs and Benefits**

	Distributed Costs	Concentrated Costs
Distributed Benefits	Majoritarian politics	<b>Entrepreneurial politics</b>
Concentrated Benefits	Client Politics	Interest-group politics

Source: Wilson (1980, 1989, 1995)

As seen in the table above, Wilson (1980, 1989, 1995) refers to regulatory policies that have diffuse benefits but concentrated costs as “entrepreneurial politics.” In such cases, “the costs are heavily concentrated on some industry, profession, or locality but the benefits are spread over many if not all people” (Wilson 1989: 77). *Diffuse or distributed benefits* are goods, whether rents or other phenomena accompanied by positive utility, which accrue to society as a whole. In the case of trade policy, consumers across the nation may gain access to lower prices for commodities due to competitive price pressures from overseas products. Neoclassical theory would predict that Japanese consumers, who pay among the highest prices in the world for durable and nondurable goods due to a variety of barriers to foreign products, would receive lower prices on consumer goods if the government liberalized its often highly regulated and

closed markets. And with controversial facilities such as nuclear power plants and hydroelectric dams, consumers may gain cheaper electricity due to an increased supply from the facility.

*Concentrated* or *focused costs* indicate that a single group, whether geographically bounded in the case of controversial facility siting, or connected by industry, as in domestic worker, producer, and manufacturing groups, bears the externalities of the program. Producer firms may lose their profit margins, and communities proximal to nuclear power plants may encounter lower property values, health risks, and psychic disutility. Researchers have identified a number of events, such as tightening environmental standards (Tang and Tang 1999), consumer protection (including automobile safety regulation), deregulation<sup>1</sup> (such as the removal of government-based market barriers in the North American transportation and shipping markets), liberalization<sup>2</sup> (Vogel 1999; Schamis 1999; Davis 2003), and the siting of controversial facilities (Aldrich 2005a, 2005b, 2005c) as paradigmatic examples of entrepreneurial politics.

In such cases, government officials “must overcome the inertia of the vested interest” that will shoulder the burdens of the new policy (Sharp 1994: 921). Those resisting entrepreneurial politics may be producer groups such as corporations, which, for example, need to improve gas mileage or increase safety features in products in response to new laws, or local communities who face hosting unwanted, if not potentially harmful, facilities such as waste incinerators or

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<sup>1</sup>Deregulation, or more specifically, liberalization, may not always create domestic losers. Vogel, for example, argues that liberalization can be pro-competitive, assisting new competitors and strengthening anti-trust laws, or it can involve strategic re-regulation, “given regulatory advantages to domestic firms” and “promoting/protecting domestic firms so they can cope with liberalization” (Vogel 1996: 17). Given the propensity to confound the two, I follow Vogel (1996: 3) in defining deregulation and liberalization as the reduction or elimination of government regulation and the introduction of more competition within a market, respectively.

<sup>2</sup>Liberalization reduces rents which have been accruing to vested interests, and as such has been labeled as in the “public interest,” and occasionally as the offshoot or product of a public good. Early classical theorists posited that decision makers engaged in deregulation for the public good, but others have debated the “Other-interested” mode (see Levine and Forrence 1990).

lead smelters. When new laws or plans conflict with concentrated opposition, such proposed policies require leadership to succeed, whether from popular activists or from entire governmental agencies; an entrepreneur must take an active role in guiding the legislation or policy towards fruition. As Christina Davis of the Department of Politics at Princeton University has pointed out, a policy such as agricultural liberalization “angers one of the most powerful domestic constituencies while offering little political reward” (2003: 2). Hence “the political apparatus will most likely oppose change” that involves the loss of income for well-organized groups. Political economists expect that vested interests, such as those in Guinea-Bissau who blocked planned state restructuring of public services in the late 1980’s, and hence stalled the privatization process, regularly act to pressure the state in an attempt to stop such activities (Bussman et al 2005: 558, 564).

Without political stewardship, perhaps in combination with a dramatic crisis that can increase public pressure and bring in new allies for the proposal, Wilson argues that such entrepreneurial measures will not pass against focused opposition. Those who benefit from these policies do so only slightly and lack selective incentives necessary for overcoming typical barriers to collective action (Olson 1965). On the other hand, those who are negatively affected by the new policy are much less likely to overcome typical barriers to collective action. Many policies undertaken in the “public interest,” whether international trade (Nugent 2002) or construction of energy and transportation facilities (Aldrich 2005a, 2005b) bring negative externalities with them. As Wilson explained (1995: 334), “When a specific, easily identifiable group bears the cost of a program conferring distributed benefits, the group is likely to feel its burdens keenly and thus to have strong incentive to organize in order that their burdens be

reduced or at the very least not increased.” Table 2 lays out several policy areas and the associated vested interests who bear the concentrated costs of the relevant policy.

**Table 2. Losers and Beneficiaries in Entrepreneurial Politics**

<b>Policy Area</b>	<b>Losers</b>	<b>Beneficiaries</b>
Environmental standards	Domestic producers/ manufacturers	Citizens
Trade liberalization	Previously regulated and protected domestic industry	Consumers
Controversial facility siting	Local community	Region/society as a whole

Despite pressure from vested groups who seek to stop policies that focus costs upon them, many governments have carried out measures involving entrepreneurial politics. When such policies were passed, they: “represented... not the triumph of an organization but rather the successful mobilization of a new, usually temporary, political constituency. On occasion this was made easier by a dramatic crisis that put the opponents at a hopeless disadvantage – for example, the Depression, the thalidomide disaster, or the investigation of Nader” (Wilson 1995: 335). Once states have committed to such policies, how states carry them out remains a critical but unanswered question.

## CHAPTER 2

### HANDLING LOSERS

There is a great deal of variation in the strategies states could use in handling what political scientist Sebastian Etchemendy (2004) calls “potential losers,” such as workers who will forfeit jobs or income due to increased trade with foreign countries, or citizens who will lose access to a desirable or healthy local environment and encounter lower property values due to an encroaching airport or power plant. States might seek to compensate losers, whether individual citizens facing a nuclear power plant in their backyard or corporations having to spend more to reduce emissions. But it is equally possible that a state agency would, whenever possible, conserve resources, whether financial, personnel, or administrative. A resource-rational state would seek to minimize its costs in setting up the new entrepreneurial policy, if possible forcing the relevant and vested interests to absorb the costs to the maximum degree possible.

