

Controverting Expectations: New Empirical Evidence on Congressional Lobbying and Public Policy

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Abstract

Based on a large-scale interview-based study of 98 randomly selected cases of lobbying in Washington from 1999 to 2003 (reported in Baumgartner et al. 2009), we found virtually no impact of money on outcomes. This is because the huge business and corporate bias that permeates Washington is already built into the policies of the status quo. Lobbying, it is important to remember, is generally about changing the status quo. The accumulated power of wealth, corporate organizational strength, and other factors keeping some actors out of Washington and giving others multiple and louder voices in the process is already reflected in the fabric of the status quo: they are “baked into the cake.” For reforms to have a significant impact, they should focus on who is at the table, not only on what they do once they are there. We found the biggest impact of money when we looked at the huge disjuncture between the concerns of the public and the activities of Washington lobbyists. The lessons of our large scale project seem to be to pay more attention to who is at the table rather than on regulating what they do once they are there.

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Money, Power, and Outcomes

In *Lobbying and Policy Change: Who Wins, Who Loses, and Why* (Baumgartner et al. 2009), we documented some surprises.¹ Others at this conference will lay out the state of play relating to money and access in Washington. My goal here is simple. I will attempt to explain the empirical surprises that we encountered, and how we made theoretical sense of them. They do seem to have important potential consequences for any efforts to establish new regulatory structures on lobbying and campaign contributions.

Our Study

First, let me explain the nature of our study. Of course, more is explained in our book and for more detail I refer readers to that as well as to the web site where we documented the substance of each of our cases: <http://lobby.la.psu.edu>. The gist of our approach was that we wanted to improve on previous studies by making sure we based our project on: 1) a large scale analysis of particular cases of lobbying, not generalizations about the process in general; 2) a random sample of issues, therefore including highly salient and conflictual ones as well as smaller-bore issues attracting little attention, and covering the range of policy domains, not limited to any particular issue-area such as health care, transportation, or defense. In order to do this we adopted this methodological approach:

First, we drew a random sample of lobbyists based on the number of lobby disclosure reports they filed in a recent time period. We weighted our sample by the number of reports.

While not necessarily accurate to the n th decimal place, this method assured that we selected the most active lobbyists with higher probability than relatively inactive lobbyists.

¹ This paper is purely drawn from a book coauthored with four colleagues, as indicated. Any published version of this paper will be done with five co-authors, not only in my name. I have simply summarized the argument and findings of the book in order to fit into the theme of the present conference. The study on which this paper is based is a collective effort among the five co-authors and a large team of student workers as well. I thank them all.

Second, we asked them to identify *the most recent* issue dealing with the federal government on which they had been active. Thus, if a huge lobbying frenzy was taking place and thousands of lobbyists were working on a particular issue, then this issue was highly likely to fall into our sample. On the other hand, we took the most recent issue the lobbyist had been working on, no matter what it was. The result is a random sample, not of public policies, not of policy changes, but of the *objects of lobbying activity* in Washington.

Third, we used snowball sampling techniques to interview leading organizations or individuals (inside and outside of government) that were also active on that issue. Here, we attempted to interview a leading group reflecting each perspective or point of view on the issue. In our terminology, each *issue* was made up of several competing *sides*, each of which might have a number of *major actors*. We sought interviews with a leading actor for each side in our project, and in all we conducted 315 interviews.

Fourth, we identified *every* major actor on each side. Using publicly available information including FEC reports, lobby disclosure reports, business directories, and a full search of newspaper and organizational websites, we gathered information about every major actor involved in each of our issues. In all we identified:

- 98 issues, ranging from high salience issues such as President Clinton's Permanent Normal Trade Relations with China to very narrow issues such as efforts to promote American production of recreational marine craft (e.g. yachts).
- 214 sides, typically just one side representing the protectors of the status quo and one seeking a policy change, but sometimes involving several efforts to achieve different outcomes. We defined a "side" as a group of actors seeking to achieve

the same policy outcome. Note that we did *not* require members of a side to work together or to form a formal coalition. (Typically they did, but not always.)

