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How Revolving-Door Lobbyists Win in Interest Group Politics

A dissertation submitted in partial satisfaction of the
requirements for the degree Doctor of Philosophy

in

Political Science

by

Huchen Liu

Committee in charge:

Professor Thad Kousser, Chair
Professor James Fowler
Professor Gary C. Jacobson
Professor Samuel Kernell
Professor David G. Victor

2021

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University of California San Diego

2021

DEDICATION

I dedicate this dissertation to mom and dad, who always put my happiness first.

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Chapter 2, in part, is a reprint of the material as it appears in Liu, Huchen. 2020. “Policy Uncertainty and Demand for Revolving-Door Lobbyists.” *Interest Groups & Advocacy* 9(4): 470-494. The dissertation author was the sole investigator and author of this paper.

Chapter 3, in part, is currently being prepared for submission for publication of the material. The dissertation author was the sole investigator and author of this paper.

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Liu, Huchen. 2020. “Policy Uncertainty and Demand for Revolving-Door Lobbyists.” *Interest Groups & Advocacy* 9(4):470-494.

Jacobson, Gary C., and Huchen Liu. 2020. “Dealing with Disruption: Congressional Republicans’ Responses to Donald Trump’s Behavior and Agenda.” *Presidential Studies Quarterly* 50(1):4-29.

Kernell, Samuel, Roger Larocca, Huchen Liu, and Andrew Rudalevige. 2019. “New Data for Investigating the President’s Legislative Program: OMB Logs and SAPs.” *Presidential Studies Quarterly* 49(2):330-357.

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ABSTRACT OF THE DISSERTATION

How Revolving-Door Lobbyists Win in Interest Group Politics

by

Huchen Liu

Doctor of Philosophy in Political Science

University of California San Diego, 2021

Professor Thad Kousser, Chair

An increasing portion of lobbyists in American politics have a history of employment in government, a major facet of the wider “revolving door” phenomenon that connects government office and non-governmental sectors. An elite slice of these lobbyists held public office as elected or appointed officials, while former government staff make up the far more numerous category. How may revolving-door lobbyists help organized interests, which already enjoy important advantages over the disorganized, influence government decisions? Existing research argues that government experience gives revolvers advantages in political connections and knowledge about policy and processes.

I advance a distinct theory: What distinguishes revolving-door lobbyists from conven-

tional lobbyists without government experience is the ability to think like politicians, for which working in government provides the best training. In particular, government experience teaches one to claim credit effectively for policy outcomes – demonstrating that one’s actions and efforts are responsible for good results – in order to survive the election cycle. When former government officials and staffers become lobbyists, they do not leave this intangible skill set behind. If effective credit claiming helps politicians win elections whereby they are evaluated by voters, it helps lobbyists survive their own hiring and firing cycles whereby they are evaluated by clients. In Chapter 2, I demonstrate that corporations prefer revolvers to conventional lobbyists in the face of policy uncertainty. Interest groups’ need for revolvers to help manage uncertainty provides an ideal environment for their credit-claiming behavior.

Revolvers claim credit by expending resources efficiently to achieve lobbying goals. I examine two concrete manifestations of this behavior in the following chapters. In Chapter 3, I show that revolvers make campaign contributions to political candidates more efficiently and succeed more in purchasing access to legislators. In Chapter 4, I show that revolvers exercise more restraint when lobbying on congressional appropriations and consequently hit their announced targets more often. These advantages help revolvers secure lobbying clients’ satisfaction and make them loyal customers. To show this, in Chapter 5 I liken lobbying transactions to election results and demonstrate that revolvers are more likely to be “reelected” by clients than conventional lobbyists.

Chapter 1

Introduction

An increasing portion of lobbyists in American national politics have a history of employment in government. An elite slice of these individuals held public office, usually in Congress or the executive branch, while former government staff make up the far more numerous category. The movement of these careers from government to lobbying constitutes a major facet of the wider “revolving door” phenomenon that connects government office and various positions in the private and non-profit sectors. Revolving-door lobbyists, or simply “revolvers” as I refer to them out of convenience in this dissertation and in keeping with much of the existing literature, have rapidly increased their share of the lobbying profession over the last two decades, for which centrally collected lobbying data exist under the Lobbying Disclosure Act of 1995. In Figure 1.1, I show the number of revolvers and conventional lobbyists - those without previous government experience - from 1998 to 2016 among all active revenue-generating contract lobbyists. The data source, to be described in subsequent chapters, is the Lobbying Disclosure Data and is of central importance for lobbying studies.

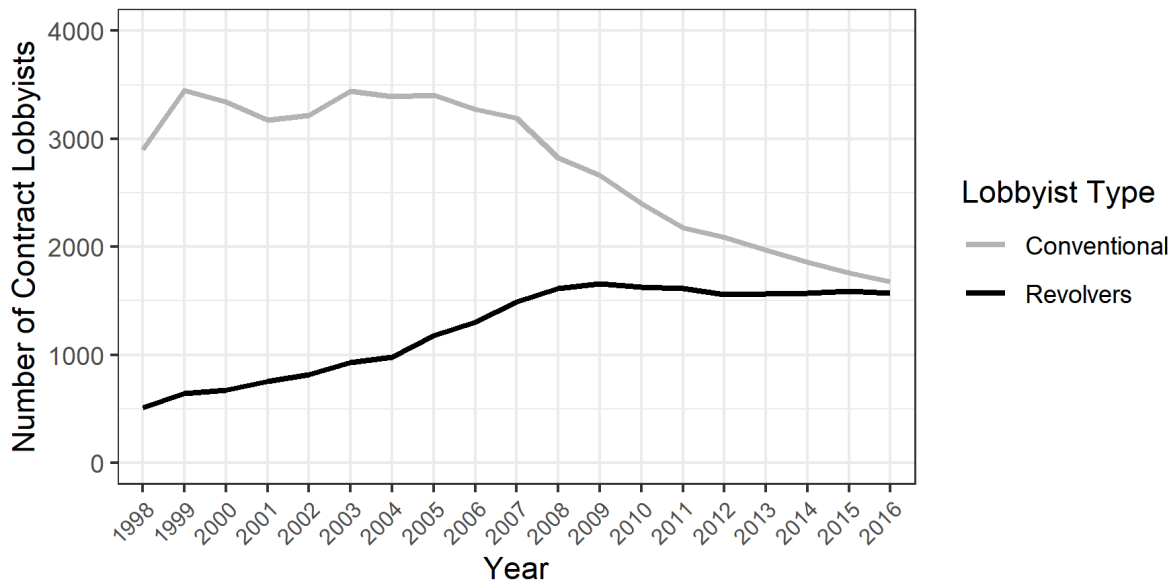


Figure 1.1. Number of Conventional Lobbyists and Revolvers Among Active Contract Lobbyists, 1998-2016

1.1 Existing Research

The revolving door phenomenon immediately strikes a chord with anyone interested in the health of the American political system. There are two main sources for its worrisome nature. The first is how the availability of lucrative post-government lobbying careers may affect the incentives facing incumbent public officials and, to a lesser extent, current staff. If, presumably, government officials by and large try to extend their political careers by satisfying their voters,¹ the presence of a post-government fallback, or even a superior option as it appears to many for good reason - provided by revolving-door lobbying may sever that “electoral connection” (Mayhew 1974) and make incumbents less accountable to voters while in office. In a literature still at its inception, Shepherd and You (2020) show that employing staffers who later become lobbyists is associated with higher legislative productivity for members of Congress, suggesting that future revolvers prepare for their lobbying careers while still in government.

A second concern provoked by revolvers, which this dissertation directly addresses, is

¹I use elected officials empowered by voters at elections for convenience in this analogy.

how they may gift organized interests with more effective agents to influence the government even though organized interests already enjoy important advantages over the disorganized without revolvers' help. A body of research examines how revolvers' government employment may give them certain knowledge, skills, or abilities that make them better lobbyists than those who have not worked in government. Two explanations of this type have emerged: Government employment confers upon revolvers either political connections whom they can communicate with to persuade them or gather information from them to benefit lobbying clients or gather strong knowledge about policy areas and processes with which revolvers can advance their clients' interest (Salisbury et al. 1989; Bertrand, Bombardini and Trebbi 2014; Vidal, Draca and Fons-Rosen 2012; LaPira and Thomas 2017; Kang and You 2016; McCrain 2018). This "who you know" versus "what you know" debate has overall shown that both qualities are valuable and both contribute to revolvers' gradual dominance over conventional lobbyists. In their professional life, government officials and staffers have opportunities to acquire some of both assets to some extent, inevitably making them highly interconnected.

In a recent book, LaPira and Thomas (2017) argue that the most crucial thing that makes revolvers more effective is their knowledge of the policy process, an argument rooted in a theory of lobbying as a set of interest group actions in response to uncertainty with policy outcomes. This theory can explain why revolvers have become increasingly sought after in recent years, an advantage over both the political connections and policy knowledge arguments. Government institutions that are increasingly polarized and vest partisan majorities with growing power at their disposal, as the argument goes, promotes uncertainty in the system with policy outcomes. Interest groups feel the need to rely on revolvers' unique ability to identify levers of power and ways to navigate the process. But this theory had yet to be rigorously tested. I do so in Chapter 2 by demonstrating a positive relationship between companies' demand for revolvers and the fluctuating policy uncertainty they perceive in the four largest economic sectors in the U.S., one that conforms to revolvers' function as superior agents of political risk management.

1.2 Main Argument

In this dissertation, as a theoretical jumping-off point I fundamentally align with viewing lobbying as political insurance and viewing revolvers as preferred providers of this insurance. My main argument, however, departs from the “what” and pertains to the “how”: How do revolvers act to provide political insurance more effectively? I argue - and show - that revolvers’ primary asset is the ability to think like politicians. This entails expending resources in a way that maximally achieves lobbying goals. Like good politicians, good lobbyists understand how to claim credit for results - demonstrating that their actions and efforts are responsible for outcomes that please those who wield hiring and firing authority over them.

For politicians (again using elective office for convenience), these are voters. Being a good credit claimer helps politicians win reelection (Mayhew 1974), and credit-claiming skills can crucially differ from actual job performance. For example, Grimmer, Messing and Westwood (2012) show that when allocating credit for federal expenditure in legislative districts, voters are more responsive to the frequency of legislators’ credit-claiming messages than to the garnered amount of local spending, even though the latter is certainly important for the amount of positive impact spending has on local economies. Lobbyists face an election cycle of sorts as well, needing to secure contracts with clients on a regular basis, particularly contract lobbyists on annual contracts. Lobbyists can therefore advance their careers by showing clients that their work demonstrably leads to good outcomes.

I argue that revolvers owe their advantage over conventional lobbyists to the ability to claim credit more effectively. Previous experience of working in government helps develop this skill set, and former officials and staffers do not forget it when becoming lobbyists. More generally, few experiences can teach one to be a good lobbyist more effectively than being lobbied by others while in government. According to a body of work in labor and organizational economics, previous work experience makes a worker more effective by giving them task-specific experience (Dokko, Wilk and Rothbard 2009; Quiñones, Ford and Teachout 1995) and access

to feedback from customers and supervisors (Whitaker, Dahling and Levy 2007). With their attention in demand, being lobbied gives former government officials and staffers authority to form immediate evaluations - even private ones - of lobbyists' efforts. Over time, being on the receiving end of lobbying can help those in power develop mental models of effective lobbying that come in handy when they go through the revolving door themselves. In this sense, then, my theory is one of learning by doing and the persistence of transferable skills as Washingtonians go through the revolving door.

I examine two concrete implications of revolvers' ability to think like politicians, one in persuading members of Congress to give access and one in lobbying them on federal appropriations. In these analyses, I recognize the fact that revolvers are not a monolithic group due to their varying work experience in government, which should make the politician-like skill set that I theorize more descriptive of some revolvers than others. Specifically, I test for the differences in actions and outcomes between revolvers who held "political" office and those who held "policy" office in the appropriations study and those between former members of Congress and former congressional staff in the access-seeking study.

1.3 Plan of Dissertation

There are four substantive chapters in this dissertation which formulate hypotheses about revolving-door lobbyists and test them using lobbying and various other data. Together, they follow a logical sequence and piece together a narrative proceeding from interest groups' choice to seek out revolvers (Chapter 2), to revolvers' lobbying strategies and performance in comparison to conventional lobbyists (chapters 3 and 4), and ending on revolvers' ability to have longer, more prosperous lobbying careers as a result (Chapter 5). All seek to highlight and explain the differing place of the two broad types of lobbyists in interest group politics.

In Chapter 2, I demonstrate a robust empirical relationship between policy uncertainty perceived by interest groups and their demand for revolving-door lobbyists over conventional

lobbyists, an expectation yielded from the insurance theory of lobbying (LaPira and Thomas 2017). I test for this link in complementary sets of panel analysis of lobbying activity by companies in four economic sectors over an eleven-year period. They draw on a sector-specific and time-variant measure of policy uncertainty based on analyzing companies' discussions of policy risks in annual 10-K filings submitted to the U.S. Securities and Exchange Commission. In all four sectors companies' preference for revolvers increases in response to policy uncertainty relative to conventional lobbyists.

Situated in congressional processes, chapters 3 and 4 are about what revolvers do so well to be sought after in uncertainty. Chapter 3 examines whether revolvers make campaign contributions to political candidates more strategically using newly available data on foreign lobbying in the U.S. government from 1998 to 2019, which contain information on lobbyists' campaign contributions and contact with officials. Using supervised machine learning models to identify lobbyist requests for access to members of Congress and classify them as successful or unsuccessful, I first find that contributions to congressional candidates made by lobbyists who were former members of Congress are more strongly correlated with requests for access than those made by other lobbyists, including former congressional staffers. I then find that contributions increase former members' chance of successfully gaining access to incumbents significantly more than they do for other lobbyists, largely due to seeking access to incumbents not targeted by others.

Chapter 4 shows how revolvers think like politicians more than conventional lobbyists by analyzing original data on how different lobbyists issued requests on behalf of interest groups for federal Food and Agriculture appropriations and the outcomes attained. This analysis reveals that revolvers that could be considered generalists based on their previous government employment followed a different strategy than conventional lobbyists and revolvers specializing in specific policy. By requesting modest spending changes, generalists were uniquely able to deliver certainty, eliciting appropriations outcomes close to the spending levels requested. These two chapters uncover two of the concrete sets of behavior and outcomes that set revolvers apart from

conventional lobbyists, leading to the former's gradual dominance of the profession.

In Chapter 5, I pay closer attention to the very markers of revolvers' rising position - such as the amount of revenue generated and the number of clients - and unpack them in an effort to portray a more detailed and nuanced picture. Likening lobbying transactions to election results, I show that a hallmark of revolvers is being more able to gain the satisfaction of their customers, manifested by their greater likelihood of being continuously retained by individual clients. This advantage aggregates up to revolvers' superior endurance in the profession. As such, revolvers have been the growing core of the profession. This discovery is distinct from the currently noted signs of revolvers' success which largely do not consider lobbyists' careers. Finally, in Chapter 6 I conclude by discussing the findings of this dissertation in the principal-agent framework linking interest groups and lobbyists and suggesting a direction for future research.