Cases illustrate a wide spectrum in state assistance to losers. Economists regularly argue that a standard solution to problems involving regional or local economic losses due to national policies such as trade is “to compensate the hinterland for the loss associated with the policy” (Desjardins 1997: 69). The Japanese government, for example, richly compensated communities willing to host nuclear power plants, providing up to \$20 million a year in grants and increasing redistribution to keep pace with local demand. Some governmental agencies have used a slow pace as a form of safety net instead of direct compensation or other redistributory programs (Nugent 2002: 30). When the Japanese Ministry of Finance, for example, sought to liberalize interest rates in the mid 1980’s, it went slowly because that “made it easier for the ministry to get the losers (primarily the smaller banks) to accept their fate” (Vogel 1996: 176). Similarly, the Japanese Ministry of Transportation officials moved at a snail’s pace when liberalizing the

airline industry, protecting Japan Airlines (JAL), All Nippon Airways (ANA), and Japan Air System (JAS) “from entry into their own most profitable routes” (Vogel 1996: 199).

In other cases, the state has not moved to provide assistance to negatively affected groups. Between 1973 and 1983, the Chilean regime provided no compensation to workers affected by industrial adjustment and harshly repressed organized labor when it demanded assistance (Etchemendy 2004: 6-7). The Japanese government has relied on land expropriation and low compensation when handling the siting of dams and airports, providing little or no additional assistance to landowners who refuse to yield to national transportation or energy plans. The United States created few policies to assist displaced workers beyond shallow programs such as the U.S. Trade Adjustment Assistance Program, the NAFTA (North American Free Trade Agreement) Trade Adjustment Assistance law, and the Job Training Partnership Act (Burgoon and Hiscox 2002). The obvious puzzle for political scientists is to explain why some state agencies have provided benefits such as redistribution, including increased public spending or direct cash subsidies, or a deliberately slow process, to affected groups, while others have not.

## CHAPTER 3

### CONVENTIONAL THEORIES CONCERNING COMPENSATION

Previous scholarship on the issue of compensation to losers has come primarily from research on issues of trade liberalization and associated assistance to affected groups. While a great deal of research on controversial facility siting posits redistribution in some form or the other to host communities, these scholars focused on compensation primarily as a potential solution to NIMBY politics (Kunreuther and Kleindorfer 1986; Mitchell and Carson 1986; Ehrman 1990; Brion 1991; Jenkins-Smith and Bassett 1994; Rabe 1994; Inhaber 2001; Smith and Kunreuther 2001; Quah and Tan 2002). As a result, there are few predictions or systematic attempts to provide a logic of compensation within the literature on controversial facility siting. Arguments among scholars of trade openness can be divided into two main groups: those focusing on characteristics of the affected loser group, and those focusing on characteristics of the government or political regime.

Rickard (2005), for example, investigates how non-size characteristics of affected groups, specifically the mobility or immobility of the labor force, creates demands for narrow or broad government transfers. Burgoon and Hiscox (2000) looks at the impact of broad- or narrow-based unions on policies providing either broad or narrow protection. Other scholars look at the nature of the coalition formed by company insiders involved in import substitution (Schamis 1999; Etchemendy 2004). Generally speaking, the larger the affected group, such as the import-competing or declining sectors, the greater the demand for adjustment assistance (Burgoon and Hiscox 2000). Similarly, scholars have looked at the impacts of the planned liberalization on the potential losers. Burgoon (2001) argued that greater openness would have vulnerable groups demand, and government representatives accommodate, more expansion for job training and

relocation. Albertos (2002) looked to the expected income inequality generated by policy, postulating that the greater the inequality created, the greater the demands for compensation faced by the state.

The second category of scholarship has illuminated the ways in which regime type affects potential packages of compensation. Some have looked to whether the regime is democratic or authoritarian to predict what sorts, if any, of compensation will be provided (Etchemendy 2004). Other scholars have argued that candidate-centered, majoritarian systems, such as the United States, will provide narrow, not broad, transfers to losers when compared to proportional electoral systems, such as those of the Netherlands (Rickard 2005).

The standard literature on the issue of compensation to affected groups suffers from three interconnected problems: it often neglects to take into account both supply and demand sides for regulation, relies upon national-level data and conclusions, and rests on assumptions about within-regime similarity.

To begin, for scholars who envision regulations as occurring within a “market” for rules, there is both “a public sector rule-making technology, involving, at a minimum, agencies, legislators and their committees, and administrative law procedures” along with affected groups (Shepsle 1982: 182). The market for regulation thus involves both a supply side (the state) and a demand side (affected producer and consumer groups), and much of the literature on compensation to affected groups has ignored one or the other. Burgoon and Hiscox (2000), for example, while recognizing variation across compensation types and amounts, test labor mobility and the size of import-competing or declining sectors. These factors sit solely on the demand side, and the paper makes no attempt to investigate the role of the supply side, such as that

played by decision makers within the governments under investigation. Many of the works mentioned above suffer from a focus on either the supply or the demand side.<sup>3</sup>

A second problem is that most literature on compensation to affected groups has focused on national-level data and hence draws inferences at that national level. Desjardins (1997) points this out as well in his investigation of Canadian regional economic policy. Cameron's classic article on the expansion of the public economy, for example, relied on national-level data from 18 advanced, industrial, capitalist nations (1978). Similarly, Kaufman and Segura-Ubiergo (2001) use time-series, cross-sectional data from 14 countries in Latin America to investigate the impact of market opening on public sector spending. In both studies, due to national-level data, it is impossible to investigate sector-by-sector or case-by-case variation; the only conclusion that can be drawn is that nations respond similarly to in-nation pressures, regardless of the nature of the affected group.

Finally, in an obstacle connected to the ubiquity of national-level statistics, many analysts have sought to connect compensation policy to regime type, assuming that similar regimes will handle compensation demands in similar ways. Etchemendy (2004) and Belev (1999), for example, link the ways in which states respond to demands for assistance with the government type, whether authoritarian and illiberal or democratic and liberal. Etchemendy's work on Spain, Argentina, and Chile argues that democratic and authoritarian governments will handle the process of compensation in different ways. Boyev's investigation of the role of government in market liberalization draws on studies of Tunisia and Egypt. He argues that the more authoritarian and illiberal the government, such as in Tunisia, the less likely it is to serve particularistic goals, and hence the more likely it is to create economic liberalization. Where the

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<sup>3</sup>Rickard (2005) is an exception; her paper creates a model involving both demand side (immobile or mobile labor force workers) and supply side (majoritarian or proportional electoral systems)

regime has adopted a more liberal approach, the more obstacles the state will encounter. It is common, however, to see varying responses from the same regime to different sectors and cases, especially within advanced industrial economies like Japan (Vogel 1999), Table 3 displays these interconnected problems.