- 2,221 major actors. About 60 percent of these actors were what are considered interest groups or outside lobbyists. These range from corporations to trade associations to citizen groups, etc. About 40 percent of our major players, however, were government officials themselves. We studied only “advocates” however, excluding any “neutral” government decision makers. That is, if the issue dealt with attempting to convince a committee chair to accept an amendment, we did not count the committee chair as an advocate; they would be a “neutral decision-maker” in this case. We found very few such actors. Generally, lobbying “sides” were made up of mixtures of government and outside actors working closely together to achieve a shared policy goal.

With this empirical base, we then followed our issues through the end of the Congress when we did the initial interview, and for two additional years after that, through the end of the subsequent Congress. Our simple question was whether the policy change under consideration ever occurred. We found, overall, across the 98 issues that 58 cases showed no change; that 13 saw marginal changes; and that 27 cases saw significant policy change.

Knowing whether change had occurred, what the goals were of each side participating in the issue, which actors made up each side, and what material resources or government offices were controlled by each actor, it was then a very simple matter to correlate material resources with outcomes. This led to some surprises, which are the focus of the next section.

Money Does not Buy Outcomes

While we addressed this question in a number of ways in the book, the simplest presentation is perhaps the most convincing. Table 1 shows the correlations among various indicators of material resources and four different measures of getting the policy outcome one wants. The results are terribly disappointing to those who would assume that wealthy interests can walk into the Washington offices of our elected officials and lay down their demands.

Table 2 shows the same information, this time not for individual actors but for the aggregated “sides” which all seek the same outcomes. None of the correlations rises above 0.17, and a large majority of them is statistically insignificant.

Table 3 poses an even simpler test. It asks, for each type of material resources that might potentially matter to a lobbying group, whether the side with more of that resource won. Numbers range from 45 percent of the time to 56 percent; clearly, the rich do not always win.

(Insert Tables 1 to 3 about here)

Why Don't the Rich Win?

There are two reasons for the surprise in our findings. First, “sides” are heterogeneous. And second, lobbying is about change, not establishing policy from a blank slate. Therefore, for any given lobbying episode, if we assume that “power” is already reflected in the status quo policy, then the question for government officials is whether that bias should be pushed further in favor of those already advantaged, or perhaps pulled slightly away from them. This section addresses both ideas in order.

Heterogeneous Lobbying Sides

If lobbyists, like wolves, work in packs, we need to know the structure of those packs. Do the wealthy ally only with the wealthy, or is it common for groups strong in one type of resource

(say, membership) to work in concert with organizations that have greater amounts of some other resource (say, corporate sales, or hired lobbyists on staff). Table 4 shows the correlations, across 16 different indicators of control of material resources, between the amount of that resource controlled by any individual lobbying organization in our study and the *combined resources of all of that group's allies*. That is, if Group 1 is part of a side with three other groups (Groups 2, 3, and 4), the table shows the correlation between the resources of Group 1 and the sum of the resources controlled by Groups 2–4.

(Insert Table 4 about here)

Table 4 shows one simple reason why we see a low correlation between the resources associated with individual lobbyists and their ability to get what they want in Washington: they do not lobby alone. Given that the highest correlation in Table 4 is 0.30, it is mathematically impossible to see any correlation higher than that between individual advocate resources and outcomes. That is, even if the wealthier side always won, the wealthier individual lobbying groups would not; the correlation could never rise higher than those listed in Table 4. Of course, we know from the previous tables that the wealthier side does not always win. But the figures in Table 4 lay out what may be some surprising mathematical facts; wealthy advocates cannot always come out on top, because lobbyist coalitions tend not to be homogeneous with respect to the material resources controlled by individual groups.

Change v. Levels of Public Policy Advantage

As important as the foregoing explanation of the puzzle of limited impact of material resources may be, it is not the most important reason. The more important reason by far is the simple logical fact that lobbying rarely involves creating a public policy out of whole cloth. Rather, it

reflects the efforts of advocates inside and outside of government to inflect an existing public policy in one direction or another.