Chapter 2

Policy Uncertainty and Corporations' Demand for Revolving-Door Lobbyists

A primary set of theories of lobbying conceptualize it as the transfer of information from interest groups to government officials (Lohmann 1995; Austen-Smith 1995). In these models of lobbying, officials lack sufficient technical policy-relevant information to make policy, so they rely on informational input from expertise-rich interest groups, often in the form of “legislative subsidy” (Hall and Deardorff 2006). Another body of research proceeds from analyzing interest groups’ objectives, constraints facing collective action, and available strategies. This literature finds that interest groups, particular for-profit companies, often lobby to prevent harmful policy change rather than persuade the government to enact change. Playing defense is more universal, while playing offense is more of a luxury available only to the most resource-rich organizations (Drutman 2015*a,b*; Baumgartner et al. 2009). In their recent book, LaPira and Thomas (2017) explicitly model lobbying as a set of interest group actions to insure against the risks of policy change.

Lobbying as political insurance does not inherently preclude conceptualizing it as informational transfer. Although interest groups’ supply of policy-relevant information to officials intuitively comports best with lobbying as playing offense, groups can certainly transfer information with defensive goals as well, communicating to officials why the status quo is preferable to proposed changes to it. Nevertheless, the insurance theory of lobbying has an advantage of gen-

erating certain propositions on the demand for lobbying. It directly speaks to the circumstances under which interest groups are expected to mount and adjust lobbying efforts, highlighting key variables related to risks in the political environment. In general, the riskier the political environment, the more intensely interest groups should lobby.

So far, however, researchers have subjected this broad expectation to few empirical tests mainly because it is difficult to measure policy uncertainty at different points in time. In this paper, I use a measure of policy uncertainty perceived by for-profit companies in four major economic sectors - the sectors responsible for the largest lobbying expenditures in the U.S. - for such a test. It tests a specific expectation stemming from the insurance theory with respect to lobbyists with previous experience working in government: The lobbying activity of these “revolving-door lobbyists” should be positively associated with sector-wide policy uncertainty. Empirical analysis yields strong evidence for this expectation.

By counting policy-related words from risk factor discussions contained in annual 10-K filings submitted by companies to the U.S. Securities and Exchange Commission, I estimate a measure of policy uncertainty which both corresponds to specific sectors of the economy and changes over time. As such, this measure describes lobbying clients’ assessments as to the the kind of policy uncertainty most relevant to the determination of their political strategies, including how to lobby. By merging companies’ perceptions of policy risks extracted from their 10-K filings from 2006 to 2016 to lobbying records, I conduct several complementary sets of panel analysis of the relationship between policy uncertainty and revolving-door lobbying in the four economic sectors.

I first use data at the sector-year level to show that revolvers made up a greater share of all active lobbyists in the four sectors when companies perceived greater policy uncertainty. I then uncover corroborating evidence for this strong sector-level effect of policy uncertainty by looking to the within-sector corporate clienteles of lobbying firms and individual lobbyists, whose microeconomics should reflect the wider political economy of the profession. Using separate single-sector data sets at the lobbying firm-year level, I show that increasing policy

uncertainty brought lobbying clients to revolver-rich firms; the more revolvers there were in lobbying firms, the more their clienteles grew in response to uncertainty. Finally, single-sector data at the lobbyist-year level show that revolvers' comparative specialization of lobbying under high-uncertainty conditions, rather than the fluctuations of their clienteles, is mainly responsible for the boon presented by policy uncertainty.

While the analysis conducted in this paper is a direct test of the insurance theory, it can nonetheless be compatible with lobbying as a transfer of information from interest groups to government officials. When the policy environment is risky, companies' heightened demand for revolving-door lobbyists can indicate their growing desire to supply policy-relevant information to government officials, which may in turn result from policy opportunities that emerge when the government is poised to shake the status quo. In this framework, revolvers become highly sought after because the political connections and policy expertise they have acquired in government office make them effective conduits of policy-relevant information supplied by companies that officials find useful. Revolvers' reputations in policy knowledge and ideological stances constitute strong signals of the quality of interest groups' information, a decisive factor in groups' ability to access and influence officials in the information transfer theory (Lohmann 1995; Austen-Smith 1995; Hall and Deardorff 2006).

On the other hand, stable and benign political conditions may on the whole present more openings for interest groups to aggressively push policy changes in their favor, especially when sympathetic government officials are in control of the levers of government (Baumgartner et al. 2009). If this is true, then the findings of this paper would underscore the limitations of conceptualizing lobbying as pushing for policy change and revolvers as its most effective agents. Future research can speak more directly to the informational function of revolvers in defensive lobbying by leveraging the partisanship and ideology of incumbents and revolvers. By testing whether policy uncertainty creates particularly high demand for lobbyists of the same partisan and ideological persuasions as those in power, for instance, future work can examine the relative explanatory power of the two theories in different political conditions.

Related inquiries leveraging details in revolvers' government experience may also speak to the relative importance of the dual assets of political connections and policy expertise for lobbying in uncertainty (Bertrand, Bombardini and Trebbi 2014), both of which can support the findings of this paper. Nevertheless, I expect both qualities, which have intrinsic connections with each other, to be valuable for lobbying in risky conditions as companies need both highly connected lobbyists and those with strong policy chops to navigate uncertainty. For good reason, lobbying firms often boast a mix of both types in order to serve and keep their clients.

2.1 Lobbying as Political Insurance and Revolving-Door Lobbyists

Lobbying is often a defensive enterprise. Interest groups often lobby in order to prevent harmful policy change rather than persuade government to enact change (Baumgartner et al. 2009; Drutman 2015a; LaPira and Thomas 2017). According to Baumgartner et al. (2009), in spite of the often complex and multi-dimensional nature of public policy, conflicts over policy tend to have a simple structure. On the host of issues the authors surveyed, organized interests with different preferences tended to coalesce into two sides, with one side defending the status quo and the other favoring some kind of change. Many interest groups choose to defend the status quo first because it usually already reflects existing biases in the pressure system and thus conforms to the groups' preferences, and second because effecting policy change is a much more demanding goal. The policy process is marked by a strong status quo bias produced by forces working in concert. Frictions in the policy process that resist policy change mean that interest groups have a much easier time defending the status quo than challenging it (Baumgartner et al. 2009).

LaPira and Thomas (2017) formulate such a theory of lobbying as insurance against policy uncertainty in order to explain the dominance of lobbyists who used to work in government. The rise of these "revolving-door lobbyists" is one of the most salient recent developments in

American interest group politics. The lobbying data, to be described in greater detail later, show that the share of revolvers among all active Washington lobbyists steadily rose from less than 10 percent in 1998 to almost half in 2016. The proportion of former members of Congress that decide to become lobbyists has also increased over time (Lazarus, McKay and Herbel 2016). According to LaPira and Thomas (2017), revolvers owe their domination over conventional lobbyists above all to their knowledge about the policy process, which is valuable to interest groups trying to head off political risks. This explanation based on process knowledge adds to a body of work that has investigated whether lobbying clients value more highly revolvers' strength in policy expertise or political connections, which had on the whole found more support for connections (Salisbury et al. 1989; Bertrand, Bombardini and Trebbi 2014; i Vidal, Draca and Fons-Rosen 2012; LaPira and Thomas 2017; Kang and You 2016; McCrain 2018).

That revolvers' process knowledge makes them more helpful to interest groups in their endeavor to insure against policy uncertainty can certainly go a long way in explaining their demonstrable advantage over conventional lobbyists. More systematically testing it, however, poses some challenges. The kind of policy uncertainty that exists in LaPira and Thomas's (2017) theory is a general feature of the overall political environment. The two main causes of increasing uncertainty they set forth - declining congressional capacity that lawmaking requires and the rise of strong parties in government in a polarized era - are fundamental and mostly irreversible institutional developments. Secular rather than dynamic and fluctuating, policy uncertainty for good reason does not feature in their empirical analysis as an independent variable.

But policy uncertainty does fluctuate, and the policy environment contains uncertainty-creating elements that are more dynamic than declining lawmaking capacity and heightening partisanship. Policy changes that the government considers at any point in time may create policy uncertainty to relevant constituencies. Notably, President Trump's recent rhetoric suggesting regulatory reform aimed at restricting prescription drug prices forced a major pharmaceutical manufacturer into a guessing game.¹ To explicitly evaluate the theorized but untested link

¹Bertha Coombs, "Humana turns to game theory for new Medicare pricing as insurers jug-

between policy uncertainty and the intensity with which organized interests engage in revolving-door lobbying, therefore, it is essential to accurately capture the fluctuating policy uncertainty facing them. A good measure should accordingly have a high level of granularity cross-sectionally and longitudinally. Cross-sectionally, it should describe uncertainty in the policy environment most relevant to each interest group at any given time rather than uncertainty facing some other interest group with disparate goals. Longitudinally, it should be sensitive to over-time change in policy uncertainty facing a given group.

The measure that I use in this study for policy uncertainty based on companies' discussions of policy risks in annual 10-K reports satisfies both criteria. The level of policy uncertainty demonstrably varies among economic sectors and, within each sector, changes from year to year. Panel analysis drawing on this measure presents evidence for a positive within-sector correlation between policy uncertainty and revolving-door lobbying that holds strong for all sectors in the data. This result is consistent with recent work by Ban, Palmer and Schneer (2019). They show that lobbyists, especially revolvers, are able to generate more lobbying revenue during times of high policy uncertainty. Ban, Palmer and Schneer (2019) adopt a different strategy than mine for measuring policy uncertainty, however. Based on the economic policy uncertainty index (EPU) developed by Baker, Bloom and Davis (2016), they come up with a catch-all measure of system-wide policy uncertainty that assumes that all interest groups consider one universal policy environment when making lobbying decisions. They summarize the EPU index into yearly means and then coarsen it further by classifying years as simply having low or high policy uncertainty based on how each yearly mean compares with the median of the entire time period.

2.1.1 Hypotheses

Based on reasoning presented above, the insurance theory of lobbying should manifest itself in clients' preference for revolving-door lobbyists to conventional lobbyists when they

gle Trump rebate uncertainty," CNBC, March 22, 2019, <https://www.cnbc.com/2019/03/22/humana-turns-to-game-theory-for-new-medicare-price-structure.html>.

need to combat risky political conditions that pose danger to policies they care about (LaPira and Thomas 2017; Ban, Palmer and Schmeer 2019). Utilizing the sector specificity of the measure of policy uncertainty, I design empirical analysis to test three hypotheses from mutually complementary analytic angles. I first test a sector-level hypothesis: The share of revolving-door lobbyists among all lobbyists should increase in an economic sector when its policy environment becomes more uncertain (Hypothesis **H1**). I then expect this sector-level effect of uncertainty on revolving-door lobbying to be reflected in the clienteles of individual lobbying firms (**H2**) and lobbyists (**H3**) that practice in given sectors, as individual sellers in the marketplace for lobbying.

H1 Across sectors, the share of revolving-door lobbyists among all lobbyists increases when the policy environment becomes more uncertain.

H2 Within a given sector, the more revolving-door lobbyists lobbying firms have, the more their clienteles expand in response to rising policy uncertainty.

H3 Within a given sector, the clienteles of revolving-door lobbyists expand more strongly in response to policy uncertainty than those of conventional lobbyists.

The three hypotheses approach the same underlying theory from two empirical angles, and correspondingly necessitate data sets with different units of analysis. Testing Hypothesis **H1** requires panel analysis at the level of sector-year combinations, and the research question can then be stated as the following panel equation with two-way fixed effects for sectors and years.

For sector i in year t ,

$$\% \text{ Revolvers}_{it} = \beta \cdot \text{Uncertainty}_{it} + \mathbf{X}_{it}^T \mathbf{b} + \alpha_i + \eta_t + \varepsilon_{it},$$

where $\% \text{ Revolvers}_{it}$ is the dependent variable measuring the share of revolvers among all contracted lobbyists in sector i in year t , and Uncertainty_{it} is the policy uncertainty facing sector i in year t . \mathbf{X}_{it} is a vector of sector-variant and time-variant control variables. Also included are fixed effects for sectors and years, denoted by α_i and η_t , respectively. Finally, ε_{it} is the residual in each observation not explained by the explanatory variables and fixed effects combined.

Hypotheses **H2** and **H3** shift gears for within-sector analyses of firm and lobbyist clientele. Hypothesis **H2** can be stated as the following equation with fixed effects for lobbying firms:

Within an economic sector, for lobbying firm i in year t ,

$$\begin{aligned} \text{No. Clients}_{it} = & \beta_1 \cdot \text{Uncertainty}_t + \beta_2 \cdot \% \text{ Revolvers}_{it} + \beta_3 \cdot \text{Uncertainty}_t \times \% \text{ Revolvers}_{it} \\ & + \mathbf{X}_t^T \mathbf{b} + \alpha_i + \varepsilon_{it}, \end{aligned}$$

where No. Clients_{it} is the dependent variable for firm i 's number of clients in year t , Uncertainty_t is time-variant policy uncertainty in year t , and $\% \text{ Revolvers}_{it}$ is firm-variant and time-variant percentage of revolvers. Interacting the last two captures the differential effect of policy uncertainty on revolver-rich firms' number of clients relative to that of revolver-poor firms. $\mathbf{X}_t^T \mathbf{b}$ is a vector of time-variant control variables, α_i is firm fixed effects, and ε_{it} is each observation's unexplained residual. This model does not contain year fixed effects; they would be perfectly collinear with time-variant policy uncertainty in single-sector data.

Hypothesis **H3** implies analogous analysis to **H2** but disaggregates the data further to the lobbyist-year level. Correspondingly, it replaces firms' time-variant percentage of affiliated revolvers with individual lobbyists' time-invariant revolver status, Revolver_i . It is stated as follows:

Within an economic sector, for lobbyist i in year t ,

$$\begin{aligned} \text{No. Clients}_{it} = & \beta_1 \cdot \text{Uncertainty}_t + \beta_2 \cdot \text{Revolver}_i + \beta_3 \cdot \text{Uncertainty}_t \times \text{Revolver}_i \\ & + \mathbf{X}_t^T \mathbf{b} + \alpha_i + \varepsilon_{it}. \end{aligned}$$

2.2 Data

The data have several components: lobbying activity (particularly its revolving-door component) across economic sectors, lobbying firms, and lobbyists; business's perceptions of policy uncertainty; and corporate finance.

2.2.1 The Business Lobby and the Revolving Door

Like most studies on lobbying in American national politics, this study relies on lobbying data made available under the Lobbying Disclosure Act of 1995, compiled and cleaned by the Center for Responsive Politics. In their entirety, the LDA data begin with lobbying reports filed in 1998 and continually accrue, but the portion I use starts in 2006 and ends in 2016, the period before 2006 rendered unuseful by the temporal range of my measure of policy uncertainty, to be discussed later. As the LDA data originally list lobbying reports, I first transform them to contain one unique observation for each client-year entry. I further trim the LDA data by keeping only U.S. companies among the universe of lobbying clients found in the Compustat corporate finance data set discussed below.² I also keep only those companies that existed during the entire period as companies must at least exist to spend money lobbying. These steps result in company-year observations involving 1,098 distinct companies - some observations with lobbying activity and others without. Identifying companies across the lobbying and corporate finance data allows me to classify them by economic sector using 3-digit sector codes in the 2017 North American Industry Classification System (NAICS)³.