**Table 3. Failings in the Conventional Literature on Compensation to Losers**

<b>Problem</b>	<b>Example</b>
National-level inference	Government expansion of public economy varies with trade dependence (Cameron 1978)
Focus solely on the supply or demand side for compensation	Labor mobility, size of import competing sectors affect compensation (Burgoon and Hiscox 2000)
Assumption of within-regime continuity	Authoritarian and democratic regimes handle losers differently (Belev 1999; Etchemendy 2004)

Because the existing literature on compensation provides only partial insights into the problem, I borrow the strengths from these approaches in creating a new method in understanding assistance to losers.

## CHAPTER 4

### MOVING FORWARD

This paper moves beyond the obstacles encountered by the standard literature on compensation to losers through a new theoretical model. It builds on the recognition that there are both supply and demand sides to regulation and public policy (Shepsle 1982) and that both interests and ideas play an important role in determining compensation levels (Hall 1997).

*Ideational* or *constructivist* approaches investigate the ways in which intersubjective understandings, norms, and ideas affect policy making. Broadly speaking, while traditional materialist approaches remain grounded in measures of financial resource allocations – geography, military material, and the like – ideational approaches recognize the role of perceptions, norms, cognitive maps, and identity. As one team of scholars put it, “[i]nterpretive approaches start with the insight that to understand actions, practices and institutions, we need to grasp the relevant meanings, beliefs and preferences of the people involved” (Bevir and Rhodes 2004: 130).

A number of political scientists place the role of ideas on center stage in their work. One scholar, for example, argued that conflict between the West and the Arab world can be best characterized as a “clash of emotions” (as opposed to Huntington’s “clash of civilizations”) where strong, shared cultural norms of fear or hope create policies and strategies that may be unsustainable in the long run (Moïsi 2006). Vogel (1999) pointed out that, in contrast to standard political economy predictions about the preferences of consumers, Japanese consumers – due to social relationships and shared norms – did not support a push for liberalization. He explained this divergence from prediction as a result of Japanese identity in which consumers are socialized to support “weak” farmers against “strong” corporations and foreign governments.

Other scholars have linked the power of ideas transmitted through transnational advocacy coalitions and epistemic communities (Haas 1992) to norm changes in human and gender rights (Keck and Sikkink 1998; Chan-Tiberghien 2004). Skocpol (1992) illuminated how the U.S. government developed social welfare provisions for disabled Civil War veterans who had “earned” these benefits by fighting, and often suffering for, their country; soon after, widowed mothers were also granted legitimacy and, hence, government assistance. All of these investigations recognize the role that norms, identity, and understanding play in policymaking.

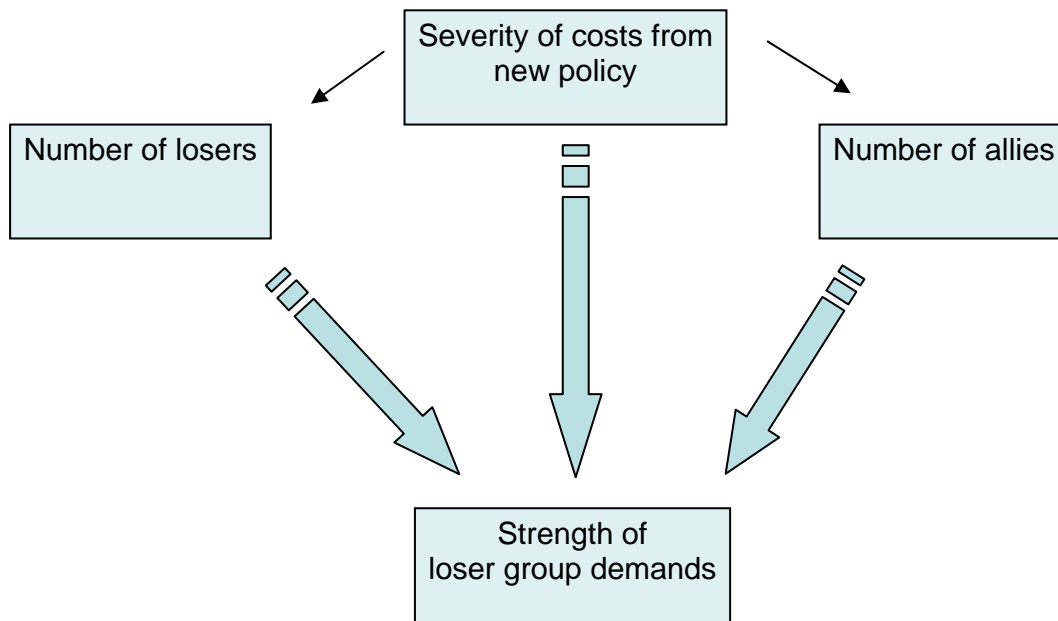
In contrast to ideational approaches, *interest-based approaches*, often found within the literature on political economy, rest on assumptions about the ways in which organized groups seek to influence policy-making processes. The label “interests” is often shorthand for interest groups, whether producer or consumer groups, which actively lobby for and against legislation relevant to their activities. But interests also include small-scale interests, such as the National Rifle Association (NRA) and other special interest groups, and mass or electoral interest groups, such as the American Association of Retired Persons (AARP). A number of scholars, beginning with Olson (1965), Stigler (1971), and Peltzman (1976), have concentrated on the ways in which interests organize to achieve their goals. In the field of the political economy of regulation, many focus on the role of firms in a regulated industry, arguing for a condition of “regulatory capture” in which these businesses seek to alter or create legislation that favors their accumulation of rents and profit. This is often done at the expense of consumers, who must pay higher prices as a result. The core insight from this literature has been the importance of the affected interest group or organization in influencing policy outcomes.

Drawing on ideational and interest-based approaches, I argue that the two critical factors in determining compensation to losers are: 1) **the strength of loser group demands** and 2) **the**

**government stance on the legitimacy of affected groups.** The strength of loser group demands is based on the literature on interests and is a product of the size of the group and the number of allies it can mobilize against the policy. Importantly, the severity of the externalities of the proposed policy will affect the number of losers, the coalition they can build, and the strength of their protests. Hence, the policy itself plays a role in determining the strength of demands, as a policy creating an enormous burden of externalities will generate stronger protests from the loser group than one that creates a smaller such burden. Where there are larger impacts, groups will respond more sharply than where the new policy or protocol will have only a minor impact.