Assume for a moment that the existing state of public policy reflects the accumulated efforts of lobbyists and others to establish an advantage over many previous iterations of the policymaking process. That is, through differential mobilization and access, farmers have achieved preferential treatment of their interest as reflected in low tax rates for their property, subsidized training programs through agricultural extension programs, and government funded efforts to promote agricultural exports, to pick some policies at random. Let us further assume that at some point in time an advocacy organization or public official seeks to draw back, or reduce, one of those preferential policies. Lobbyists on both sides will mobilize, but the policy itself would not have been enacted in previous years if there had not been support for it. Therefore we cannot assume that an attack on an established benefit will be successful. What we are looking at now, however, is an effort to *change* a policy, not one to *establish* one.

If policy reflects power, then change in policy would reflect change in power. But change in power is quite different from power itself. For any given policy area, at any given time, it might be that the most powerful side loses a little power, or that it gains power. Of course it is possible that over time the differences between rich and poor only continue, progressively, to grow farther apart. In that case, we would expect to see the wealthy tending to win most of the time in their lobbying efforts. In the short term, however, it is more likely that *changes* in power are not significant. Therefore, it is not likely that one side or the other would *systematically* be on the winning side of the policy process. After all, if the wealthy side really needed or wanted a given policy benefit, why did they not achieve it 20 years ago?

So our main explanation for the lack of effects of resources on lobbying success is that lobbying success is not the same as policy success. Resources may well be related to policy success. Boeing sells lots of expensive material to the US armed forces; this is a massive policy success. But in a given debate about whether to increase or decrease the degree of that benefit, from year to year, we cannot conclude that the ability of a group to achieve initial success will lead to continued improvement in its position. If they reached their equilibrium value in extracting goods from government, then changes from this equilibrium should be random, not systematic.

What are the implications of this? Our study simply points out that we should consider resource advantages to be related to policy advantage. But lobbying is about changes in policy, and so logically it should be related to changes in lobbying resource advantage. As I will discuss below, it may also be related to the degree to which one might expect those currently advantaged to fight against reforms to the lobbying and campaign contribution regulatory system that might take away this advantage. We would not be interested in making changes if we did not expect that they would affect policy outcomes.

The Priorities of the Washington Power Community v. Those of the American Public

Our study has been often misunderstood, I think, to suggest that money is not important; that is not our view. But money will not affect lobbying outcomes in the way that it may sometimes be assumed, based on what might be called “seat-of-the-pants” or “common-sense” expectations. The problem may not be so much what lobbyists are doing, but rather, to paraphrase an elected official quoted by Kay Schlozman and colleagues (Schlozman, Verba, and Brady, 2012) to pay attention to which interests are “at the table,” as compared to those that are “on the menu.” The

key elements in the huge bias that affects the Washington policy process relate to whose voices are amplified multiple times and whose voices are simply not heard. Those not present in the Washington community cannot protect themselves when their concerns are being trampled.

It is difficult to design a research project to establish a comparison of the wants and values of the American public and those of the Washington lobbying community. However, our project, based on 98 randomly selected issues which were the objects of lobbying, provided at least an opportunity to shed some indirect light on this question. The 98 issues came from all sectors of American public policy. We classified each issue based on the same list of topics as used in the Policy Agendas Project (www.policyagendas.org), which gathers and makes available comprehensive datasets about US federal government activity since 1947. This allows us to compare what might be called the “lobbying agenda” (that is, the set of issues of concern to lobbyists) with other agendas. Table 5 compares the lobbying agenda with the public agenda (measured by responses to the question, what is the most important problem facing the country?), and different measures of the congressional and presidential agendas. All data refer to values averaged for the 1999 to 2003 period when the fieldwork was conducted for the lobbying project.