Information on whether lobbyists had government experience and went through the revolving door comes from the LDA data's "covered position" component. It consists of text entered by lobbyists in free text fields in their LDA forms in order to disclose past government

²I follow a semi-automated procedure to match lobbying clients with U.S. companies. The first step is finding the best match for each client among all companies in the Compustat data based on Levenshtein string distances, a commonly used string metric for measuring the difference between two word strings based on single-character edits (i.e., insertions, deletions, or substitutions) required to change one word string into the other. The second step is human determination of whether each match was correct.

³https://www.census.gov/eos/www/naics/2017NAICS/2017_NAICS_Manual.pdf

employment in compliance with lobbying regulation.⁴ Having identified revolvers and conventional lobbyists, I count the number of both types in each sector from to year. For these counts, I exclude those companies that lobbied but engaged exclusively in in-house lobbying during this period (i.e., did not hire contract lobbyists at any time). This is a very small group of only 57 of the aforementioned 1,098 U.S. companies that both never went out of existence and lobbied at some point during the eleven years.

2.2.2 Policy Uncertainty

My measure of policy uncertainty facing economic sectors is based on companies' perceptions as revealed in their annual reports submitted to the government. The U.S. Securities and Exchange Commission requires publicly traded companies to file periodic reports, and among them is the Form 10-K, an annual report intended to give a comprehensive summary of a company's performance. Of interest to this study is the report's "Item 1A - Risk Factors" section, required since 2005, where companies disclose the risk of different events that can potentially harm their performance. Here companies' management discusses at length various risk factors currently and potentially facing them in order to inform shareholders, a source of information that research related to corporate finance has found useful (Campbell et al. 2014; Kravet and Muslu 2013; Gaulin 2017; Huang and Li 2011; Li, Lundholm and Minnis 2013; Beatty, Cheng and Zhang 2018; Duncan and Trieu 2015; Rawte, Gupta and Zaki 2018; Doran and Quinn 2008; Fourinaies and Hall 2015). Risks engendered by policy, whether via congressional lawmaking or agency rule-making, rank routinely among the top categories perceived by management - "legal

⁴Originally in text form, this variable has two known deficiencies, both of which I address somewhat in my variable construction. The first deficiency is that sometimes lobbyists incorrectly thought this field required them to disclose their current positions as lobbyists (e.g. Senior Partner, CEO, Director of Government Affairs) (Drutman and Furnas 2014b). I mostly fix this issue by considering only those lobbyists that entered 20 or more characters in the "covered position" field to be revolving-door lobbyists. The second deficiency is some lobbyists' deliberate underreporting of previous government employment (LaPira and Thomas 2012). While I have no sure-fire solution to truly address this problem, I take advantage of the fact that lobbyists were given an opportunity to disclose previous government employment every time they filed a lobbying report. I may have addressed the problem of deliberate underreporting to some degree by aggregating all text entered by each lobbyist in all lobbying reports over the years of the LDA data.

and regulatory” risks for Campbell et al. (2014), “exposure to regulation” for Fournaies and Hall (2015), and risks imposed by “regulation changes” for Huang and Li (2011).

The salience of policy risks perceived by companies is evident in the 10-K filings used in this study. I measure different sectors’ perceptions of policy uncertainty by looking at how much their member companies discussed the policy environment in the Item 1A sections of their 10-K filings, using an approach of counting key words. This procedure required an initial investment of considerable time even with research assistants. The data include the four sectors that supply the largest number of lobbying clients. In descending order of lobbying activity, these sectors are chemical manufacturing, utilities, computer and electronic product manufacturing, and insurance carriers and related activities, as they are named in full in the NAICS manual. To clarify the two sectors with less informative names, companies in the utilities sector generate, process, or distribute energy and water. Most chemical manufacturing companies produce pharmaceutical and biological products for health use, while a smaller number of companies produce chemical products for generally non-health purposes such as plastics, paint, and fertilizers.⁵

Within roughly equal-sized random samples of companies within each of the Big Four sectors, two research assistants and I download the 10-K filings of those that filed them (only publicly traded companies are required to do so).⁶ The resulting overall sample includes 46 companies in utilities, 19 in chemical manufacturing, 33 in electronics manufacturing, and 40 in insurance. Mostly following the method adopted by Fournaies and Hall (2015), I count the

⁵My determination of the top four sectors in terms of lobbying is based on the average number of clients in each sector over the years. This ranking is in strong agreement with the Center for Responsive Politics’s ranking of sectors based on lobbying expenditure, available at <https://www.opensecrets.org/lobby/top.php?showYear=a&indexType=i>. Currently, the top four sectors according to the CRP are Pharmaceuticals/Health Products, Insurance, Electric Utilities, and Electronics Manufacturing and Equipment.

⁶Why I adopt this sampling procedure rather than sampling from all publicly traded companies warrants a note. The main reason is that it aims at estimating policy uncertainty as perceived by companies that lobbied, based on the speculation that companies that never lobbied at any point in time and therefore never entered the lobbying data are likely systematically different from lobbying clients, including perceiving policy risks differently. As the analysis excludes the numerous companies that never lobbied, so should the process of generating the measure of perceived policy uncertainty. A secondary reason is practical. Between 10 and 25 percent of all companies lobbied, depending on the sector. As the process of matching lobbying clients with companies and collecting 10-K filings for correctness was relatively time-consuming and labor-intensive, I sample from companies that lobbied to quickly accumulate a sufficient number of them. This process is equivalent to randomly sampling from the intersection of public companies and lobbying clients.

percentage of words related to statutory and regulatory policy within the Item 1A sections.⁷ As an example of language discussing policy risks, the Appalachian Power Company stated in its 10-K filing submitted in 2011, with key words in bold, “If any of these projects is canceled for any reason, including our failure to receive necessary **regulatory** approvals and/or siting or environmental permits, we could incur significant cancellation **penalties** under the equipment purchase orders and construction contracts.”

A commonly observed problem with companies’ discussion of risk factors is that management seems to often follow a “boiler plate” approach, starting each year’s filings on the basis of last year’s and only adding to and (less frequently) subtracting from previously used text (Kravet and Muslu 2013). Related to this, I find that companies often undertook idiosyncratic changes in the format of their filings such as the section and subsection structure of the narrative, resulting in a large amount of noise in word counts that cannot be easily addressed by the automated text cleaning procedure. The tendency of individual companies’ filings to simply copy those from previous years, coupled with the random noise, constitutes a kind of measurement error, making individual companies’ filings unable to precisely capture their perceptions of policy risks year in and year out.

This problem, however, is ameliorated via summarizing - using individual company filings to calculate sector-wide measures of perceived policy risks. For a summary statistic, I adopt the sector median percentage of policy words.⁸ Though a summary of more granular but “noisier” company-level perceptions - and therefore losing some company-level information, this sector-level measure still boasts an attractive temporal granularity and context specificity. Figure 2.1 plots the Big Four sectors’ median percentages of policy words in their member

⁷The relevant words and word stems are “govern”, “feder”, “congress”, “agenc”, “court”, “administr”, “commiss”, “legisl”, “legislatur”, “polici”, “penalti”, “fine”, “law”, “regul”, “regulatori”, “zone”, “licen”, “licens”, “licensor”, “oversight”, “compliand”, “compliant”, “noncompli”, “enforc”, “unenforc”, “requir”, “pursuant”, and “protect”. I follow other conventional steps in text analysis: “Stop words” and very sparse words that appear in only 10% or less of all the filing excerpts were removed before counting the key words and word stems. See Appendix A for a full delineation of the process.

⁸While I use sector-wide measures in my main analysis, I show company-level regression analysis, part of which draws on company-level perceptions of policy uncertainty, in Appendix E.

companies' 10-K filings from 2006 to 2016. Three traits stand out: change over time in each sector (occasionally significant change), a relatively low correlation among the four, and some common upward trend over time.

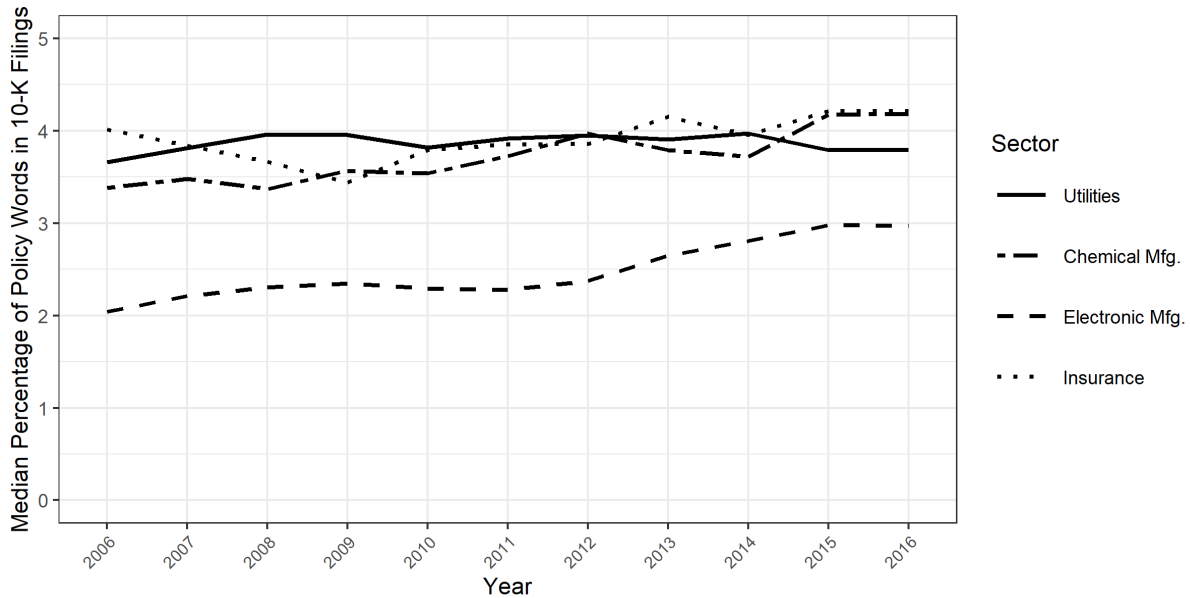


Figure 2.1. Company Perceptions of Policy Uncertainty in Big Four Lobbying Sectors, 2006-2016

Given that the listed policy words and word stems constitute a small percentage of companies' discussions of risk factors (never over 5 percent for any sector in the data), changes in their frequency from year to year were oftentimes significant. For example, during the first year or so of the Obama administration before the passage of the president's signature Affordable Care Act in March 2010, policy uncertainty perceived by the insurance sector according to keyword percentages surged from around 3.4 percent to around 3.8 percent of risk discussions. In terms of word counts, this represents a jump from 230 to 302 policy words from 2009 to 2010.⁹ Also notably, over the decade the percentage of policy words increased from just over 2 percent to almost 3 percent for electronic manufacturing, reflecting a median count of policy

⁹This increase in the number of policy words translates into a percentage change from 3.4 percent to 3.8 percent because the median overall length of risk factor discussions also increased from 6,336 words in 2009 to 7,689 words in 2010 for the insurance sector.

words that more than doubled during the period, from 89 to 185.

Lending credence to this measure's ability to register company perceptions of sector-specific policy uncertainty, its value both differs from sector to sector and is not strongly correlated with the economic policy uncertainty index (Baker, Bloom and Davis 2016) used by Ban, Palmer and Schneer (2019). Table 2.2 plots the latter, displaying the aggregate index and its regulatory component as yearly averages. Table 2.1 displays a correlation matrix for the sector-specific measure over the eleven years as well as the EPU index. For the most part, the Big Four sectors do not correlate strongly with each other in perceived policy uncertainty. The correlation coefficient between some pairs is close to zero, and that between electronic manufacturing and insurance is negative. That different sectors' perceptions of policy uncertainty did not go in tandem supports the initial motivation for this measure, that the policy environment should best be treated as a context-dependent rather than monolithic concept when possible. Comparing risk perceptions to the EPU index, the correlation coefficient is negative for three of the four sectors. In fact, the EPU index first rose and then fell during this period, as shown in Figure 2.2, a trend hardly observed in the perception-based measure.

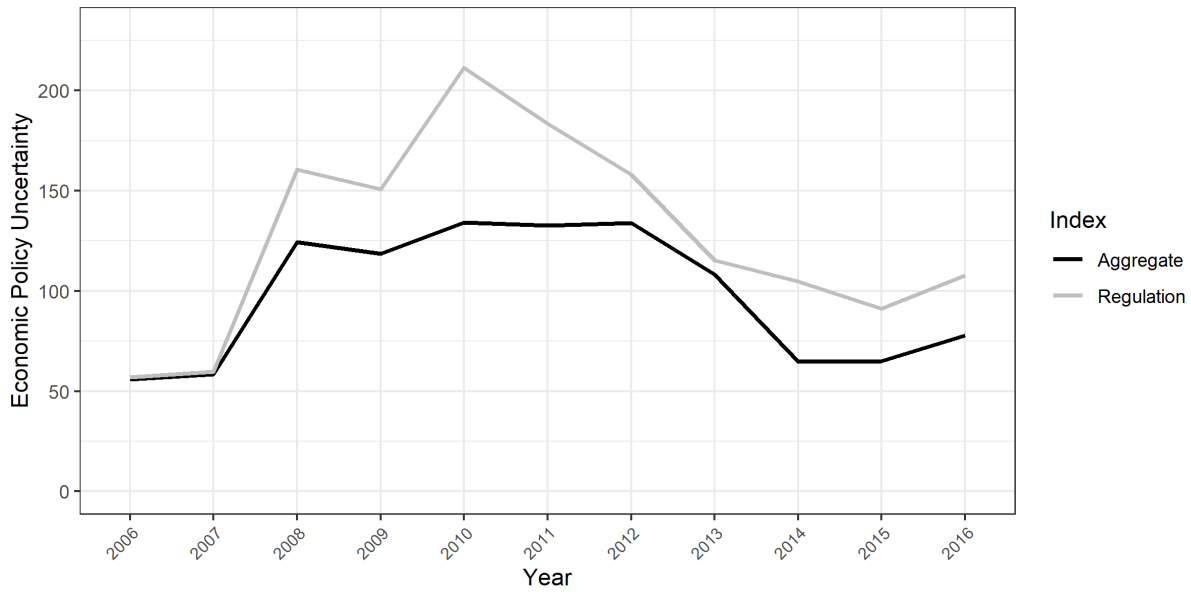


Figure 2.2. Economic Policy Uncertainty Index, 2006-2016

Data Source: Baker, Bloom and Davis (2016)

Table 2.1. Correlation Matrix of Perceived Policy Uncertainty in Big Four Lobbying Sectors and Economic Policy Uncertainty Index, 2006-2016

	Utilities	Chemical Mfg.	Electronic Mfg.	Insurance	EPU
Utilities	1	0.828	0.008	0.642	-0.101
Chemical Mfg.	0.828	1	0.110	0.627	-0.299
Electronic Mfg.	0.008	0.110	1	-0.484	0.582
Insurance	0.642	0.627	-0.484	1	-0.527
EPU	-0.101	-0.299	0.582	-0.527	1

For a check on the ability of this perception-based measure of policy uncertainty to reflect the corresponding sector-specific policy environments, I compare the measure with the actual length of federal regulations relevant to each sector. This measure comes from the “RegData US” annual data set created by the Mercatus Center at George Mason University (McLaughlin and Sherouse 2018). By conducting text analysis of the Code of Federal Regulations (CFR), the

data set’s creators calculated the relevance of different regulations with respect to each industry, classified using NAICS codes. As each year’s CFR is organized into “titles” and then “parts” corresponding to policy areas, the data set contains the degree to which these parts and titles are relevant to different industries. I sum up the lengths of all parts of regulations deemed by the data’s creators to be at least 95% relevant to an industry in each year in order to measure the volume of relevant policy that governed it, a stringent threshold of relevance.