Figure 1 below shows how the strength of loser demands is a function of the severity of the costs of the policy, the number of losers, and the number of allies they can enlist in their struggle to extract resources from the state. It builds on the insights from previous studies on compensation in acknowledging the importance of not only the size of the potential loser group, but also their ability to mobilize others in their struggle and the impact of the new policies upon their own strength and the size of the groups allied with them.

**Figure 1. Strength of Loser Group Demands**



The greater the number of allies pushing against the plan, the more the directly affected groups, whether business interests facing liberalization or local residents facing controversial facilities, can extract resources from the state. Japanese civil society, for example, has held strong anti-nuclear views since the mid-1940's. After the nuclear bombings of Hiroshima and Nagasaki during World War II, and the tragic Lucky Dragon incident in 1955 involving the exposure to and death from fallout from H-bomb testing in the Bikini Atoll, close to 40 million Japanese citizens signed petitions against nuclear power and weapons. Thus, villages designated as hosts of nuclear power plants have easily been able to activate broad networks of anti-nuclear civil society organizations to assist the community in resisting the plan (Aldrich forthcoming). Similarly, when producer groups can involve consumer allies in their struggles against new policies, such as market liberalization, which will concentrate costs upon them, the government will find it more difficult to move quickly to carry out the opening (Vogel 1999). In such cases,

the state will likely increase compensation levels to losers. When allies against the policy are fewer and weaker, and the loser group's demands are less vocal because the externalities from the program are less severe, as in dam siting cases in the United States, the government can act with less concern for negative feedback and provide less assistance to affected groups. Here, the strength of backlash and hence re-electoral concerns for politicians along with reputational costs for bureaucrats come into play. Further, when proposed policies create larger losses for the affected losers, the latter can more easily recruit members to their cause and push harder for assistance.

At the same time, the supply side factor of the government's view of the legitimacy of demands has a large impact on policy outcomes. Here, the government stance on the legitimacy of the loser group rests on the recognition that ideas and norms play a role in the process; subjective perceptions of groups influence the ways in which policies are formulated concerning them. States hold very different beliefs about the need for protection and redistribution for the same potential loser groups. British authorities, for example, were less concerned than their Japanese counterparts when it came to liberalizing the financial sectors, seeing their demands for assistance from financial institutions as less legitimate (Vogel 1996: 96). Within states, different losers hold different levels of legitimacy. In Japan, for certain sectors, such as telecommunications, there is a widely held belief that the benefits of liberalization are greater than the costs, and that requests for compensation and assistance are less legitimate, while in agriculture and energy, the balance is more ambiguous (Vogel 2006: 37).

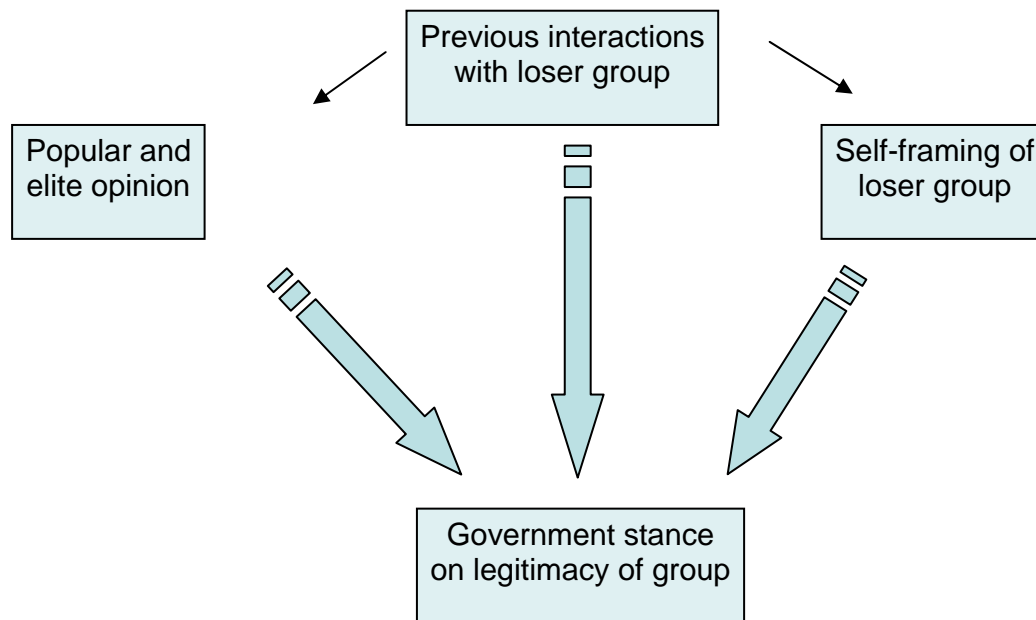
Schneider and Ingram argue that social constructions about targeted groups, whether positive (deserving, hard working, dependents) or negative (deviants, contenders), have an effect on both the selection of policy tools and the content of new policies. As a result, "distributive

policy is most likely to be directed at target populations that are both powerful and positively constructed” (Schneider and Ingram 1993: 345). Thus, “truly needy” groups, such as disabled soldiers, war widows, or orphans (Skocpol 1992), may receive more assistance than drug users or criminals seeking financial assistance and rehabilitation. Scholars have shown in other contexts how the legitimacy and framing of an issue or group strongly influences the policies directed towards that group. A study of French government policy towards AIDS, for example, demonstrates that, because of the portrayal of French AIDS patients as victims of their “Americanization” (that is, their trips to New York in the early 1980’s where they may have acquired the disease through contact with the American homosexual community), the pandemic nature of disease was not given full attention (Bosia 2006). Similarly, the way in which the German state described anti-state “guerilla” groups strongly influenced how the public envisioned those activists and the policy tools the state used in handling them (Linhardt 2004).