(Insert Table 5 about here)

The lobbying agenda is 21 percent about health care. Health care relates to about nine percent of congressional hearings, three percent of all public laws, nine percent of statements in the State of the Union; and about eight percent of Americans listed health care as “the most important problem” facing the country. When we look further into what issues relating to health care we see on the lobbying agenda, the vast disjuncture between the lobbyists’ agenda and that of the public is even clearer. The public, of course, is concerned with access, quality, and cost. Lobbyists are interested in reimbursement rates for various medical professionals in the

Medicare program. It is certainly understandable that much lobbying occurs on relatively esoteric items, such as reimbursement rates to teaching hospitals which also provide graduate medical education, that is of little concern to the general public. Therefore, it is important not to make too much of the simple comparison laid out in Table 5. There is no reason why lobbyists should be working only on those issues of greatest concern to the average citizen. Much of the stuff of government, after all, is not of much interest to the average American. (See the differences in the public agenda with the list of topics on which congressional hearings take place; these are not highly correlated either, as Congress routinely has hearings on routine oversight topics not currently considered the “most important problem” facing the country even by those committee members investigating them.)

Nonetheless, the stark differences in interest between the public and the Washington lobbying community make clear that certain interests would benefit from at least being at the table. Consider that the greatest concern of the public was crime, followed by unemployment and the state of the economy. Very few lobbyists worked on crime, and certainly not from the perspective of those citizens who live in neighborhoods with the greatest crime problems. And, search as we might, we found not a single lobbyist in our sample or 2,221 advocates busy in Washington over a four-year period whose main focus was fighting against unemployment. The plight of poor Americans, those without jobs, those falling behind on their mortgages, was completely absent from our sample and is virtually absent in the Washington lobbying community in general.

The data from Table 5 relating to public concerns and lobbyists are laid out graphically in Figure 1.

(Insert Figure 1 about here)

Figure 1 lays out the stark differences between the concerns of average Americans (in the dark bars) and the areas in which lobbyists are active (in the light bars). Whereas members of the public report their greatest concern for crime, the state of the economy, the threat of war / terrorism, education, and health care, the lobbyists are active in the areas of health care, the environment, transportation, communication technologies, national security, banking, and foreign trade. Of the top seven areas of activity for the lobbyists, the figure shows only one of these (health care) is a top concern among members of the public. And some topics that register with the public, such as civil rights, are completely absent from the lobbying agenda.

Implications

Our extensive study of lobbying across a random sample of issues led to some results that surprised even us. But after hundreds of interviews and years of data collection we could not find that smoking gun that many seem to expect linking money to outcomes. We think the reason is that it will not be found as long as we seek to establish a link between lobbying and policy change. Rather, the link is much more basic. It has to do with which concerns are represented in the halls of government, which ones are vastly over-amplified because they mobilize powerful corporate interests who hire hundreds of lobbyists as well as PR firms capable of generating “grass roots” campaigns to protect their interests, and which social groups are either completely absent or speak only with a muffled voice. While we can hope (and our study indicated some reason to believe) that elected officials would themselves take it upon themselves to represent those who do not have powerful lobbying actors speaking for their interests, it is important to focus attention on lobbying reforms that would have the impact of amplifying the voice of those currently absent from the discussion.

Many forms of campaign finance and lobbying regulation reform will be discussed in the near future. The results of our study suggest that we should not expect to break a short-term cycle between lobbying power and policy change. There is not much of a short term linkage to break. But the reason for the lack of a short-term connection is that the long-term connection is already “baked into the cake.” There are many reasons to seek greater transparency in lobbying and campaign finance. For example, it might reduce corruption, allow legislators to spend more time on policy and less on fund-raising, and it might reduce the amount of access that can be purchased by the wealthiest interests, among other things. These are themselves sufficient reasons to desire reform. But to the extent we want to justify these reforms in terms of policy impacts, then the only reforms that are likely to have very powerful effects would be those that change the distribution of who is at the table, or reduce the degree of distortion currently in the system. The two types of distortion that matter most are: a) the complete or virtual absence of voice of those with fewest resources; and b) the orders-of-magnitude amplification of voice of those with the greatest resources. Changes of this nature will have a significant impact on “who is at the table” as compared to “who is on the menu” as policymakers consider changes to laws that affect us all.

References

- Baumgartner, Frank R., Jeffrey M. Berry, Marie Hojnacki, David C. Kimball, and Beth L. Leech. 2009. *Lobbying and Policy Change: Who Wins, Who Loses, and Why*. Chicago: University of Chicago Press.
- Schlozman, Kay Lehman, Sidney Verba, and Henry E. Brady. 2012. *The Unheavenly Chorus: Unequal Political Voice and the Broken Promise of American Democracy*. Princeton, NJ: Princeton University Press.