Figure 2.3 plots the Big Four sectors’ median percentages of policy words in company filings against the log-transformed word count of relevant regulations according to “RegData US,” with each point representing a year. As expected, the two are positively correlated though the utilities sector emerges as an exception, for which company perceptions are statistically uncorrelated with the length of regulations.

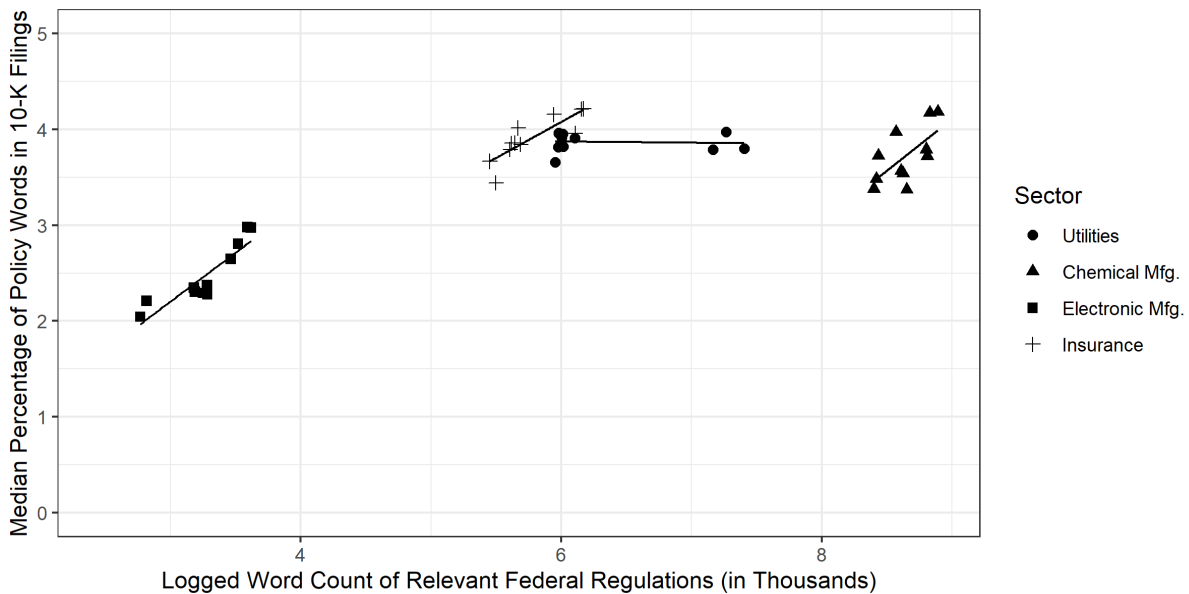


Figure 2.3. Company Perceptions of Policy Uncertainty and Length of Federal Regulations, Big Four Lobbying Sectors

Though not sharing the rise and fall of Baker, Bloom and Davis’s (2016) economic policy uncertainty index, the measure of policy risk perceptions is characterized by a generally upward trend across the Big Four sectors. More often than not, companies gradually devoted increasing

portions of their risk factor discussions in 10-K filings to policy risks from year to year, even as 10-K filings steadily lengthened overall. This trend poses a problem for analyzing how policy uncertainty relates to the intensity of revolving-door lobbying. As both quantities trend upward, their mere correlation with time may manufacture a specious correlation between them even if they are not actually related to each other. To address this concern, I control for year fixed effects and, alternatively, a linear trend in panel regression analysis, controls which prove to not matter for the main findings.

2.2.3 Corporate Finance

As mentioned earlier, I identify companies in the lobbying data by matching lobbying clients with companies in the Compustat data on corporate finance. I construct three additional variables at the sector-year level by summarizing other company characteristics contained in Compustat as control variables in analysis - the level of market concentration measured by the Herfindahl-Hirschman Index (HHI), the sum of the total assets of all companies (in millions of dollars), and the total number of companies whether they lobbied or not.

The competitiveness of an industry has been shown to matter for its lobbying activity. Bombardini and Trebbi (2012) hypothesize that companies are motivated to lobby collectively through peak associations rather than going it alone in competitive sectors in which products are undifferentiated. I control for sectors' level of concentration to take account of such empirical regularities in lobbying. Sectors' total assets, coupled with the number of companies, serve as a measure of their purchasing power with respect to the costly service of lobbying; wealthier sectors may hire more lobbyists by default simply because they could better afford them. The number of companies in business serves as a similar type of control. The existence of more companies also translates into more potential lobbying clients and more potential contracts for lobbyists, a basic cause of increased lobbying that needs to be taken into account regardless of companies' changing demand for it.

2.3 Findings

2.3.1 Policy Uncertainty and Revolving-Door Lobbying Across Sectors

These data sets on companies' lobbying activity, their perceptions of policy uncertainty, and corporate finance combine to form the three sets of panel data for analysis envisioned earlier. To test Hypothesis **H1**, I use panel data unique at the sector-year level to examine the relationship between sector-wide policy uncertainty and revolving-door lobbying. See Appendix B for a table of summary statistics of the variables involved. The data lend strong support to the hypothesis. Across the Big Four sectors, greater policy uncertainty is associated with a greater percentage of revolvers among all actively contracted lobbyists. Plotting the two variables against each other, Figure 2.4 shows a clear positive association between them across the Big Four sectors. The points are grouped by sector and each one represents a year, reflecting the sector-year unit of analysis. A least-squares best fit line is drawn for each sector.

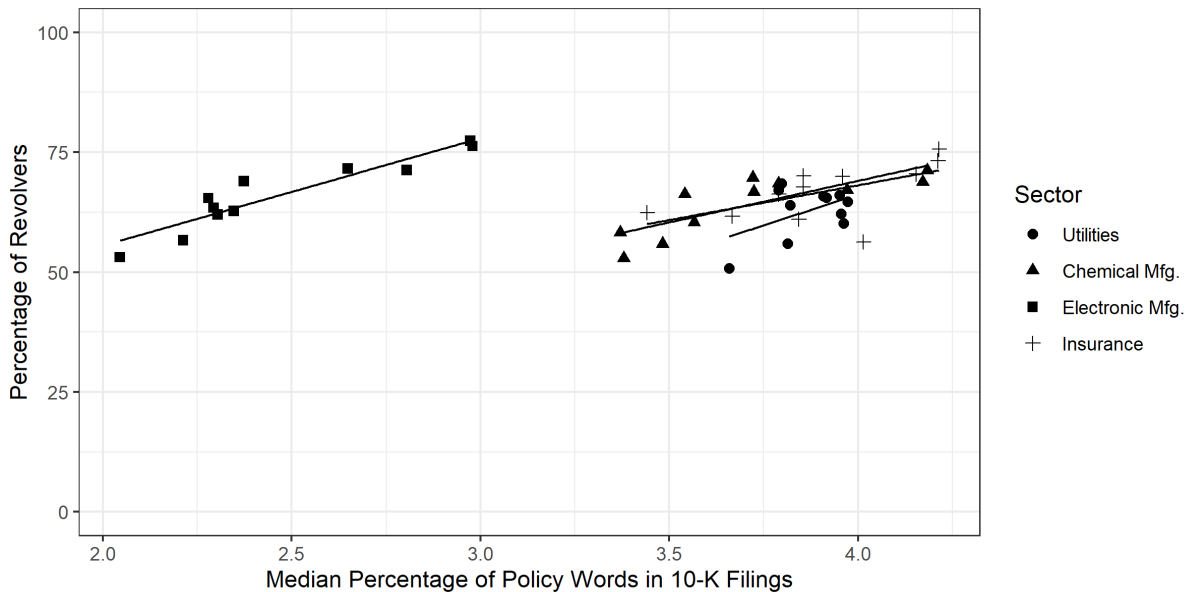


Figure 2.4. Company Perceptions of Policy Uncertainty and Revolving-Door Lobbying, Big Four Sectors

As discussed earlier and seen again in Figure 2.4 as the x-axis, sector-wide median

percentages of policy words vary considerably from year to year. Percentages of revolvers, shown on the y-axis, cover even wider ranges. In the electronic manufacturing sector, for example, revolvers constituted a low of just over half of the universe of lobbyists and a high of almost 80 percent in different years over the period, and other sectors are comparable in this respect. As hypothesized, the positive association between policy uncertainty and the percentage of revolvers appears strong and largely universal across the four sectors, as demonstrated by the near-parallel best fit lines.

On its own, the percentage of revolvers in a given sector already embodies companies' preference for revolvers to conventional lobbyists. Nevertheless, this measure alone does not separate two different though not mutually exclusive scenarios. In one, lobbying business flows from conventional lobbyists to revolvers when policy uncertainty increases. In the other, the overall volume of lobbying business grows when policy uncertainty increases, but it falls disproportionately into revolvers' business portfolios. Either scenario or some combination of both may give rise to the correlation being tested. Though not vital to the theory of lobbying as political insurance, it is valuable to examine which scenario better describes reality.

To help do so, I present some additional patterns. In Figure 2.5 I plot policy uncertainty against the total number of lobbying clients, showing that the size of the entire "pie" of lobbying decreased somewhat when policy uncertainty grew. This rules out the second possible scenario laid out above. In Figure 2.6, I include a pair of plots showing how policy uncertainty relates to the number of revenue-generating conventional lobbyists and revolvers sector-wide. A clear pattern emerges: The count of conventional lobbyists shrank with the "pie" of the lobbying business in correspondence with policy uncertainty, but the number of revolvers did not and even rose slightly. Consequently, the main driving force behind the positive sector-level relationship between uncertainty and the percentage of revolvers is revolvers' much stronger staying power in high-uncertainty policy conditions compared to conventional lobbyists. This inference, that revolvers' share of the lobbying business grew with policy uncertainty at the expense of conventional lobbyists' clienteles, will attain direct evidence in the lobbying firm-level and

lobbyist-level analyses to be presented later.

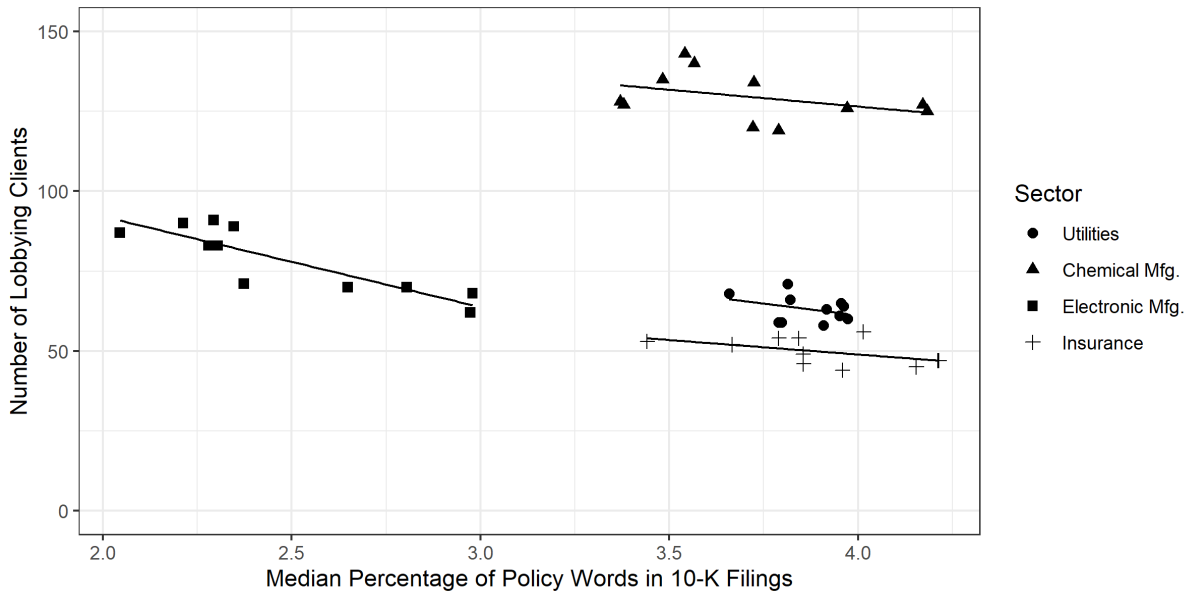


Figure 2.5. Company Perceptions of Policy Uncertainty and Number of Lobbying Clients, Big Four Sectors

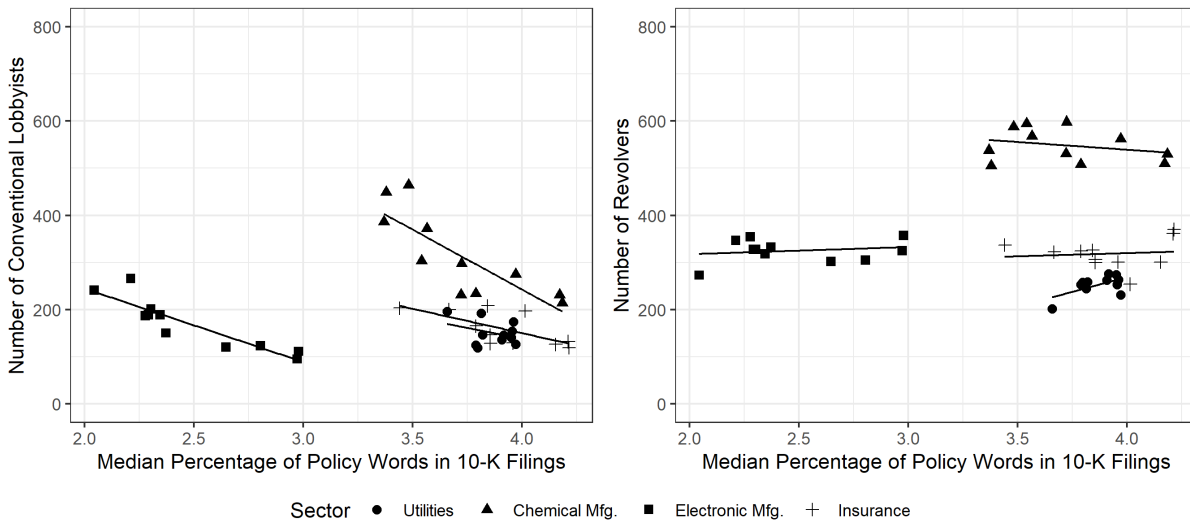


Figure 2.6. Company Perceptions of Policy Uncertainty and Number of Lobbyists, Big Four Sectors

I conduct regression analysis to test the robustness of the positive relationship between

policy uncertainty and the percentage of revolvers among active lobbyists. Table 2.2 displays a series of panel regression equations designed for this purpose, all of which have the proportion of revolvers as the dependent variable and sector perceptions of policy uncertainty as the main independent variable. All equations control for ways that sector attributes and time may contribute to an ostensible correlation between them, and control for sector fixed effects. Equations 1 and 2 additionally control for year fixed effects and are therefore two-way fixed effects models, and Equation 3 uses a linear time trend to replace year fixed effects to control for the trend problem noted earlier.