The legitimacy of the group is not a stable and unchanging entity; instead, past interactions with the group, popular and elite opinion, and ongoing attempts at self-portrayal and image construction from the group itself will affect its perceived legitimacy. The Liberal Democratic Party (LDP)-led government in Japan in the early 1970’s, for example, began to envision the demands from private sectors for assistance as more legitimate, especially when those voting groups became important new supporters to replace the weakening LDP electoral base in rural areas (Kume 1988: 683). Japanese farmers at Narita brought in often-violent student allies, and, in doing so, were unable to mobilize larger civil society to their anti-airport cause (Apter and Sawa 1984). Opinion polls showed that few non-participants across Japan saw the anti-airport violence as justified, and the anti-Narita movement was unable to gain broader legitimacy. Loser groups may also use new frames, such as victimhood, loss, or tragedy, in

appeals to the government and the population at large. Hence, anti-nuclear residents' groups may use images of Chernobyl, the mushroom cloud, or a cloaked skeleton labeled "death" when seeking to gain attention and sympathy for their fight. Figure 2 below displays the ways in which these factors play into the government stance on the group.

**Figure 2. Government Stance on Legitimacy of Loser Group**



Having identified the two main factors that play a role in decisions about compensating losers, Table 4 connects these two variables – legitimacy and strength of demands – with policy outcomes in terms of assistance to affected groups. Rather than specifying monetary compensation (either through government grants, direct cash payments, tax refunds, or the like), this paper leaves open the form of assistance from the government. Etchemendy divides compensation into subsidies and market-share compensation; the former includes direct monetary subsidies, while the latter provides ownership to public-sector firms or partially deregulates the industry (Etchemendy 2004). Lau (2000) mentions lump sum taxes and transfers

as ways of redistributing gains from winners to losers to reduce the losers' disutility alongside a "dual track" approach that maintains the plan track while introducing a market track. But these categories may be too narrow, and miss tools such as a deliberately slow pace for processes like market opening and liberalization, which in various Japanese cases have been a form of redistribution to potential loser sectors (Vogel 1996).

**Table 4. Assistance to Losers as a Function of Their Strength and Legitimacy**

	<b>Government Stance on Legitimacy of Loser Groups</b>	
<b>Strength of Loser Group Demands</b>	<i>Legitimate</i>	<i>Illegitimate</i>
<i>Weak</i>	Medium assistance (Airport siting in France)	No assistance (Nuclear power plant siting in France; Disaffected workers under Chilean regime)
<i>Strong</i>	Maximum assistance (Nuclear power plant siting, agricultural liberalization in Japan; Textile producers in India)	Minimal assistance (Semiconductors, electronics, liberalization in Japan; Workers displaced by NAFTA in U.S.)

The amount of assistance provided to negatively affected groups is highest when their legitimacy with the state is high and their demands are strongest. Hence, with small-scale textile producers in India, farmers facing agricultural liberalization in Japan, and local communities asked to host nuclear power plants in Japan, these groups receive the highest levels of assistance. Where groups have high legitimacy, but weaker demands, as is the case with dam siting in France, the amount of compensation is somewhat smaller. In cases where losers have strong demands due to broad mobilization and large numbers of affected individuals, but low legitimacy,

the government provides only minimal assistance. This has been the case with semiconductor, electronic, and telecommunications market liberalization in Japan, and with workers in the United States who have been displaced by market-opening treaties such as NAFTA. Where the state envisions a petitioning group as illegitimate, and the group itself cannot muster a broad coalition, no assistance may be forthcoming. This has been the case with nuclear power plant host communities in France and disaffected workers under the Chilean regime; both hoped to receive some form of compensation for the externalities brought by the new policy, but, in the end, received nothing. The next section of this paper provides process tracing of four case studies to ascertain how legitimacy and the strength of demands have influenced compensation levels for negatively affected groups in India, France, and Japan.

## CHAPTER 5

### CASE STUDIES

#### **Indian Textiles Facing the World: Maximum Assistance to Potential Losers**

Karl Marx may have been too hasty when he commented in 1853 that “The British intruder who broke up the Indian handloom” served as the “unconscious tool of history in bringing about that revolution” (Marx [1853] 1978). Marx, while sympathetic to the colonized, hoped that the often-violent and insensitive period of rule under the British empire would end small-scale village thinking and production and change both economic structure and consciousness in rural India. His predictions, at least in this case, did not come to pass. The textile industry in India is among the oldest in that nation (Kambhampati 2003: 219), and the handloom, vilified by Marx as a foundation for “Oriental despotism,” remains in use today. Politicians and other public figures on display continue to wear clothes produced on handlooms, such as *saris* and *kharis*, especially when seeking to publicly display ties to tradition (Tarlo 1996: 123, 328). Handloom and other small-scale production methods for textiles have been supported through deliberate efforts of past nationalist leaders who have given these producers legitimacy and support.

Even Western observers unfamiliar with India recognize the image of Mahatma Gandhi in front of a wooden spinning wheel, creating his own clothes. Gandhi’s leadership of the anti-colonial movement in the pre- and intra-war period introduced a broader philosophy that, among other goals, sought social and economic protection for weavers. More broadly, Gandhi pushed for the role of small-scale, rural agricultural sectors as part of the independence movement, arguing that large-scale textile mills were responsible for social and economic upheaval in rural

areas. Furthermore, scholars posit that handloom weavers often belong to backwards or untouchable castes in India, and, as such, have nationwide sympathy (Kondo 1997: 13). The legitimacy of these producer groups, then, has been high, despite clear economic inefficiencies that come with small-scale production and often low-skilled labor. That is, large numbers of small weavers working independently cannot match the efficiencies of scale in a combined production facility.

Textiles, along with agricultural exports such as cotton and wheat, have been heavily regulated by the Indian government since independence from Britain in 1947, and two major legal changes since the 1990's only recently decreased the level of regulation across these sectors. Importantly, standing legal protections for handloom weavers came from historically and culturally specific circumstances of the middle 20<sup>th</sup> century, even though the skilled use of the handloom for producing textiles for export has been in use on a wide scale in India since at least the late 18<sup>th</sup> century (Harnetty 1991). The cotton sector in India is quite large, with 10 percent of the total industrial sector employment and 30 percent of total exports (Meredith 2005). The demands for assistance from this sector, thus, have been strong.

Along with broader shared norms about the importance of protecting small weavers because of the historical and caste factors mentioned above, many governmental officials relied on the Mahalanobis model, which predicts that sheltering certain sectors as "take off industries," allow them to eventually become internationally competitive (Nangendo 2004: 1). Bureaucrats and politicians alike, then, could economically justify protecting small-scale textile producers at least in the short term.