Tables and Figures

Table 1. Money and Power: The Correlation between Advocate Resources and Outcomes

Correlation of resources with outcomes	PAC \$	Lobby spending	Covered officials	Association Assets	Members	Business Assets	Business?
Initial status quo win	-.03	-.02	.03	-.05	-.09*	.07*	.08*
Initial outcomes index win	-.04	-.03	.05	-.02	-.05	.06	.06
Status quo win in subsequent Congress	.01	.01	.06*	-.01	-.08*	.07*	.07*
Outcomes index win in subsequent congress	-.01	-.01	.03	-.01	-.04	.05	.05

N=1,242 * = p < .05. Cells entries are Spearman's rho coefficients.

Table 2. Money and Power II: The Correlation between Side Resources and Outcomes

Correlation of resources with outcomes	PAC \$	Lobby \$	Covered officials	Members	Association Assets	Business Assets	Low-level allies	Mid-level allies	High-level allies
Initial status quo win	.05	.04	.07	.07	.10	.07	-.13	.14	.11
Initial outcomes index win	.05	.03	.13	.06	.11	.08	-.08	.12	.06
Status quo win in subsequent Congress	.08	.07	.11	.01	.10	.09	-.08	.17*	.12
Outcomes index win in subsequent Congress	.07	.06	.06	.04	.10	.10	-.05	.16*	.04

N=191 * = p < .05. Cells reflect Spearman's rho correlation coefficients.

Table 3. Issue Outcomes: The Richer Do Not Always Prevail

Type of Resource	Percent of issues where the perspective with greater control of this resource gained its preferred outcome	Number of issues
Mid-level government ally	56% ns	55
# of covered officials lobbying	55% ns	40
Association financial resources	55% ns	64
Membership	53% ns	64
Lobbying expenditures	52% ns	64
Business financial resources	48% ns	37
Campaign contributions	47% ns	64
High-level government ally	45% ns	31

ns = not statistically significant

Cell entries are the percent of issues in which perspective with the greatest amount of that type of resource achieved its policy goals. N varies because not every issue had multiple perspectives and in some issues, none of the perspectives used that type of resource. Cases are included in the table if *at least one* perspective controlled the resource. For example, there were 31 issues in which at least one of the perspectives had high-level government allies, and the perspective that had more of them got the outcome it wanted 45 percent of the time. Issues where no side had any high-level government allies are excluded.

Table 4. Correlations Among Individual Resources and Those of Allies

Type of Resource	Correlation between Individual and Allied Resources
Annual Sales+	.26*
Annual Income+	.24*
Number of Employees+	.23*
Lobbying expenditures+^	.16*
Number of former officials lobbying +^	.13*
PAC Contributions+^	.22*
Membership Size^	.05
Organizational Assets^	.11*
Organizational Income^	.13*
Annual Budget^	.22*
Total Staff Size^	.22*
Index of Organizational Resources^	.14*
Index of Corporate Resources+	.30*

N = 1,258 for all correlations. * $p < .01$; + measure available for corporations; ^ measure available for organizations.

Note: The table shows the correlation among each of 13 separate indicators of material resources controlled by each individual organization or corporation with the aggregated resources of the same type controlled by all other organizations in the same perspective.