Table 2.2. Linear Regression - Policy Uncertainty and Revolving-Door Lobbying Across Economic Sectors

	<i>Dependent variable:</i>		
	Proportion of Revolving-Door Lobbyists		
	(1)	(2)	(3)
Uncertainty	4.348*** (1.480)	4.471*** (1.325)	2.906*** (1.085)
Total Assets		0.0001 (0.001)	0.0005 (0.001)
Concentration		-0.0003 (0.001)	0.002 (0.001)
No. Companies		-0.0001*** (0.00002)	-0.0001*** (0.00001)
Constant	0.214*** (0.072)	0.289*** (0.043)	0.031 (0.063)
Lagged DV	2	2	2
Sector Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	No
Linear Trend	No	No	Yes
Observations	44	44	44
R ²	0.970	0.974	0.957
Adjusted R ²	0.952	0.954	0.944
χ^2	154.536***	161.185***	138.502***

Note: Standard errors are clustered by sector.

*p<0.1; **p<0.05; ***p<0.01

The equations also control for two lagged terms for the dependent variable, measuring the proportion of revolvers in each sector in each of the two previous years, in order to control for autocorrelation over time in revolving-door lobbying. These lagged terms therefore take account of the noted “stickiness” or path dependency of corporate lobbying (Drutman 2015a). Standard errors are clustered by sector. The three variables related to sector-wide corporate

finance - sectors' total assets, degree of market concentration, and the number of companies - serve as additional controls in equations 2 and 3.

The positive relationship between policy uncertainty and revolving-door lobbying proves robust to these various model specifications. Across the three equations, the coefficient estimate for policy uncertainty remains strongly statistically significant, fairly stable in magnitude, and practically sizable. According to Equation 2, an increase in the median share of policy words by one percentage point in a sector corresponds on average to an increase in the percentage of revolvers by nearly 4.5 percentage points. In the data collected, the average length of risk factor discussions in companies' 10-K filings is approximately 7,700 words, of which an average of 260 words, or 3.4 percent, are policy-related. According to the main coefficient estimate in Equation 2, a paragraph's worth of increase by 80 policy words on average corresponds to an increase in the proportion of revolvers sector-wide by 3 percentage points. The data therefore yield strong evidence for Hypothesis **H1**.

I additionally examine whether policy uncertainty matters for the percentage of lobbyists who not only are revolvers but former members of Congress. Like Ban, Palmer and Schmeer (2019), I find no evidence for the same positive relationship when singling out this most elite group of revolvers. I display this ancillary analysis in Appendix C. As shown earlier, overall sector-wide lobbying activity does not exhibit a consistently positive relationship with policy uncertainty. I include regression analysis corroborating this null finding as Appendix D, with two measures of total lobbying activity as dependent variables - the number of clients and total lobbying expenditure (in millions of dollars) - but otherwise paralleling the two-way fixed effects model (Equation 2). That the overall amount of lobbying is unresponsive to policy uncertainty underscores the systematic switch of demand from conventional lobbyists to revolvers.

As mentioned earlier, data on individual companies' yearly perceptions of policy uncertainty permit panel analysis at the company-year level of the relationship between policy uncertainty and lobbying activity. I show this analysis in Appendix E, divided into two regression tables. In the first, I model companies' yearly lobbying expenditure and percentage of revolvers,

respectively, as a function of their own perceptions of policy uncertainty, controlling for their time-variant market share along with company fixed effects, year fixed effects, and a lagged term for the dependent variable.

In neither equation does policy uncertainty obtain a significant coefficient though it has the expected sign in relation to the percentage of revolvers. As explained earlier, company-level policy risk perceptions estimated by counting policy words likely contain an excessive amount of measurement error. Due to the boiler plate approach that many companies follow when drafting 10-K filings (Kravet and Muslu 2013), temporal variations of the same companies' risk perceptions likely contain an inordinate amount of random noise that has nothing to do with the construct being measured but is strong enough to mask it. Shown in the second table within Appendix E, I conduct another set of company-year level analysis but go back to using sector medians to measure policy uncertainty instead of individual companies' perceptions. This time, uncertainty moves toward significance as an explanatory variable for the percentage of revolvers but still falls short of obtaining it (p-value: 0.15).

2.3.2 Policy Uncertainty and Firm and Lobbyist Clienteles

Individual lobbying firms and lobbyists are microcosms of the overall political economy of the lobbying industry. As seekers of lobbying contracts, their portfolios of clients should reflect interest groups' demand for their service. Based on this premise, I seek corroborating evidence for the strong relationship between perceived policy uncertainty and companies' preference for revolving-door lobbyists by testing the same theory from the perspective of firms and lobbyists, in the form of Hypotheses **H2** and **H3**.

I expect companies' preference for revolvers in times of high uncertainty to result in a particular boon for revolvers and revolver-rich firms in response to rising uncertainty relative to their competitors in the profession. First at the level of firms and then at the level of lobbyists, I examine whether revolvers' clientele grew disproportionately in response to uncertainty in the economic sectors in which they practiced. These analyses contain unit fixed effects - for lobbying

firms and lobbyists, respectively - in order to test whether their revolving-door attributes exert an independent influence on their clienteles after considering firm and lobbyist idiosyncrasies. In-house lobbying operations and lobbyists are excluded. Like the 57 companies which exclusively hired in-house lobbyists, in-house lobbyists represent a small slice of the lobbyist pool; out of a total of 4,698 lobbyists, 1,091 (or 23 percent) were in-house.

The firm-level analysis requires panel data for each of the Big Four sectors containing unique firm-year combinations that describe individual firms' business trajectories in this sector. For each sector, I start with a balanced panel data set containing every possible combination of the two dimensions but exclude firms that never practiced in the sector and, presumably, never sought clients in it. I then remove those observations that chronologically precede firms' first lobbying contract, reflecting an underlying assumption that it only became a client seeker after its initial appearance in the data. The other side of this assumption is that firms never stopped seeking clients in their relevant sectors, thereby ignoring the possible cessation of lobbying work for any reason, including the firm going out of existence. Such an assumption is bound to be incorrect to some extent, but I do not expect it to cause any major inaccuracy in hypothesis testing, if only due to the relative brevity of the eleven-year period.

Table 2.3 displays linear regression analysis of firm clienteles in response to policy uncertainty. This analysis estimates parallel equations for the Big Four sectors, and its dependent variable is the number of clients. The main independent variables are policy uncertainty, the percentage of revolvers within lobbying firms (often time-variant due to changes in their personnel), and their interaction. The interaction term measures how much revolvers compound the growth in firms' number of clients when policy uncertainty rises. I control for the set of sector characteristics used before - total assets, concentration, and the total number of companies - as well as firm fixed effects and a lagged dependent variable. These equations do not contain year fixed effects as these would be perfectly collinear with policy uncertainty in single-sector data. Standard errors are clustered by firm.

Table 2.3. Linear Regression - Policy Uncertainty and Lobbying Firms' Clienteles in Economic Sectors

	<i>Dependent variable:</i>			
	Number of Clients			
	Utilities	Chemical Mfg.	Electronic Mfg.	Insurance
	(1)	(2)	(3)	(4)
Uncertainty	-23.298 (53.622)	-24.920 (21.493)	-37.427 (23.775)	-45.519** (20.284)
% Revolvers	-4.303* (2.544)	-1.231 (1.067)	-1.270** (0.614)	-1.179 (0.803)
Uncertainty × % Revolvers	108.164* (65.736)	35.114 (24.773)	47.712** (23.378)	35.664* (19.703)
No. Lobbyists	0.125*** (0.037)	0.154*** (0.028)	0.078*** (0.020)	0.109*** (0.021)
Total Assets	-0.041 (0.168)	-0.046 (0.299)	0.431 (0.283)	0.047** (0.024)
Concentration	-0.026 (0.017)	0.0003 (0.050)	-0.007 (0.026)	-0.107** (0.054)
No. Companies	0.001 (0.004)	-0.0001 (0.001)	0.0003 (0.001)	-0.002 (0.003)
Constant	2.966 (2.209)	1.958 (4.643)	1.234 (2.935)	10.329* (5.414)
Lagged DV	1	1	1	1
Firm Fixed Effects	Yes	Yes	Yes	Yes
Observations	794	1,530	904	819
R ²	0.821	0.788	0.726	0.832
Adjusted R ²	0.762	0.720	0.614	0.777
χ ²	1,367.650***	2,371.702***	1,170.516***	1,461.093***

Note: Standard errors are clustered by lobbying firm.

*p<0.1; **p<0.05; ***p<0.01

In three of the four sectors (utilities, electronic manufacturing, and insurance), the interaction between the proportion of revolvers within lobbying firms and policy uncertainty is statistically significant and positive. This term is not significant for the chemical manufacturing sector though it is positive. The lobbying firm-level analysis presents evidence for Hypothesis **H2** and corroborates the earlier sector-level finding by showing that revolver-rich firms fare better when policy uncertainty rises.

Since firms are collections of lobbyists, revolvers should be the beneficiaries of this uncertainty-induced demand. In Figure 2.7, I show that this is indeed the case by tallying revolvers and conventional lobbyists' number of clients in correspondence with different levels of policy uncertainty, the latter divided into equal-sized quintiles for comparability. For each of the four sectors, I calculate the number of clients pooled among all revolvers and conventional lobbyists, respectively. As oftentimes teams of multiple lobbyists - revolvers, conventional lobbyists, or both - served the same clients, the client counts include duplicates, associating every client with all lobbyists involved. This setup captures the intensity of companies' demand for each type of lobbyists and not just how many distinct companies hired lobbyists.

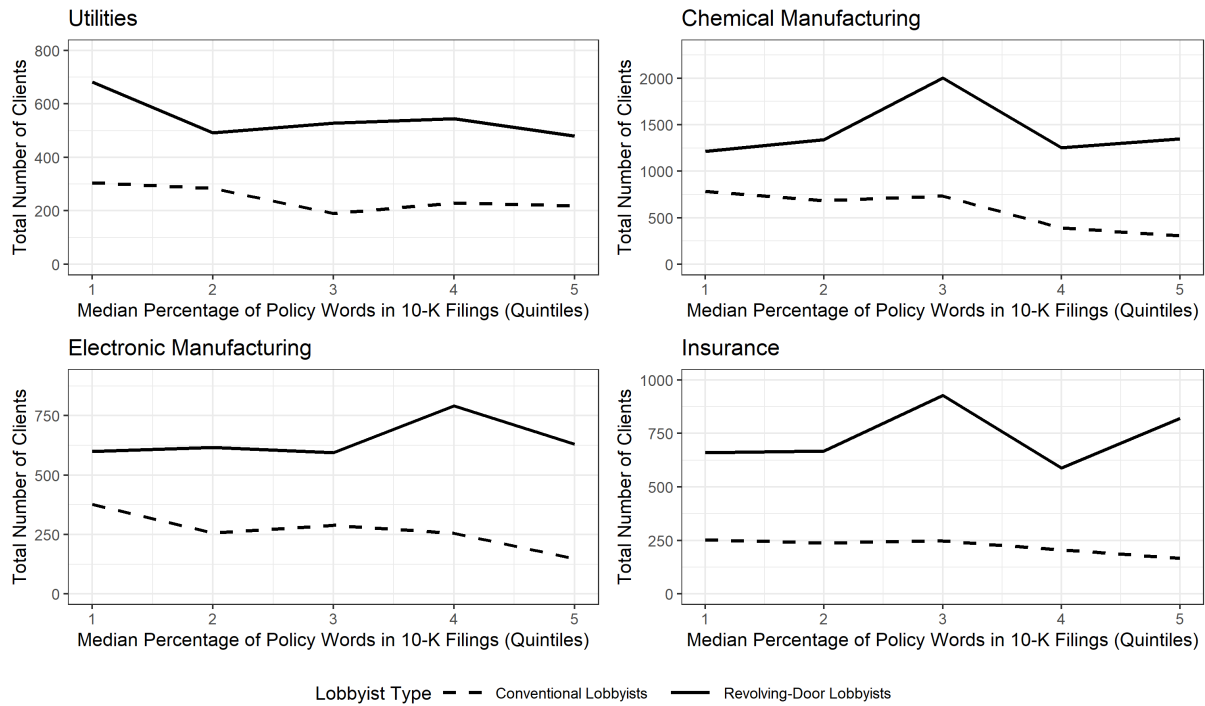


Figure 2.7. Company Perceptions of Policy Uncertainty, the Revolving Door, and Number of Lobbying Clients, Big Four Sectors

Of interest is the slope between policy uncertainty and lobbyists' number of clients; a positive slope indicates a positive relationship between the two, and vice versa. In chemical manufacturing, electronic manufacturing, and insurance, clearly revolvers' business prospers and conventional lobbyists' business deteriorates in correspondence with rising policy uncertainty. The gap between revolvers' number of clients and conventional lobbyists' number of clients is much greater at the high end of policy uncertainty than at the low end. The utilities sector emerges as an exception, in which both types of lobbyists' clienteles decrease with policy uncertainty. This observation supports the suggestive inference drawn earlier that revolvers' business gained is conventional lobbyists' business lost in a substantially zero-sum or even negative-sum game.

Two possible lobbyist-level processes, however, can give rise to revolvers' and conventional lobbyists' divergent clientele sizes seen in Figure 2.7, and they are not mutually exclusive. In the first process, individual revolvers experience the wax and wane of client portfolios in response to policy uncertainty while conventional lobbyists' clienteles remain more stable and

unresponsive to uncertainty. In this scenario, individual lobbyists' careers are truly microcosms of the macro patterns of lobbying as political insurance; Hypothesis **H3** describes this scenario. In the second process, revolvers specialize in lobbying under high uncertainty compared to conventional lobbyists, but individual lobbyists including revolvers generally have static careers that do not consistently grow with uncertainty. Rather, more revolvers than conventional lobbyists become "activated" into lobbying activity during high uncertainty. Some combination of the two scenarios is responsible for revolvers' observed advantage in the aggregate. While which scenario is closer to reality is not vital to the theory, this information is helpful for understanding lobbyists' career patterns.