Against increasing international competition, the Indian state sought to assist the small-scale, rural textile producers. International trade thus created an entrepreneurial political

situation in India: for citizens across the country to benefit from the diffuse good of lower prices on clothing and apparel, domestic textile producers would have to suffer the concentrated costs of decreased profits and rents. In response, the state created laws soon after Indian independence that deliberately kept textile production small; larger companies were forced to break up into small units (Prystay 2005). The state continued to provide tax exemption and special interest rates to companies with fewer than 100 workers, despite persistent complaints from economists that the resulting textile industry was fragmented and inefficient (Meredith 2005). Further, labor laws prohibit overtime work by women weavers as well as seasonal hiring and firing (Rai 2004). These laws indicate the degree to which the government legitimized the sector and sought to compensate it against policies, such as increased trade, that would harm their profits and interests.

As predicted by the model in this paper, the Indian government has sought to redistribute assistance and income to these small-scale textile in the face of competition both from international and domestic sources. Recent exogenous events, such as attempts at enlarging World Trade Organization (WTO) treaties, especially the Agreement on Textiles and Clothing within the Uruguay Round, may force the Indian government to actually increase such compensation in light of international obligations that will strengthen the market pressures on these domestic producer groups (Elbehri et al. 2003). For the past five decades, and for the foreseeable future, the Indian government's assistance policies toward hand loom workers have reflected and will continue to mirror their legitimacy and strong demands.

### **French Airport Siting: Medium Assistance**

In the late 1950's, the French government began searching for land for a new international airport to help mitigate the heavy loads that were expected to grow on the Orly and

Le Bourget airports, both located in the Paris area. With the Aéroport de Paris (ADP) leading the way in 1957, planners hoped to create a sufficiently large airport to handle the projected loads of national and international travelers. This plan would eventually produce the Charles de Gaulle (CDG) Airport located approximately 12 miles north of Paris. As is often the case with the siting of controversial facilities, diffuse benefits and concentrated costs accompanied this national transportation plan: while the typical French citizen would gain faster access to a less congested airport, those citizens living close by the airfield would be stuck with the often unbearable burden of noise pollution.

State bureaucrats soon identified the area of Roissy-en-France, also known as the “Plains of France,” where the primary occupation was farming beetroot and wheat, as the primary site for the new airport. Local residents mobilized in the early 1960’s under the umbrella of the *Association de Défense Contre les Nuisances Aériennes* (ADVOCNAR), which militates to reduce the noise produced from airports, supporting efforts for “night caps” (which end evening flights) and other policies. This organization has fewer than 2,000 members nationwide. Those who lived in the neighboring town of Roissy-en-France, one of the largest towns close to the airport site, also formed the *Comité de Défense des Riverains de Roissy* (CDRR) to organize against the airport. These local residents felt that the difficult burden of constant exposure to more than 100 decibels of noise, even in the early morning and late night, was too much for their community to bear.

These entrepreneurial politics involved losers who were viewed as legitimate by the state, but could present only weak levels of demands. While the state initiated the siting process with the typical procedure known as the *déclaration d’utilité publique* (DUP), which allows *l’état* to expropriate land from unwilling landowners in the “public interest,” it chose not to do so

because it recognized local claims for assistance against noise as valid. In other issue areas where the state has not recognized claims from residents as legitimate, such as during the siting of nuclear power plants (see below), the state has utilized the full force of coercion and expropriation against unwilling local communities. In a further symbol of the state's view of local protestors as legitimate, the ADP developed a sophisticated public relations campaign that emphasized the Authority's efforts on behalf of local citizens, including the publication of a newspaper entitled *Entre Voisins* ("Among Neighbors") (Feldman and Milch 1982: 206).

While legitimate, demands from anti-airport French citizens were weak for two main reasons. First, because the externalities from airports are intensely focused on those houses and neighborhoods directly under the flight paths of airports, bringing in allies to anti-airport movements is often a difficult task. While local residents have to suffer from the clamor of jet engines, those even a mile away may hear almost nothing, and often have increased business as a result of the siting. Second, internal divisions weakened their ability to unify and present a solid front. As one scholar pointed out: "Some communities objected to the airport because they wanted to maintain a quiet rural life; others, to the contrary, objected to the airport because it would restrict their industrial growth by limiting building permits. This conflict was particularly acute between the leftist mayor of Roissy-en-France and the traditional Communist mayor of Goussainville (Feldman 1985: 43)." The largest rallies under the CDRR brought in around 4,000 participants, in contrast to far larger rallies by other social and civil society movements.

With weak demands but high legitimacy, local residents seeking compensation for the externalities associated with airports were somewhat successful in extracting resources from the state, receiving medium assistance for their losses. Rather than allowing only market value for voluntary sales of land, "[t]he Minister of Finance personally authorized payments at four times

estimated market value in order to avoid delays and political conflict” (Feldman and Milch 1982: 106). According to some reports, residents were paid at the rate of \$3,000 per acre of land. The state also sought to minimize land takings and gerrymandered the airport site to avoid taking individual houses and farmhouses wherever possible. Further, the state established organizations that would buy up properties of communities nearby that felt they were suffering from the most obvious externalities of the airport: noise pollution. The ADP converted its land acquisition headquarters into an “Office to Help Airport Neighbors,” which would purchase, and then destroy, the properties and houses in neighboring towns that complained about noise levels.

In the siting of the CDG airport, and later in the currently ongoing attempt by the state to site a third international airport in the Paris region, the combination of legitimate but weak claims from affected citizens has created a policy outcome of medium levels of assistance.

### **U.S. Workers Displaced by NAFTA: Minimal Assistance**

NAFTA, which passed in December 1993 and went into effect 1 January 1994, came about after months of heated debate. Organized labor, especially the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), fought especially hard to prevent the passage of NAFTA, seeing it as devastating for North American laborers. One report argued that NAFTA would “result in lower wages, fewer jobs, and generally reduced living standards for the majority of U.S. workers” (Faux and Lee 1992). Proponents of the bill regarded it as part of the inevitable progress towards more open and increased trade (which had already more than doubled between the United States and Mexico between 1983 and 1991), and as a way of lowering consumer prices and creating new jobs. Typical arguments for NAFTA were that “a natural fit exists between the high-tech, sophisticated U.S. economy and the low-tech, low-

productivity Mexican economy, and that any jobs the United States loses to Mexico will be at the low end of the spectrum” (Shaiken 2003).

