

Bootleggers and Baptists: How Economic Forces and Moral Persuasion Interact to Shape Regulatory Politics, ADAM SMITH AND BRUCE YANDLE. 2014. Washington, D.C.: Cato Institute. ISBN 978-1-939709-36-3. \$24.95.

Bootleggers and Baptists is a colorful metaphor that may spark perhaps some religious connotations. However, it is just a colorful metaphor that describes the regulatory process in the United States that some people may deem as a burden. This book describes the dichotomy between the demands of the progressives to demand bigger government to solve problems versus the conservatives that believe bigger corporations is the way to go. This book attempts to answer the following question: where do economic regulations come from? Typical citizens would automatically presume the regulation would be promulgated by the actions of the President or Congress. However, the authors contend that the answer is more complicated than that. In economics textbooks, the general notion for the development of regulations is the correction of market failures. However, the authors argue that promulgation of regulations is caused by, and further shaped by, a combination of two distinct groups: Baptists and Bootleggers. This distinction between the Bootleggers and Baptists was espoused some 30 years before the publication of this book. In 1983, Bruce Yandle published an article in the journal, *Regulation* that distinguishes between these two groups. Yandle noted that public policies tend to be supported by “bootleggers,” who saw their incomes increase as a result of a particular policy (as bootleggers did under Prohibition and under Blue Laws), and “Baptists,” who supported public policies for moral reasons (Baptists tended to support prohibition and Blue Laws because they believed that alcohol was bad).¹

The authors contend that these two groups are often at the source of the call for economic regulations, and how these regulations should be developed. From the standard public choice theory, special interests (the bootleggers) would influence the politicians and the regulators via campaign contributions and further their interests through the use of lobbyists. After receiving these influences, the regulations would be promulgated often in their favor. Alas, the costs of these regulations are dispersed over millions of people that the people who would hardly know its impacts at times. While reading this book, some readers may wonder including me how it is either big corporations or small special interest

groups can gain or influence political influence when the rest of the public struggle to be heard. The concepts presented, along with easy to follow examples, such as Troubled Asset Relief Program (TARP), the Affordable Care Act (ACA) or commonly known as Obamacare, helps increase anyone's understanding of how our political system works.

Adam Smith and Bruce Yandle argue that successful regulation sometimes requires “a respectable public-spirited group seeking the same result [to] wrap a self-interested lobbying effort in a cloak of respectability” (p. viii).

The authors describe four strategies which Baptists and Bootleggers often adopt to advance their self-interests:

1. **The covert strategy.** A Bootlegger lobbies vigorously for a policy but adopt the stance and rhetoric of a Baptist are adopted. A good example to illustrate this: trade restrictions are sought by an industry as a means to protect consumers from low quality goods imported from abroad. The outcome of this stance results in reduced competition and higher prices passed onto the consumers.
2. **The non-cooperative strategy.** Given a division within one of the groups, one party to that division allies with the other group. For example, an industry characterized by new and old technologies might see new technology firms ally with a Baptist group to address the social ills that still exist in the older firms.
3. **The cooperative strategy.** Baptists and Bootleggers united in a direct common cause. A good example would be the political alliance of large retailers, large insurance firms, unions, and health-care activists to support the Affordable Care Act (ACA). The ACA promised greater access of health-care to everyone. Consequently, this expanded healthcare coverage becomes quite profitable for these firms.
4. **The coordinated strategy.** This strategy requires a third party, usually via political leadership, to form a political coalition as a means to bring the groups together. As an example, President Clinton brought the housing industry and home ownership activists together to pressure other groups to change the lending standards as a means to increase homeownership in the United States.

The authors delve deeply about the derivations of their motivations and their incentives of the Bootleggers and the Baptists. As discussed in the

book, the explanations for the Bootleggers can be attributed to the Public Choice theory as espoused by Gordon Tullock. On the other hand, the explanations for the actions of the Baptists are a bit more complicated, and the explanations have covered the auspices of economic thought ranging from Adam Smith to Richard Dawkin's theory.

The first half of this book delves into an enlightened discussion about the Bootleggers and the Baptists and their interests. The authors, then, supplement this discussion with case studies in the second half of the book. The case studies revolve around the regulations of alcohol, tobacco, and drugs, but then present an overview of the climate change regulations, the Troubled Asset Relief Program (TARP), and the Affordable Care Act. These case studies provide a good supplementary balance of the discussion in the first half of the book. The readers will gain quite a view of the regulations passed and how they came about.

After reading this book, readers will gain a greater understanding how this process works and clearly see the problems of the current system. Many readers will have a greater disdain towards this present system. That is, knowing the workings concerning how the system works would lead readers to know that alterations of the current practices are necessary as a means to create a representation in law-making in the United States. In other words, the government is created to beholden to its citizens and not the reverse as revealed by this eye-opening book. Given the benefits or at least some benefits received by the Bootleggers and the Baptists, readers may develop a greater disdain towards this process and may even wonder if this present system will ever change. Now the latter begs the question, given the benefits received by such interests, can the present system ever be reformed, especially with the arrival of the Trump Administration?

BRIAN W. SLOBODA

*University of Phoenix
School of Advanced Studies
Center for Management and Entrepreneurship*

References

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