For this inquiry, I use a lobbyist fixed effects design to study how policy uncertainty relates to lobbyists' clienteles based on sector-specific data sets reorganized to contain lobbyist-year observations. As with lobbying firms, in these data sets I include only lobbyists who at any point practiced in the given sector and remove lobbyist-years which chronologically precede the lobbyist's first appearance in the data. In this analysis, I test how policy uncertainty interacts with lobbyists' revolver status to predict lobbyists' number of clients, controlling for sector characteristics and lobbyist fixed effects. The purpose of lobbyist fixed effects is to absorb individual lobbyists' "base" number of clients. Controlling for fixed effects, if the interaction between policy uncertainty and lobbyists' revolver status is a significant predictor, then revolvers' career trajectories are demonstrably lifted by increasing uncertainty in line with Hypothesis **H3**. Otherwise, the aggregate relationship between uncertainty and revolving-door lobbying is primarily due to the fact that revolvers disproportionately specialize in highly uncertain policy conditions compared to conventional lobbyists. Standard errors are clustered by lobbyist.

Table 2.4. Linear Regression - Policy Uncertainty and Lobbyists' Clienteles in Economic Sectors

	<i>Dependent variable:</i>			
	Number of Clients			
	Utilities	Chemical Mfg.	Electronic Mfg.	Insurance
	(1)	(2)	(3)	(4)
Uncertainty	3.666 (5.255)	11.972*** (2.944)	1.724 (2.671)	-10.368*** (3.876)
Revolver	0.273 (5.6×10^{10})	0.910 (2.2×10^{10})	0.476 (4.0×10^{10})	0.504 (3.6×10^{10})
Uncertainty \times Revolver	6.772 (5.6×10^{10})	-8.543 (2.2×10^{10})	-5.037 (4.0×10^{10})	-0.024 (3.6×10^{10})
Total Assets	-0.112*** (0.030)	-0.164*** (0.032)	0.165*** (0.049)	0.016*** (0.005)
Concentration	0.004 (0.003)	-0.007* (0.004)	0.022*** (0.004)	0.020** (0.009)
No. Companies	-0.001 (0.001)	-0.0001 (0.0001)	0.001*** (0.0001)	0.003*** (0.0005)
Constant	0.348 (0.299)	0.678 (0.429)	-2.835*** (0.460)	-2.311*** (0.890)
Lagged DV	1	1	1	1
Lobbyist Fixed Effects	Yes	Yes	Yes	Yes
Observations	13,901	26,312	16,741	14,075
R ²	0.729	0.728	0.609	0.754
Adjusted R ²	0.698	0.696	0.562	0.725
χ^2	18,148.440***	34,272.940***	15,713.970***	19,747.480***

Note: Standard errors are clustered by lobbyist.

*p<0.1; **p<0.05; ***p<0.01

The estimates show that policy uncertainty and lobbyists' revolving-door status do not meaningfully interact once lobbyist fixed effects are featured in the model, and the revolver-related terms have very large standard errors, making their coefficient estimates extremely

imprecise. The data thus present no evidence for Hypothesis **H3**. The positive relationship presented thus far between policy uncertainty and companies' demand for revolvers - by looking across sectors and tracing lobbying firms' and lobbyists' business trajectories - does not systematically play out in the most micro setting of individual lobbyists' careers.

2.4 Conclusion

The theory that interest groups spend money lobbying in order to insure against risks of adverse policy change has been well-received but seldom tested. In this paper, I test this theory using an empirical strategy with two pillars. The first is recognizing the variability of how much risk exists in the policy relevant to interest groups and then measuring it. I do so by measuring how much for-profit companies doing business in utilities, chemical manufacturing, electronic manufacturing, and insurance emphasize policy risks in their annual 10-K filings submitted to the Securities and Exchange Commission from 2006 to 2016. Counting the percentage of policy-related key words in these filings, I estimate a time-variant measure of policy uncertainty that is also specific to economic sectors. That perceived policy uncertainty governing the Big Four sectors hardly runs parallel with each other over the eleven-year period supports the sector specificity of policy uncertainty. This measure is a key independent variable in two complementary sets of panel analysis, both showing that companies' demand for revolvers relative to conventional lobbyists increased with policy uncertainty governing their sectors.

The second pillar of my empirical strategy concerns lobbyists' skill sets. Previous work experience in government gives lobbyists knowledge of the policymaking process, a professional asset valued by interest groups seeking insurance against risks of adverse policy change (LaPira and Thomas 2017). Combining the two pillars, an expectation that readily follows is that times of more severe policy risks should see revolving-door lobbyists generating particularly large amounts of lobbying business compared to conventional lobbyists. Panel data linking companies' perceptions of policy uncertainty and their demand for revolvers yield strong evidence for this

hypothesis. The percentage of revolvers among all revenue-generating lobbyists is positively associated with policy uncertainty across the Big Four sectors. The data also show that this effect is due to conventional lobbyists' loss of business in the midst of high uncertainty and revolvers' ability to survive and even thrive in it.

I then present corroborating evidence for this result from the empirical angles of lobbying firms and lobbyists by examining whether policy uncertainty disproportionately benefits revolvers within each economic sector. For firms, the more densely populated they are with revolvers, the more they benefit from high policy uncertainty. For lobbyists, revolvers' clienteles expand in response to rising uncertainty while conventional lobbyists' clienteles contract, though this aggregate comparison is not clearly manifested in systematic fluctuations in individual revolvers' career trajectories in correspondence with uncertainty. These findings point to a robust relationship between what is thought to be companies' primary political problem - risk - and their reliance on lobbyists thought to counter it most effectively. This conclusion builds substantially on an existing finding that revolvers generate more revenue when policy uncertainty - as a system-wide property irrespective of policy area - is high (Ban, Palmer and Schneer 2019).

Thus, companies are clearly in the business of protecting themselves against policy risks, and they systematically turn to revolvers to counter uncertainty. This conclusion underscores problems of delegation that scholars have identified in the interest group-lobbyist relationship, a principal-agent relationship (Stephenson and Jackson 2010; Lowery and Marchetti 2012; Drutman 2015*b*). Lobbyists (agent) will keep their jobs if they discharge their duties to the satisfaction of interest groups (principal). If interest groups hire lobbyists to benefit from their policy expertise and political connections, these assets contribute to a significant informational advantage that lobbyists possess over interest groups, giving rise to a fundamental information asymmetry (Lowery and Marchetti 2012). Lobbyists' private knowledge hampers interest groups' ability to evaluate their performance accurately in order to make hiring and firing decisions.

The nature of defensive lobbying likely exacerbates the information asymmetry in lobbying. Compared to the pursuit of policy change, the quest for insurance and risk management

arguably creates more vaguely defined lobbying objectives. Although interest groups vary in their policy sophistication and some are highly sophisticated, on the whole the defensive lobbying client has little choice but to trust lobbyists for their judgment as to the best plausible lobbying outcome in risky environments, what policy risks have emerged on the horizon, and how best to respond to them. These hard questions are left to lobbyists to answer, giving them tremendous leeway to set specific goals and design lobbying tactics most conducive to claiming credit for their achievements. Though revolvers' insider connections and superior knowledge rightly make them agents of choice for defensive lobbying clients, their credit-claiming skills may compound the information asymmetry further still. As a result, interest groups' rational preference for revolvers may provide important fuel to the billion-dollar lobbying industry.

Lastly, the sensitivity uncovered in this study in lobbying clients' preference for revolving-door lobbyists may be somewhat driven by the analytic focus on contract lobbyists rather than in-house lobbyists. The two species of lobbyists have fundamentally different career incentives: Contract lobbyists try to advance in their firms and in the profession by bringing in revenue, which depends on continually securing typically year-long lobbying contracts from existing and new clients. In contrast, in-house lobbyists are more securely locked into their positions and face less exigent requirements of career advancement. As the analysis in this paper has to do with the dynamics of lobbying contracts from year to year, it naturally draws on contract lobbying. For this reason, the sector-level analysis excludes the 57 companies that engaged exclusively in in-house lobbying in the 11-year period, as previously discussed, out of over a thousand companies in total. Compared to the numerous companies whose lobbying histories do contribute to the analysis, the slice left out is practically insignificant. Similarly and even more naturally, in-house lobbyists - who make up 23 percent of all lobbyists and serve one client by definition - are excluded from the firm-level and lobbyist-level analyses where the number of clients is the outcome of interest. Future work can examine the extent to which in-house lobbying jobs likewise experience the uncertainty-induced fluctuations in interest group demand.

Chapter 2, in part, is a reprint of the material as it appears in Liu, Huchen. 2020. "Policy

Uncertainty and Demand for Revolving-Door Lobbyists.” *Interest Groups & Advocacy* 9(4): 470-494. The dissertation author was the sole investigator and author of this paper.

Chapter 3

Making Money Count: Congressional Experience, Campaign Contributions, and Lobbyist Access to Legislator Offices

Expertise in policy and processes and connections to sitting officials are essential assets of revolving-door lobbyists that conventional lobbyists lack in comparison. In this paper, I advance a theory regarding how exactly these qualities set them apart in the lobbying profession. I argue that government experience and political connections work in concert to confer on lobbyists an intimate understanding of how to lobby effectively. Previous experience serving in government teaches lobbyists about being on the receiving end of advocacy and the object of interest group persuasion and pressure. Their own interactions with lobbyists, which shape their successes and failures, convey invaluable lessons on how to lobby successfully. Arguably more subjective and dependent on individual perspectives, this kind of knowledge is harder to acquire than the structure of political processes and policy areas, but plays a crucial part in a lobbyist's performance. After shifting roles to work as agents of persuasion, revolvers benefit from their experience of being lobbied themselves and are therefore able to navigate the political game by making more informed decisions.

If government experience teaches revolvers generally valuable lessons about what effective lobbying entails, the political connections they forge in government careers give them knowledge about the particular needs of individual officials or access to this knowledge when

necessary. While some fundamental goals motivate politicians more or less universally, such as winning elections and accumulating power and prestige within their institutions, the specific requirements of these goals vary among individual politicians depending on their circumstances. In Congress, some members are electorally secure while others are vulnerable. Some have abundant access to campaign funds while others are funding-starved. Some have a wealth of in-house policy expertise in their congressional offices or through their party apparatus or committee membership while others rely more heavily on policy input from outside groups. Consequently, to lobby officials successfully, it is important for lobbyists to cater to their particular needs, which requires knowledge of them. Relationships that lobbyists forge during congressional service help them gather these kinds of legislator-specific information to which others are much less privy.

In this paper, I test this theory on how previous government experience teaches lobbyists the unwritten rules of lobbying - both general and individual-specific - in the context of campaign contributions and access seeking to members of Congress. Contributions are significantly more access-oriented for lobbyists who previously served as members of Congress themselves in both intent and results. I first show that members-turned-lobbyists link their campaign contributions to incumbents more strongly to their access seeking behavior than other lobbyists, including former congressional staffers. I then show that former members' access-driven contributions pay off as intended; conditional on requests for access, former members' contributions are more strongly related to success in gaining access than other lobbyists' contributions. Furthermore, former members obtain this advantage primarily by attempting to access legislators not targeted by other lobbyists rather than outcompeting them when trying to access the same legislators. Considered together, these results strongly suggest that not only do former members recognize more strongly the strategic value of contributions for getting access, they likely possess private information on which incumbents are most likely to reciprocate financial help with access.

Due to poor data availability, researchers have subjected their theories on the linkage between campaign contributions and access to officials to few empirical tests. To test my theory regarding how the two relate and how lobbyists' career histories conditions it, I draw

on novel data on foreign lobbying in the U.S. government from 1998 to 2019. The Foreign Agent Registration Act of 1938 (FARA) provides a legal channel for foreign governmental and non-governmental entities to lobby the U.S. government, provided that U.S.-based agents handle their political operations. FARA requires foreign agents to submit semi-annual reports to the Department of Justice in which they must disclose their contact with U.S. government officials and campaign contributions they make, including the officials these activities aimed at. As such, the FARA data permit direct observational analysis of how contributions relate to contact with officials, an emergent line of research (You N.d.).

I leverage an additional layer of information on lobbyists' contact with officials - their requests for access to congressional offices and whether they succeed in obtaining it. In the FARA data, some lobbyists representing foreign entities previously served in Congress as legislators or staffers while a majority do not have congressional experience. I gather this information from "revolving door profiles" presented online by the Center for Responsive Politics. Adding career history information to the FARA data, I first show that former members of Congress link their campaign contributions more strongly to their requests for access to congressional incumbents compared to both former congressional staffers and lobbyists without congressional experience. If a link between contributions and subsequent access seeking suggests that contributions are intended to convince incumbents to give access, then legislators-turned-lobbyists exhibit this intent most sharply.

I then show that former members manage to translate their contributions to access more efficiently than other lobbyists; in other words, a greater proportion of the recipients of former members' contributions give them access upon request. This could result from some combination of two mechanisms: more successfully gaining access to the same legislators, and / or gaining access to a unique set of legislators who are more likely to grant access. I show that former members owe this advantage largely to requesting access to legislators not targeted by others. The analysis yields a greater contribution effect when redone for legislators uniquely targeted by former legislators. Examining access to a common set of legislators shared by former legislators

and lobbyists without such officeholding experience, however, confers no advantage on former members of Congress over other lobbyists. This finding suggests that previous service as members of Congress gives lobbyists private information on how likely different legislators are to return the favor of contributions by granting access.

3.1 Government Experience and Lobbyist Performance

Building on this literature on the advantages that government experience gives to lobbyists, in this paper I highlight the more intangible lessons that government service can teach lobbyists - in summary, being lobbied by others trains good lobbyists. What makes some lobbyists more effective than others at persuading officials to perform desired actions ranging from agreeing to a meeting to adopting policy proposals? The ability to convincingly demonstrate success in influencing officials' behavior - and policy outcomes by extension - is ultimately what makes lobbyists valuable to clients.

Few experiences can teach one how to be a good lobbyist more effectively than being lobbied by others, and I argue that this experience of being on the receiving end of persuasion, coupled with accumulated knowledge of how to lobby individual officeholders, is what makes previous office-holding so valuable for lobbyists. I find support for this theory in both research in labor economics as well as direct conversations with with a successful lobbyist. According to popular wisdom, previous work experience generally should increase workers' appeal to new employers and job performance, but support for this hypothesis in empirical research has been inconclusive (Uppal, Mishra and Vohra 2014; Quiñones, Ford and Teachout 1995). A body of work in labor and organizational economics investigates what elements of work experience, a compound of multiple and not always helpful qualities, enhance job performance. It finds that several characteristics of sectors and professions, workers themselves, and the content of their previous work experience all matter for the positive effect of experience on performance (Schmidt, Hunter and Outerbridge 1986; Uppal, Mishra and Vohra 2014; Kim, Knight and Crutsinger 2009;

Kolz, McFarland and Silverman 1998; Dokko, Wilk and Rothbard 2009; McDaniel, Schmidt and Hunter 1988).

Particularly relevant to lobbyist performance are the findings in this literature on the importance of acquiring task-specific experience in previous employment (Dokko, Wilk and Rothbard 2009; Quiñones, Ford and Teachout 1995) and the value of feedback from customers or supervisors for improving job performance (Whitaker, Dahling and Levy 2007). Previous experience serving in government exposes lobbyists to others' attempts at persuading them to undertake desired actions. With their attention and resources in demand, being lobbied gives former officials and staffers authority to render immediate feedback for lobbyists' efforts by choosing whether or not to grant lobbyists' wishes. Over time, being lobbied allows those in power to develop mental models of what lobbying tactics work which will become an extremely useful though intangible asset when they go through the revolving door and emerge on the other side as the ones doing the persuading. Given time, lobbyists who have never been lobbied themselves certainly can also develop these mental models; they, too, can connect successes and failures in persuasion to how they approach officials, the policy-relevant information they supply, and so on. But compared to revolvers, conventional lobbyists' information gathering is bound to be much less efficient and likely less accurate because officials alone can give immediate feedback to numerous lobbying efforts.