Nonetheless, one consistent finding about the consequences of increased trade with Canada and Mexico has been the displacement of thousands of U.S. workers, whose jobs have been outsourced to foreign countries where labor laws and wages are lower. According to some estimates, over a seven-year period, from 1990 (several years before NAFTA) until 1997, the United States lost an average of close to 100,000 jobs a year due to trade with Mexico and Canada (Kessler 2004: 309). Analysts argue that proponents of NAFTA underestimated Mexico’s combination of developing country-level wages with advanced industrial sector capacity; “the result is that Mexican autoworkers receive about one-eighth the compensation of their U.S. counterparts even though productivity and quality sometimes exceed U.S. levels” (Shaiken 2003).

Thus NAFTA created a situation in which theoretically diffuse benefits (lower prices on consumer and durable goods, more jobs) focused costs on a few (displacement of workers in the textile and other often low-skill industries). Recognizing the potential political consequences for refusing to act publicly to assist those bearing the brunt of the externalities, President Bill Clinton “pledged new attention to displaced workers’ needs” (Kellam 1994). Before NAFTA, the two principal federal job-training outreach efforts were the Trade Adjustment Assistance (TAA) and Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA) programs. EDWAAA was created to assist workers who lose their jobs for any reason. To receive certification for the program, workers or their representative must actively petition the Department of Labor, which then investigates if: “1) a significant number of workers have lost their jobs or are threatened by job loss, 2) the company sale’s or production has decreased, and 3)

imports of articles ‘like or directly competitive’ have increased and ‘contributed importantly’” to these problems (Westin 2000: 7). In 1990, when approximately 40,000 workers lost their jobs, the Department of Labor, which holds jurisdiction over these retraining programs, spent approximately \$150 million on the program. Textiles, automobile, and electronic manufacturing sectors were the employers of most of the displaced workers (Kellam 1994).

In response to pressures from the opponents of NAFTA and in anticipation of thousands more displaced workers, the Clinton administration set up the NAFTA Transitional Adjustment Assistance (NAFTA-TAA) program. The NAFTA-TAA provides income and job retraining for individual workers who can demonstrate that they were laid off due to new imports from Canada or Mexico. Approximately 230,000 workers were certified by the Department of Labor in 1999 as meeting these conditions and hence qualifying to receive assistance from the government. These individuals represented a small percentage of the total number of individuals laid off over that period and around three-quarters of those who applied for certification from the government. Over the first five years of the NAFTA-TAA program (1995-1999), the government made benefits payments and program services to it and the pre-existing TAA worth an estimated \$1.3 billion, out of which approximately 15 percent of it (close to \$200 million) went specifically towards NAFTA-TAA (Westin 2000).

As can be seen from the price tag, actual compensation for increased trade has been minimal. The \$200 million is a pittance compared to the overall spending for other social welfare programs out of a budget of more than \$1.7 trillion. Workers who qualified could receive up to 78 weeks of cash payments (equal in value to state unemployment benefits) along with 104 weeks of training and some relocation allowances. Fewer than 1 percent of all workers used the relocation benefits, and most opted solely for payments, and not training or retraining.

In 1999, the average weekly benefits to workers displaced by NAFTA amounted to \$200 dollars, compared with national weekly average wages of close to \$450. Since the initial creation of these programs to assist workers displaced by increased trade, policies like the Federal-State Unemployment Insurance (UI) have been devolved to the state level, and many critics have argued that state lawmakers “won’t raise payroll taxes to replace the lost federal funding, forcing them to gut unemployment benefits and services” (Tanner 2003). The explanation for these minimal levels of assistance comes from the fact that the legitimacy of claims from NAFTA-displaced workers has been low, but the strength of their demands has been high.

The number of displaced workers – close to half a million Americans over a few years – in combination with political allies within the government (the Democratic Party soon rallied around the issue) and outside it (such as the AFL-CIO and other large interest groups) created strong demands on the American government from these potential losers. But in early Wall Street Journal/NBC polls of Americans done in 1992, close to 40 percent of respondents had no opinion at all on the NAFTA issue, reflecting both a lack of knowledge and interest.

Recent polls of North American citizens show that they are divided over the overall impact of programs like NAFTA, but the majority believe that the treaty would result in larger benefits for consumers (55 percent) (Weber 2006). One poll group concluded that “...Americans want to protect the jobs of workers but at the same time, they believe that free trade gives them more choices and cheaper goods and makes American industry more competitive. They approve of free trade policies in general” (AEI Studies 2003: 2). Furthermore, polls and research have shown that most do not support targeted benefits such as unemployment as much as they support health care and pension programs (Taylor-Gooby 1996). Citizens in North America prefer to hear that individuals are receiving “necessary” assistance such as Medicare, which is linked to

inevitable processes of aging and disease, as opposed to unemployment insurance, which they may link to individual choices made by workers. As a result, compared to other groups seeking assistance from the state, NAFTA-displaced workers, while large in number and able to bring in allies, have relatively low legitimacy.

### **French Nuclear Power Plant Siting: No Assistance to Losers**

In March 1974, responding to the oil crisis and a renewed call for energy independence, the French government declared its intention to go completely nuclear with the so-called “Messmer plan,” known popularly as *tout électrique – tout nucléaire* (all electric, all nuclear). In order to supply France’s energy needs indigenously, the nation needed to build close to 45 new reactors and had to find local communities to host those often-controversial facilities. Thus, a national energy plan become an entrepreneurial political situation, because to obtain broader benefits for the society at whole – domestically produced, theoretically cheaper energy for all citizens of the République – local residents living near nuclear power plants suffered from the focused costs, which include lower property values, fear of accidents, and the actual health consequences from mistakes made at the plant.

Drawing up lists of potential host communities across the nation, the government narrowed its list down to around 20 candidates. While some localities did not resist their host responsibilities, those that sought to either stall the process or gain compensation from the government for the externalities associated with nuclear power were disappointed and often shocked by the lack of assistance from the state. The French state used a variety of policy tools, including the limiting of information, police coercion and intimidation, and land expropriation, to ensure that local resistance would not sabotage national plans. Rather than wooing potential

host communities with promises of annual payoffs, as the Japanese government has done, the state has suppressed anti-nuclear resistance and sought to stymie attempts from local communities to gain allies in society at large.