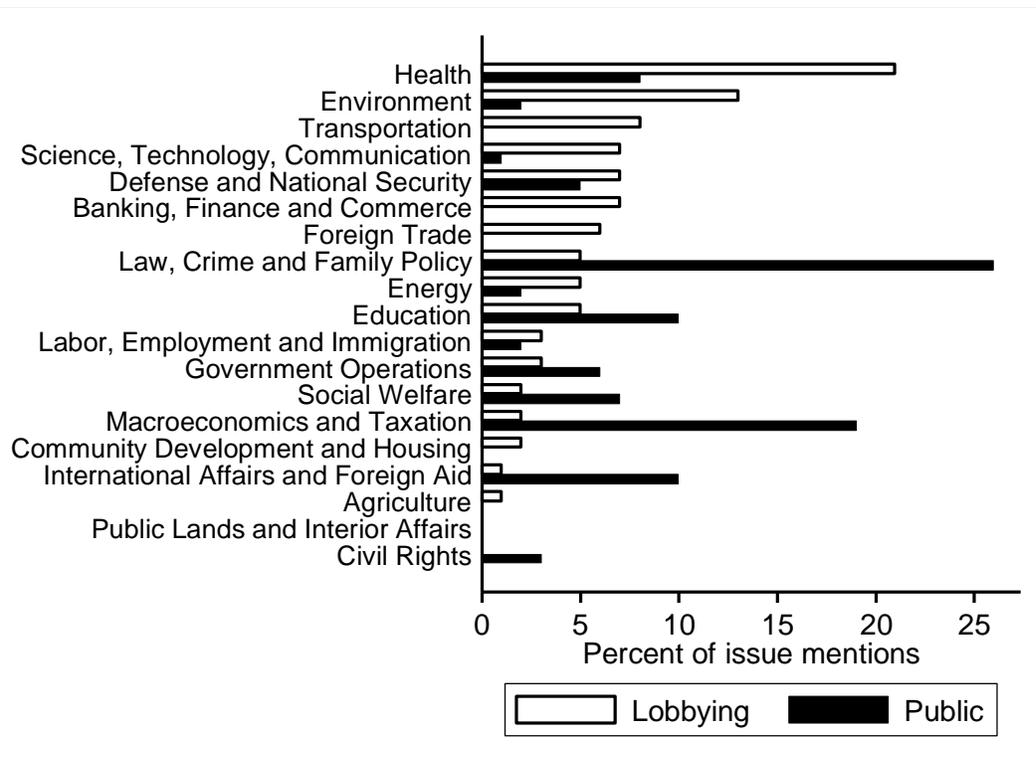
Table 5. The Lobbying Agenda Compared to Other Agendas

Policy topic	Lobbying issues in sample	Congressional hearings ^a (%)	Laws ^a (%)	Statements in the state of the union speech ^a (%)	Public opinion ^{a,b} (%)
Health	21	9	3	9	8
Environment	13	5	4	3	2
Transportation	8	5	3	0	0
Science, technology, and communication	7	5	2	3	1
Banking, finance, and commerce	7	8	4	1	0
Defense and national security	7	7	6	5	5
Foreign trade	6	2	2	3	0
Energy	5	4	1	1	2
Law, crime, and family policy	5	6	5	8	26
Education	5	4	2	12	10
Government operations	3	12	19	1	6
Labor, employment, immigration	3	4	4	6	2
Macroeconomics and taxation	2	3	1	12	19
Social welfare	2	2	1	9	7
Community development and housing	2	1	1	1	0
Agriculture	1	3	2	1	0
International affairs and foreign aid	1	11	5	18	10
Civil rights	0	2	1	4	3
Public lands and interior affairs	0	8	32	2	0
Total <i>N</i>	98	5,926	764	1,113	

Note: The table displays the distribution of our 98 issues by topic area and gives comparable information from the Policy Agendas Project. For each column, cell entries indicate the percentage of observations that fall within the 19 topic areas listed in the rows. Data cover the period of the 106th and 107th Congresses.

^aCongressional, presidential, and public opinion data come from the Policy Agendas Project (www.policyagendas.org). ^bPublic opinion refers to the responses to the question of what is the most important problem facing the nation.

Fig. 1. The lobbying agenda versus the public agenda.



The figure shows the percentage of lobbying cases compared to the average responses to the Gallup poll question “What is the most important problem facing the country today?” Public opinion data were calculated from the Policy Agendas Project (www.policyagendas.org).

Developing political resources and capabilities in specific policy settings implies that the impact of a policy will be unequal across different firms (Coen, 1997, 1998; Bonardi et al., 2005). Firms with differing resource bases to manage their nonmarket environment will develop different responses to expectations about profitability and investments in political situations (Oliver and Holzinger, 2008). Given the incremental nature of developing capabilities to configure resources, managers that seek to develop superior capabilities - in this case lobbying capabilities - as the basis of sustain