Previous government experience, however, does not suffice because the lessons learned from being lobbied are bound to be general. While, generally speaking, some lobbying tactics are demonstrably more persuasive than others, and officials comparatively value some types of lobbyist-given information, officials vary in political circumstances, analytic capacity, career ambitions, and personal tastes and styles of doing business. Thus, general lessons of lobbying learned by being lobbied become more useful when supplemented with lobbyists' familiarity with individual governmental decision-makers.

3.2 Lobbyists' Office-Holding Experience and Access Seeking

I test the theory that the experience of being lobbied, coupled with relationships with incumbents, makes lobbyists more successful in the setting of access seeking. In particular, I examine which lobbyists attempt to facilitate access to members of Congress with campaign contributions and to what effect, and whether lobbyists' previous congressional experience elevates the effect of money. Constituents value highly opportunities to communicate their opinions and concerns to government officials through direct contact. Securing officials' attention is an essential first step in persuading them to undertake desired policy actions (Hall and Wayman 1990; Hansen 1991), but all those who want officials' attention cannot receive it. Members of Congress, in particular, have a finite amount of time they can spend with constituents to receive their input and must selectively allocate their time and attention among the many who demand them (Hall 1998).

Caveats notwithstanding, that money buys access is an unwritten rule of lobbying. The perceived power of money to open doors is central to the societal concern about the influence of money in Washington. Large portions of the American public across the political spectrum think there is too much money in political campaigns and that wealthy individuals and groups can purchase influence over politicians' behavior and policy outcomes by contributing money to their campaigns.¹ Accordingly, majorities believe that corruption is a serious problem in Congress,² an institution they routinely hold in low regard.

Money can be expected to facilitate attempts to get access for good reasons. Why might legislators choose to give more access to donors? There are two main explanations. One, money helps them get reelected. For vulnerable incumbents in close races, campaign spending can be decisive in securing reelection (Gerber 2004; Caughey and Sekhon 2011), and contributions can

¹One recent study showing this was done by the Pew Research Center in May of 2018 (<https://www.pewresearch.org/fact-tank/2018/05/08/most-americans-want-to-limit-campaign-spending-say-big-donors-have-greater-political-influence/>).

²A collection of related public opinion polls can be found at <https://www.pollingreport.com/politics5.htm>.

help them win by paying for much needed campaign expenditures, particular advertising. For more secure incumbents, having abundant campaign funds - a plentiful war chest - helps deter high-quality challengers from entering the race (Box-Steffensmeier 1996). Incumbents, knowing the importance of money, spend large amounts of time fundraising for their reelection efforts (Powell 2012; Lessig 2011).³ By meeting with donors, officials can return the favor by hearing their concerns in the hope that they will contribute again in future elections. Two, officials often need input from outside groups as a source of valuable policymaking information (Hall and Deardorff 2006). Campaign contributions may signal to officials that their donors share their policy objectives and preferences, and can therefore be trusted to provide good information and advice (Lohmann 1995; Austen-Smith 1995).

Irrespective of why contributions should facilitate access, lobbyists who served as elected officials in Congress themselves should best understand their importance. As discussed earlier, officials learn such intangible rules of lobbying from their experience of being lobbied. Now as lobbyists they should readily use those lobbying tactics that once worked on themselves or their colleagues. How should former legislators' political connections factor into their stronger process knowledge? I argue that relationships with incumbents give legislators private information on incumbents' individual variations in the midst of generally correct unwritten rules. In the specific context of access seeking, former legislators uniquely understand to which legislators their contributions will most effectively facilitate access. This private knowledge enables them to focus more on the most receptive of potential recipients of contributions, compared to lobbyists without office-holding experience, in order to translate given sums in contributions maximally into gained access.

Former members' ability to anticipate the effect of contributions on access should result in an observed mediating role of ideology. Members of Congress most readily develop close personal ties with ideologically similar copartisan colleagues. They can therefore make the

³*Vox* has published journalistic accounts of constant fundraising by members of Congress, including one published in January of 2016 (<https://www.vox.com/polyarchy/2016/1/8/10736402/congress-fundraising-miserable>).

most informed speculation regarding these members' receptiveness to contributions, suggesting two empirical predictions about former members' behavior as lobbyists. One, they should disproportionately make campaign contributions and request access to ideologically similar copartisan incumbents. Two, and more important, there should be a concentration of the boost provided by contributions for gaining access to "friends" on top of the disproportionate focus on them. For sitting legislators, giving access to lobbyists requires trust, and their trust in copartisans nudges them toward giving access upon request in order to receive their input. If lobbying is the transmission of information from interest groups to their natural allies in government (Hall and Deardorff 2006), contributions should help ideologically similar lobbyists gain access to legislators. With the alignment of ideological and electoral interests more or less dismissed as a potential source of mistrust, contributions can signal lobbyists' possession of quality policymaking information. Taken together, I expect ideologically closer lobbyists, especially copartisans, to reap the most gain from their contributions.

3.3 Hypotheses

The hypotheses I test in this paper, listed as follows, formulate expectations regarding former legislators' distinctive behavior and outcomes in lobbying compared to other lobbyists and reflect the two stages of lobbyist access-seeking - requests for access and success in obtaining it. Based on the basic fact that revolving-door lobbyists are more connected to government officials than conventional lobbyists, Hypothesis **H1** describes expectations about how their access-seeking attempts and results should compare. Hypothesis **H2** tests whether former legislators appear to understand more strongly the value of contributions for getting access and thus link contributions more strongly to requests for access than other lobbyists.

Hypothesis **H3** tests whether former legislators enjoy a stronger effect of contributions on getting access than other lobbyists, conditional on requests for access. I expect as much, as discussed above, due to the private knowledge that members of Congress obtain regarding

colleagues' proclivity to reciprocate financial help with access. Lastly, Hypothesis **H4** points to the expected mediating role of ideology on whether contributions facilitate access, that this effect should favor lobbyists' ideologically similar copartisan incumbents.

H1 Lobbyists who previously served as members of Congress request and succeed in getting access to more incumbents than other lobbyists.

H2 Former members link their campaign contributions more strongly to their requests for access to incumbents than other lobbyists.

H3 Given requests for access, campaign contributions are more strongly related to success in gaining access for former members of Congress than other lobbyists.

H4 The boost from campaign contributions on success in getting access is greater if lobbyists are ideologically close to the members they try to access than if they are ideologically distant, especially for members of their own party.

3.4 Data

Congress passed the Foreign Agents Registration Act in 1938 to monitor propaganda activity by European fascist and communist governments in the U.S., particularly Nazi Germany. During the postwar years, the intent of FARA has since lost its wartime emphasis on anti-American activity as Congress replaced “propaganda” with “informational materials” in the statute.⁴ Recent controversies related to foreign interference surrounding the 2016 presidential campaign and the Trump presidency have given FARA renewed public attention. Now international trade is by far the most prevalent issue of interest to registered foreign lobbying clients (Kee, Olarreaga and Silva 2004; Montes-Rojas 2018; You N.d.). Since the passage of the Lobbying Disclosure Act of 1995, lobbyists representing foreign commercial entities are

⁴Office of Inspector General, U.S. Department of Justice, “Audit of the National Security Division’s Enforcement and Administration of the Foreign agents Registration Act,” September, 2016 (<https://oig.justice.gov/reports/2016/a1624.pdf>).

allowed to report their lobbying activity under the LDA, and those with completely non-political objectives - i.e., religious, scholastic, academic, scientific or fine arts - are exempt from FARA reporting altogether.⁵ Consequently, a large portion of registered foreign principals are now foreign governments or political organizations such as parties (You 2020). Given the type of actors in this slice of lobbying - foreign interests with explicitly political goals, the link between money and political access bears particularly important implications for the influence of special interests. As these entities try to influence U.S. policy but hail from beyond the nation's borders and electorate, finding that money indeed facilitates access to congressional officials is especially consequential.

The Department of Justice prepares the FARA data for bulk download online.⁶ These data contain links to FARA reports as image scans as well as information on the registrants that filed them and the lobbyists involved. The following figures illustrate these pieces of information contained in “supplemental reports” filed by registrants (foreign entities themselves or, more commonly, contracted lobbying firms) semi-annually in which they report political activities.⁷ In figures 3.1 and 3.2, a firm details its contact with congressional staffers and these staffers' member affiliation. In Figure 3.3 a firm lists its recent campaign contributions. I collect the text of these reports, often by performing optical character recognition (OCR), and then extract information from the text on campaign contributions and lobbyist access seeking. Different organizations' patently different reporting conventions and formats require a flexible and robust approach to collecting contact data, for which I describe a machine learning strategy below.

⁵ *ibid.*

⁶ The DOJ makes FARA reports searchable and available for viewing at <https://www.justice.gov/nsd-fara> and downloadable at <https://efile.fara.gov/ords/f?p=107:21:::NO:::>

⁷ In FARA, registrants can be firms contracted by foreign principals or foreign principals themselves (if they employ in-house personnel for political activities). In this paper, I adopt the term “registrant” to encapsulate these two types of organizations. A registrant, in turn, consists of one or more individual lobbyists.

The Registrant met with: Representative Jim McDermott on November 2, 2001; Senator Bill Nelson and Senator John McCain on November 14, 2001; Chairman John Robson of the Export-Import Bank of the United States on November 16, 2001; Peter Watson, President of the Overseas Private Investment Corporation, on November 16, 2001; and Thelma Askey, Director of the U.S. Trade and Development Agency, on November 16, 2001; in each case for the purpose of promoting bilateral investment and trade between the United States and Mongolia. The Registrant also arranged and attended a luncheon for the Prime Minister of Mongolia with Representative Henry Hyde, Representative Tom Lantos, Representative Dana Rohrabacher, Representative Benjamin Gilman and Representative Joe Pitts on November 15, 2001, for the purpose of promoting positive U.S./Mongolia relations.

Figure 3.1. Reporting of Contact with Officials in a FARA Report

Note: Filed by APCO Associates (<https://efile.fara.gov/docs/4561-Supplemental-Statement-20020331-GXALE04.pdf>)

2/12/2019	Email	Senator Dan Sullivan	Avery Fogels and Liz Banicki	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator David Perdue	Gabriele Forsyth and Caitlin Poling	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Kevin Cramer	Rachel Buening and Jason Stverak	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Martha McSally	Kate Chaudoin	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Rick Scott	Scheduler	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Marsha Blackburn	Grace Burch and Sean Farrell	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Josh Hawley	Ellen James and Eric Teetsel	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Ranking Member Jack Reed	Rosanne Haroian and John Nobrega	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Jeanne Shaheen	Megan Darcy and Naz Durakoglu	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Kirsten Gillibrand	Kinsey Spears and Moran Banai	Meeting Request for KRG Foreign Minister
2/12/2019	Email	Senator Richard Blumenthal	Dana Sandman and Kim Quarentello	Meeting Request for KRG Foreign Minister

Figure 3.2. Requests for Access to Officials in a FARA Report

Note: Filed by Kurdistan Regional Government - Liaison Office - USA (<https://efile.fara.gov/docs/5783-Supplemental-Statement-20190728-25.pdf>)

DATE	AMT	CAMPAIGN
1/26/2010	\$1,000.00	McCarthy for Congress
1/5/2010	\$750.00	Great Land PAC
1/5/2010	\$250.00	Great Land PAC
1/5/2010	\$500.00	Ted Deutch for Congress
1/11/2010	\$1,000.00	Martha Coakley
1/12/2010	\$1,000.00	Martha Coakley for Senate
1/12/2010	\$250.00	Coakley for Senate
1/14/2010	\$1,000.00	Martha Coakley for Senate
1/15/2010	\$5,000.00	AGSHF PAC
1/19/2010	\$1,200.00	Allyson Schwartz for Congress (in-kind)
1/19/2010	\$750.00	Joe Wilson for Congress
1/19/2010	\$1,000.00	Mike Thompson for Congress
1/19/2010	\$15,000.00	NRCC
1/19/2010	\$750.00	Pete Stark Re-Election Committee
1/19/2010	\$500.00	Richard Burr for Senate (in-kind)
1/26/2010	\$2,500.00	Majority Committee
2/1/2010	\$5,000.00	Blue Dog PAC
2/1/2010	\$1,000.00	Gwen Moore for Congress

Figure 3.3. Excerpt of a FARA Report on Lobbyist Campaign Contributions

Note: Filed by Akin Gump Strauss Hauer Feld, LLP (<https://efile.fara.gov/docs/3492-Supplemental-Statement-20100722-14.pdf>)

3.4.1 Classifying Lobbyist Access-Seeking and Contributions

In order to identify lobbyists’ requests for access to members of Congress and then classify them as successful or unsuccessful, it is crucial to understand the context surrounding legislator mentions. In the first example above (Figure 3.1), the phrase “met with” strongly indicates successful attempts to gain access. In Figure 3.2, the phrase “meeting requests” suggests that the lobbyists requested but did not achieve access to the legislators of interest at the time of reporting. Subsequent reports then indicated the eventual outcomes of these requests (not shown). To collect such information on lobbyist access-seeking, I first extract all mentions of congressional incumbents from the FARA reports between 1998 and 2019 along with the immediate context surrounding them (150 characters on both sides). This step produced over 70,000 records. To reliably and efficiently extract requests for and success in gaining access from this large amount of information, I build two machine learning models, one for determining whether each mention pertains to access-seeking requests and one for determining their results, with a training set of manually coded legislator mentions. After validating these models on an additional set of manually coded mentions, I then use them to classify the remaining vast

majority of legislator mentions.⁸

I gave two undergraduate research assistants the same randomly selected legislator mentions along with context and manually identified instances of access-seeking and their results. I cross-tabulated their determinations against one another, found the intercoder reliability to be 91.2 percent, and reconciled the disagreements. I randomly select 75 percent of the reconciled manual entries to form a training set to build the two machine learning models based on the Random Forest algorithm which, in combination, classify legislator mentions as describing no request for access, an unfulfilled request at reporting time, or a fulfilled one. Upon validating these models on the remaining 25 percent of manually coded entries by comparing model predictions with manual classifications, I find both models to yield correct predictions over 90 percent of time.⁹ Another type of information on lobbyist contact that I collect from FARA report language is whether requests for access target members of Congress themselves or their staff (You N.d.). I do so by detecting whether the context surrounding legislator mentions include any congressional staff titles such as Chief of Staff, Legislative Assistant, and Legislative Correspondent, and so on.¹⁰

In addition, I gather any disclosure of campaign contributions in FARA reports that lobbyists made to members, the basis for the main independent variable in this study. As with access-seeking requests and outcomes, I gather information on lobbyist campaign contributions using the context surrounding legislator mentions in FARA reports. The report line “1/19/2010 \$500.00 Richard Burr for Senate” - transcribed from the report excerpted in Figure 3.3 above - indicates that the firm contributed \$500 to Burr’s (R-NC) Senate reelection campaign in the 2010 cycle. In this fashion, I record which registrants (in-house or contracted) contributed to which candidates during which election cycles.¹¹

⁸See Appendix I.4 for a robustness check that removes instances of likely lower-quality access of a more social nature such as breakfast meetings from model classifications.