From the beginning, anti-nuclear protestors had difficulty raising national consciousness and mobilization around the issue. Without events like Hiroshima, Nagasaki, and the Lucky Dragon to catalyze broader activities, local communities in France often only had the assistance of environmental groups, which further undermined their credibility. This was because marches, demonstrations, and rallies that involved large numbers of non-French (often German or Swiss) activists were painted as unpatriotic and non-local. Hence, from the outset, local communities had difficulty in bringing in allies and making their voices heard. Further, the state deliberately cast its opponents as irrational and holding back France's economic development, and sought to prevent alternative views on the issue from being heard. Claude Otzenberger's film *Les Atomes Nous Veulent-ils du Bien?* (Do Atoms Wish Us Good?), which questioned the push into nuclear power, was kept off of television stations by the state. Otzenberger explained that he was motivated to make the film because of the constant repetition by the Commissariat à l'Énergie Atomique (CEA) and Électricité de France (EDF) of overly simplistic and paternalistic reassurances about their nuclear facilities (*France Nouvelle* 18 November 1974). Similarly, the movie *Nucléaire, Danger Immédiat* (Nuclear Energy, An Immediate Danger) put out in 1977 by Serge Poljinsky was partially censored due to pressure from authorities.

Citizens within the town of Creys-Malville, targeted as a host for the fast breeder reactor (FBR) called the Superphoenix, encountered no help from the state in their protests; instead, they had to run the full gamut of obstacles to citizen participation and procedural transparency. When the first public inquiry on the proposed nuclear plant began, newspapers noted that no local

groups were consulted and that almost no citizens participated. Angered over being shut out of the process, a local anti-nuclear group succeeded in reopening the public inquiry, but construction work on facilities had already begun (*Libération* 29 January 1975). Local officials, despite the misgivings of the local populace, gave their approval for the FBR after visiting other EDF facilities and hearing of the enormous fiscal windfall of the *patente*. Further, EDF ran a large, daily local public relations campaign with assurances from Nobel Prize-winning physicist Louis Neel of the plant's safety.

With work underway, anti-nuclear opponents gathered in 1976 and 1977 for the largest recorded anti-nuclear demonstrations in France. As demonstrations grew strength, "guerilla" activities from smaller cells of more violent groups continued. On 9 July 1977, activists destroyed the apartment of Marcel Boiteux, the EDF's Director General. Estimates for the size of these demonstrations vary from as low as 20,000 to as high as 100,000. With Friends of the Earth as a core organizer, many of the participants came in from Germany. Although anti-nuclear leaders stressed from the outset that the rally would be nonviolent, radical elements seized the opportunity to engage state security forces. Soon, state strategies for responding to protest moved solely towards coercion. The police used violence to suppress the protests, killing one demonstrator, Vital Michalon, and wounding 100 others in what activists called a "cruel example of *électrofascisme*" (Colson 1977: 53). One activist pointed out that participants expected the casualties to be a "focal point" for future protests in which even non-activists in France would "wake up and say, Wow, they're killing us over nuclear power!" (Interview, 30 July 2004). Instead, the number of rallies against French nuclear power dropped dramatically, as did membership in anti-nuclear organizations across the board. A broad, French anti-nuclear coalition was able to sustain protest for less than eight years before it collapsed.

With few allies, low legitimacy, and weak demands, French communities resisting the hosting of nuclear plants have not been able to gain any redistribution from the state. Instead, when seeking to receive compensation for the externalities accompanying nuclear power, they have encountered policy tools designed to make it more difficult for them to mobilize.

## CONCLUSION

Drawing on interviews, as well as secondary and tertiary evidence, I have sought to capture both the strength of demands and legitimacy of potential losers across the above cases. Due to time and resource limitations, this paper has focused on putting forth a new hypothesis and, as such, draws primarily on four cases (from India, France, and the United States) with references to other, broader literatures in an attempt to provide supporting evidence for its argument. To ensure that these inferences are correct and that the hypothesis is supported outside this universe of cases, future scholarship should work to expand the cases under study along with utilizing additional techniques for gathering data. A larger scale, more systematic comparison of these factors should use a variety of measures, ranging from public opinion polls on these issues and groups to frequency and content analysis of government position papers and speeches, to better capture them in reproducible and replicable ways. Recent work on identity, for example, has suggested using a number of methodological strategies, including content and discourse analysis, polls, experiments, and computer-based modeling, and these suggestions would apply equally well to this branch of research (Abdelal et al. 2006).

Building on the strengths in the existing literature on compensation to potential losers, as well as using the four case studies, I have argued that both the strength of demands from negatively affected groups along with the legitimacy of those groups in the eyes of the state play important roles in assistance levels. Contrary to folk wisdom, governments do not provide blanket compensation to groups suffering from the costs of entrepreneurial political decisions. Even where costs are concentrated on a group and benefits distributed widely, despite economic theories predicting redistribution to losers, not all of those who suffer disutility receive compensation.

Instead, as seen strongly in the case of Indian textile producers, those groups who hold both high legitimacy and present strong demands end up with the deepest support from the state. Groups that have high legitimacy in the minds of decision makers, but only weak demands, such as the local residents near the CDP airport who protested against the siting of the new international facility in their backyard, received medium levels of assistance. Those negatively affected by policies and able to muster many allies but holding low legitimacy, as in the case of NAFTA-displaced workers in the United States, received minimal assistance. Finally, those groups that were simultaneously illegitimate in the eyes of the state and unable to mobilize larger coalitions, such as anti-nuclear protestors in French communities, ended up with almost nothing. Coalition forming, framing, and other strategies prove to be critical in the process of extracting resources from the state, even when the group is the recipient of focused externalities.

More broadly, the processes of globalization, in which the exchange of goods, services, information, and population among nation-states has increased rapidly, set off a series of debates among policy makers and citizens alike about the effects of new economic pressures on workers and industries. Social scientists investigating the issue emphasized the ways in which states intermediate between market pressures and home markets, in many cases seeking to diffuse negative impacts on citizens (Katzenstein 1985; Vogel 1996). While some have envisioned liberalization and the possibility of reducing armed conflict (Bussman et al 2005), others recognize the pressures of trade liberalization and open markets creating large numbers of “losers.” For example, several provinces in Atlantic Canada – New Brunswick, Newfoundland, Prince Edward Island, and Nova Scotia – did, in fact, experience a decline in trade with other nations once NAFTA came into effect (Desjardins 1997: 113 - 16). This paper has illuminated the ways in which even losers may be disadvantaged a second time – either because of a lack of

broader legitimacy, or an inability to mobilize assistance – and end up facing externalities with no assistance.

Davis (2003: 12 - 13) points out that overall distribution to farmers in advanced industrial democracies declined between 1986 and 1999. With states facing new pressures, and the rhetoric of globalization continuing, the legitimacy of demands even from powerful groups may be in monotonic decline. The future may find even more losers seeking, but not receiving, assistance from the very organization that brought upon them their new unfortunate circumstances.

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