

Chapter 8 *The Power of Organized Interests: What economics can tell us about politics*

Key Terms

Prior to reading the text, it might be helpful to look up or be familiar with the following words. They will be used in the context of the reading.

- Antiglobalization
- Trade
- Pork-Barrel
- Inefficiencies
- Prediction
- Legislate
- Earmarks

Guiding Questions

1. What is the history of mohair farmers being subsidized by the Federal Government? Describe how does the author use this example to illustrate how politicians make decisions.
2. How are Presidential campaigns in Iowa related to the cultivation of corn for ethanol in our fuel?
3. What does the author mean by the statement, “When it comes to interest group politics, it pays to be small” (Wheelan, 179).
4. What examples can you find that support the author’s claim that little inefficiencies disrupt the basic function of a market economy?
5. What explanation do you have for the growth in teacher or manicurist needing licenses?
6. Describe the difference between using the political process to build a safety net for those harmed and using it to stop creative destruction in the first place.
7. Discuss the pros and cons of earmarks.
8. How would you explain why our growing knowledge of public policy does not always translate into a perfect world?

Other Resources

Public Policy-Planet Money: *Me and Mr. Jones*:

<http://www.npr.org/blogs/money/2014/03/12/289116345/episode-524-me-and-mr-jones>

Organized Interests- Planet Money: *What a 16th Century Guild Teaches Us About Competition*:

<http://www.npr.org/blogs/money/2012/03/27/149484066/the-tuesday-podcast-what-a-16th-century-guild-teaches-us-about-competition>

- This Podcast is long at 30 minutes but well worth the time.

Barriers to Trade- *East Bound and Down*:

<http://www.criticalcommons.org/Members/oroark/clips/eastbound.mp4>

Pork-Barrel Spending- ABC 20/20: <http://www.criticalcommons.org/Members/fsustavros/clips/stossel-macro-14-pork-barrel-spending>

Public Policy- Planet Money: *Six Policies Economists Love (and Politicians Hate)*:

<http://www.npr.org/blogs/money/2012/07/18/156928675/episode-387-the-no-brainer-economic-platform>

Planet Money: *Why It’s Illegal to Braid Hair Without a License*:

<http://www.npr.org/blogs/money/2012/06/22/155596305/episode-381-why-its-illegal-to-braid-hair-without-a-license>