

Thomas Ferguson's



# Golden Rule

The Investment Theory of Party  
Competition and the Logic of Money-  
Driven Political Systems



# Basic Premise

According to Thomas Ferguson:

As part of the voting population—

You have no political power!

Why not? Who Does?

# Who can afford politics?

electorate vs. business interest

Why businesses are better equipped:

- Policy information comes naturally
- Economies of scale
- Power structures
- Institutional memory



# Anatomy of Power

## The Industrial Bloc

- Capital-Intensive
  - Internationalist
- Vs.
- Labor-Sensitive
  - Nationalist

# Class-Conflict

## Labor-Sensitivity by industry:

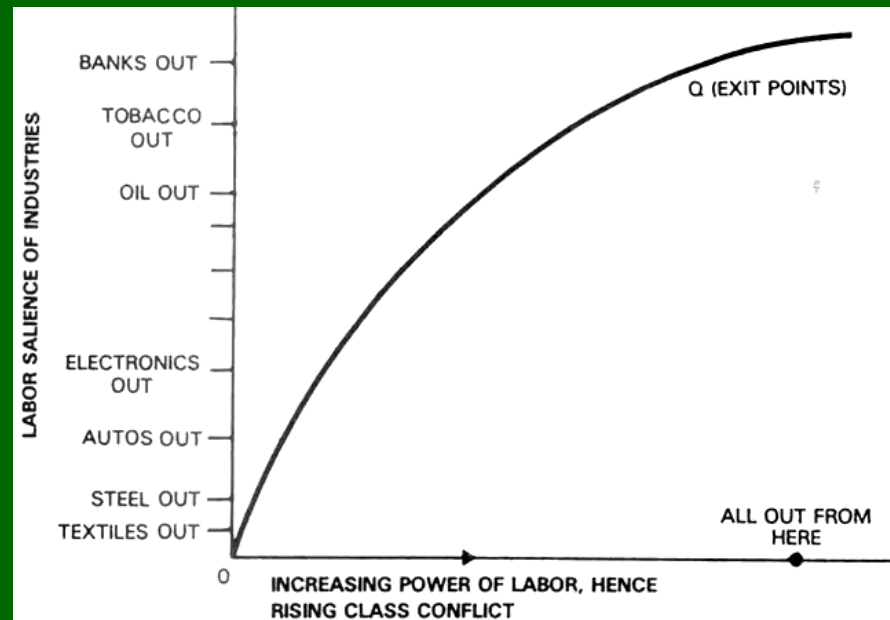
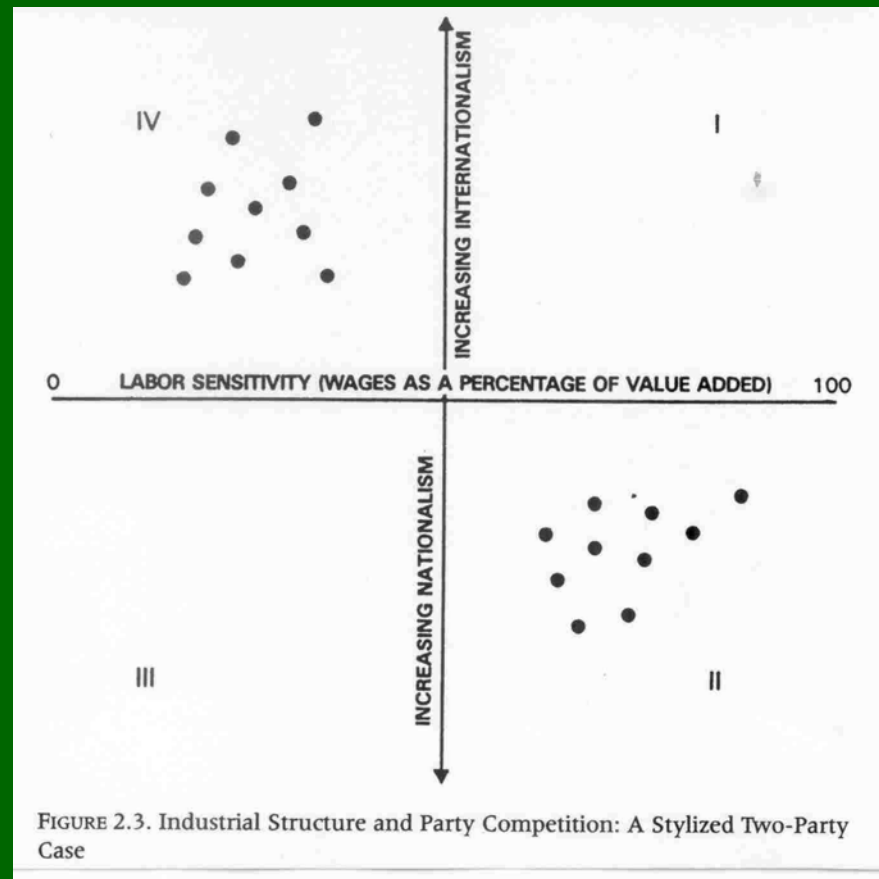


FIGURE 2.1. The Labor Constraint: Industries Vary Widely in Their Sensitivity to Labor

# Party Competition



# Bloc of '96

## Labor-Sensitive and Nationalist

Resulting Policy:

- Anti-Union
- High Tarrifs
- Quotas
- Government Intervention

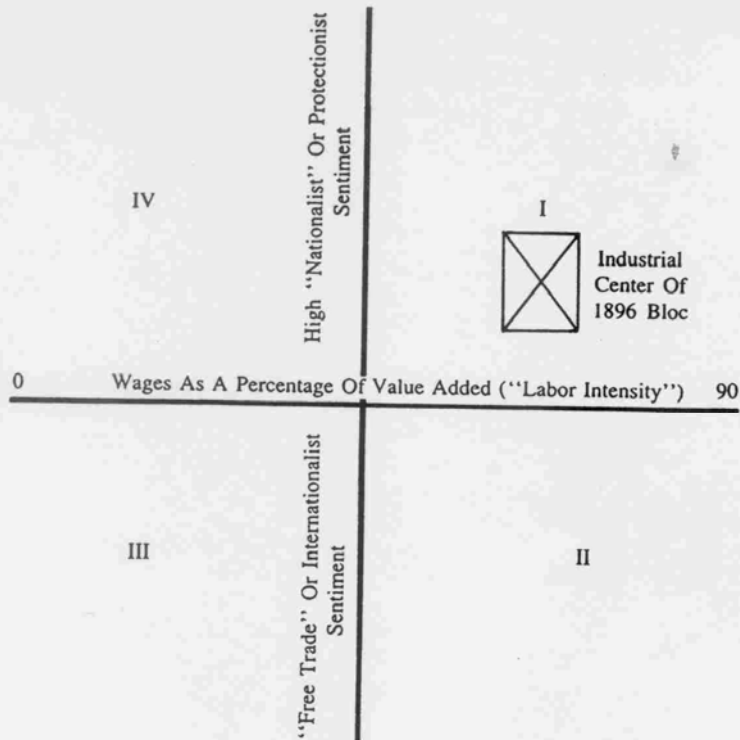


FIGURE 1.1. The Industrial Structure of a Party System: An Idealization of the "1896" Case

# Rise of the Multinationals

Shifts in Economy = Shifts in Power

Post WWI:

- From net-debtor to net creditor
- New technology, new business

New business interests = New industry bloc  
capital-intensive internationalists

# How power = policy

Nationalist v.  
Internationalist  
Interests:

The Duponts

- Income tax vs. Alcohol tax
- Rebuild Germany vs. Patent Ownership

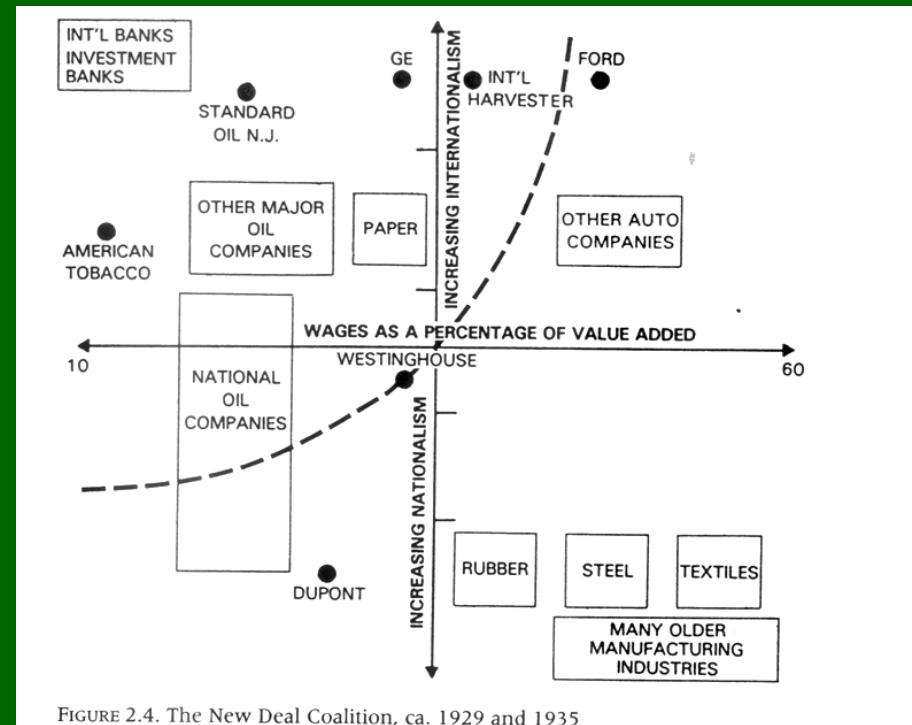


FIGURE 2.4. The New Deal Coalition, ca. 1929 and 1935

# Bob Dole: Anatomy of a Loser

## Senate Record Base

- Anti-Deficit = Bankers and Insurance Execs
- 'Friend' to Israel = Export Oriented Farmers
- Private Hospital Chains & Service Industry

## Political Maneuvers:

- Burden Sharing = Real Estate Interests
- Pro INF Treaty, Anti-Everything else = Oil

## Fatal Misstep:

- Protectionism = Textile Interest in South

# Win an Industrial Bloc

What does the US look like today?

Labor-Sensitive Nationalists:

- Subsidies, tariffs, quotas
- Government intervention?

Capital-Intensive Internationalists:

- Free Trade
- Electorate friendly policies



# Questions/Comments\*

\*Or why Thomas Ferguson and his theories Suck