⁹See Appendix F for a detailed description of the machine learning models and their validation, including their precision and recall scores.

¹⁰See Appendix G for a full list of congressional staff titles I detect.

¹¹See Appendix H for a full list of words and phrases I detect to identify campaign contributions and Appendix I.3 for a discussion of how the FARA disclosure of contributions compares with records of the Federal Election

3.4.2 Dyads of Members of Congress and Lobbying Registrants

To examine how lobbyists' campaign contributions relate to their requests for access to members of Congress, I create panel data containing unique dyads of members of Congress and lobbying registrants for each year. Registrants typically make contributions and contact officials as a collective, at least on paper, even though in reality only one specific lobbyist (the most influential or connected one, in all likelihood) is solely responsible for these actions. Accordingly, FARA reports often do not show which lobbyists make contributions or contact. In the excerpts shown above, for example, all lobbyists working for their clients are treated as acting collectively. Some registrants, however, consist of a single lobbyist, allowing their actions to be traced unmistakably to that lobbyist. I make use of this desirable feature of single-person registrants and pay special attention to this subset to strengthen the overall findings.

From 1998 to 2019, 981 distinct registrants engaged in lobbying on behalf of foreign principals. Merging these lobbying transactions with all sitting members of Congress by year results in 1,535,352 member-registrant-year combinations which may contain campaign contributions (for the pertinent election cycle), requests for access (successful or unsuccessful), or both. Organizing member-registrant dyads by year, I take account of the fact that lobbying is an ongoing process and that activities disclosed in one report may continue through a subsequent one. Practically, this means that a request for access disclosed in one report can prove successful by the time the registrant files its next one, and that a contribution to a legislator may be connected to a request for access listed in a later report.¹²

Member and Lobbyist Characteristics

I gather the first-dimension DW-NOMINATE scores of members of Congress in order to calculate their ideological distance from lobbyists to examine how it conditions the effect of

Commission and a robustness check that supplements FARA disclosure with the FEC data.

¹²As calendar years have effectively coincided with sessions of Congress since the 1930s, organizing member-registrant dyads by year should sufficiently allow requests for access to play out. In Appendix I.1, however, I further collapse the data from year-level to Congress-level as a robustness check to assuage remaining concerns.

contributions on access. Additional legislator controls include members' vote shares in their last elections, their party affiliation, whether their party was the chamber majority, whether they served in the House or the Senate, whether they occupied party leadership positions in Congress, and whether they sat on some of the most powerful committees (the House Ways and Means Committee and the House and Senate appropriations committees) as well as the committees principally in charge of foreign affairs (the House Foreign Affairs Committee, the Senate Foreign Relations Committee, and the House and Senate Homeland Security committees). Furthermore, I control for registrant characteristics including whether they were in-house operations or contracted firms, how many lobbyists they consisted of, and how many foreign clients they served in total from year to year (if contracted).

3.4.3 Lobbyists' Career Histories and Ideology

For data on lobbyists' career histories, I collect all "revolving door" career profiles on political figures prepared and published online by the Center for Responsive Politics. These profiles include individuals' previous service in government, including congressional positions.¹³ In order to get information on any past congressional positions held by lobbyists in the FARA data, I first searched for lobbyists among the career profiles automatically by name. My undergraduate research assistants then verified whether these matches were correct by browsing Internet search results on the matched individuals. With lobbyists linked to "revolving door" profiles, the FARA data contain a total of 9,498 distinct lobbyists who represented foreign clients, of whom 495 served in Congress. Within these 495 lobbyists, 87 held elective office as Representatives or Senators while 408 served as congressional staff. As one might expect, the lobbyists who previously held congressional office were invariably part of contracted firms rather than in-house lobbyists working for foreign organizations.

¹³An alternative data source for lobbyist career histories is lobbyists' disclosure of past government employment in compliance with the Lobbying Disclosure Act. For this paper, I opt for profiles prepared by the Center for Responsive Politics because it is a more complete source, particularly in foreign lobbying. Lobbyists who represented foreign clients but never represented domestic clients would never appear in the LDA data.

An example of lobbyists in the data with previous congressional experience is two-term Democratic Congressman Jim Bacchus. After leaving Congress in 1995 and chairing the World Trade Organization’s Appellate Body for eight years, Bacchus became Chair of Global Practice at law firm Greenberg Taurig.¹⁴ In this role Bacchus represented governmental bodies from countries including Mexico, El Salvador, and Belarus. More common than legislators-turned-lobbyists are former congressional staff. Andrew McKechnie, for example, served as Legislative Assistant to Senator Norm Coleman and as Health Policy Advisor to Senator Chuck Grassley before joining Peck Madigan Jones as a lobbyist.¹⁵ While at Peck in 2011, McKechnie represented a Colombian government agency to promote foreign tourism, trade, and investment.

For these revolving-door lobbyists who held congressional positions either as members or staffers, I infer their ideological positions from their past congressional service. The ideological positions of former members of Congress are summarized by their first-dimension DW-NOMINATE scores, and those of former congressional staff are summarized by the NOMINATE scores of the members they worked for. The ideological estimates for those who worked for more than one members are taken to be the NOMINATE scores of the members they served last.

3.5 Findings

The FARA data provide compelling evidence that previous congressional service is a powerful engine for lobbyists to access incumbents. In support of Hypothesis **H1**, former members and staffers sought access to more congressional incumbents over the 22-year period than did lobbyists who had not served in Congress. In Table 3.1, I show simple linear regression results on the relationship between lobbyists’ congressional experience and their overall access-seeking behavior. The dependent variable is how many members of Congress registrants

¹⁴See Bacchus’s “revolving door” profile at https://www.opensecrets.org/revolving/rev_summary.php?id=30321.

¹⁵See McKechnie’s “revolving door” profile at https://www.opensecrets.org/revolving/rev_summary.php?id=76344.

attempted to access in equations 1 and 2 and how many they did so successfully in equations 3 and 4. Equations 2 and 4 examine just registrants consisting of a single lobbyist for the added benefit of attributing behavior and outcomes precisely to a particular person.

Table 3.1. Linear Models - Lobbyists' Congressional Experience and Requests for Access to Members of Congress, 1998-2019

	<i>Dependent variable:</i>			
	No. MCs Attempted to Access		No. MCs Successfully Accessed	
	All Registrants	Single Lobbyist	All Registrants	Single Lobbyist
	(1)	(2)	(3)	(4)
Fmr. Cong. Staff	8.385*** (1.754)	4.795*** (1.803)	1.725*** (0.400)	2.782** (1.398)
Fmr. MC	19.203*** (4.984)	9.671*** (3.736)	7.258** (3.008)	0.816 (0.776)
In-House	0.780 (0.852)	-0.668 (0.710)	0.055 (0.330)	-0.249 (0.282)
No. Clients	1.345*** (0.479)	0.683*** (0.259)	0.253** (0.107)	0.253** (0.108)
No. Lobbyists	-0.130*** (0.046)		-0.032** (0.016)	
Constant	-2.696* (1.568)	-0.335 (0.641)	0.526 (0.587)	0.076 (0.306)
Year FE	Y	Y	Y	Y
Observations	2,812	1,025	2,812	1,025
R ²	0.201	0.084	0.087	0.060
Adjusted R ²	0.194	0.061	0.078	0.037
χ^2	632.268***	89.537***	255.851***	63.942***

Note:

*p<0.1; **p<0.05; ***p<0.01

The results are strongly consistent with Hypothesis **H1**. Lobbyists with congressional experience both requested access to and successfully gained access to a greater number of incumbents. In a minor exception, former members lobbying solo fall out of statistical significance in Equation 4. Importantly, the effects of the revolver variables are smaller when the dependent variable is instances of success rather than when it is the number of requests. This suggests that while former congressional experience is associated with both trying more and succeeding more in absolute terms, it is also associated with a lower success rate, a somewhat surprising finding. It appears that congressional revolvers cast a wider net to catch more fish but did so at some cost to their accuracy, an interesting panoramic finding to obtain before examining the effect of contributions for different lobbyists.

The FARA data show that lobbyists with previous congressional experience, particularly former members of Congress, more effectively converted campaign contributions into access to congressional offices. First, former members made contributions with stronger intent than other lobbyists, linking their campaign contributions more strongly to requests for access to members of Congress. Second, the contributions made by former members and former staffers alike were more helpful for gaining access than those made by other lobbyists; among the incumbents to whom lobbyists sought access, there is tighter connection between contributions and success in getting access for both types of congressional revolvers than for others.

3.5.1 Congressional Experience, Campaign Contributions, and Requests for Access

Like the hypotheses, the presentation of findings starts with lobbyists' intent when making campaign contributions and proceeds to their effectiveness. Do lobbyists make contributions in order to seek access to members of Congress, and do congressional revolvers - especially former members - exhibit this intent more strongly than others? The data present an affirmative answer to both questions, in support of Hypothesis **H2**. Contributions are overall strongly and positively correlated with lobbyists' requests for access, but more so for revolvers. In Table 3.2, I show the

percentage of incumbents whom lobbying registrants attempted to contact depending on whether they contributed to their campaigns during the same year. Under the aforementioned assumption that registrants could in theory request access to all congressional incumbents on behalf of their clients, on the whole they requested access to three out of ten members of Congress to whom they had made campaign contributions in contrast with less than one percent of the other members. This strongly suggests that contributions are intended to facilitate access to members of Congress.

Table 3.2. Lobbying Registrant Composition, Campaign Contributions to Members of Congress, and Requests for Access, 1998-2019

Registrant Composition	Contributed to Campaign	All Members	Requested Access	Differential
No Cong. Revolver	No	1,225,276	3,176 (0.03%)	28.8%
	Yes	4,073	1,173 (28.8%)	
Former Cong. Staff	No	205,333	3,511 (1.7%)	24.9%
	Yes	4,520	1,204 (26.6%)	
Former Members	No	92,403	2,760 (3.0%)	34.3%
	Yes	3,747	1,397 (37.3%)	

Different lobbyists, however, showed this intent to varying degrees. Table 3.2 summarizes registrants' tendency to disproportionately seek access to recipients of their campaign contributions depending on the lobbyists that composed them. The key measure for this tendency is the differential degree to which registrants requested access to recipients of their contributions relative to other congressional incumbents. On average, for example, registrants without congressional revolvers requested access to 0.03 percent of incumbents they did not contribute to and 28.8 percent of incumbents they contributed to, giving rise to a differential of 28.8 percent in favor of the latter. By the same token, registrants with former congressional staffers but not former members had a smaller differential of 24.9 percent in favor of contribution recipients. This differential increased to 34.3 percent for registrants with at least one former member. This

shows that, in comparison to conventional lobbyists, former members drove contributions that more explicitly paved the way for subsequent access seeking but former congressional staffers did not. Figure 3.4 plots these comparisons across the period from 1998 to 2019, showing that they remained largely consistent throughout.

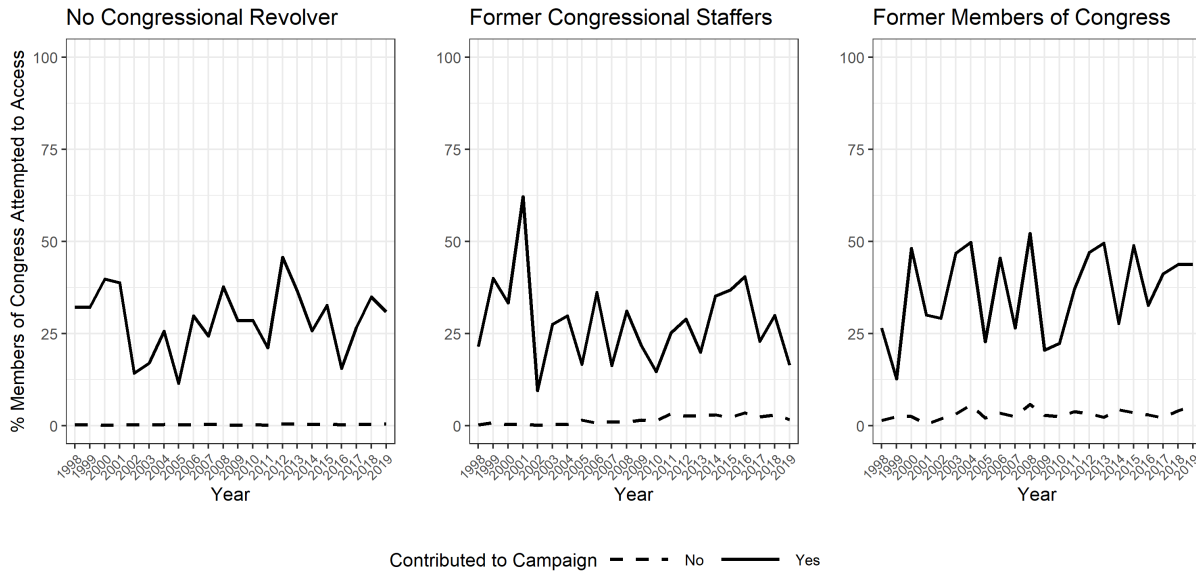


Figure 3.4. Campaign Contributions to Members of Congress, Lobbyists’ Congressional Experience, and Requests for Access, 1998-2019

Regression analysis displayed in Table 3.3 shows that these comparisons are robust to various control variables and restriction to an important subset of the data. Estimated based on dyads of congressional incumbents and lobbying registrants by year, all equations have a binary dependent variable indicating whether lobbyists requested access to a member and use linear probability models.¹⁶ All equations control for year fixed effects and cluster standard errors by member, as do all subsequent equations in this paper.

¹⁶In the several robustness checks I include in Section I of the appendices, I use logit regression models instead of linear probability models.

Table 3.3. Linear Probability Models - Campaign Contributions to Members of Congress, Lobbyists' Congressional Experience, and Requests for Access, 1998-2019

	<i>Dependent variable:</i>		
	Request for Access		
	All Member-Registrant Dyads		One-Lobbyist Registrants
	(1)	(2)	(3)
Fmr. Cong. Staff	0.014*** (0.001)	0.012*** (0.001)	0.008*** (0.001)
Fmr. Member	0.027*** (0.001)	0.024*** (0.001)	0.014*** (0.002)
Contribution	0.285*** (0.008)	0.295*** (0.010)	0.280*** (0.016)
Fmr. Cong. Staff × Contribution	-0.036*** (0.010)	-0.033*** (0.013)	0.134*** (0.049)
Fmr. Member × Contribution	0.057*** (0.011)	0.066*** (0.014)	0.128*** (0.049)
Close Race		-0.0002 (0.0004)	0.0002 (0.0003)
Republican		-0.002*** (0.0005)	-0.001*** (0.0004)
Senator		0.003*** (0.001)	0.001* (0.001)
Majority		0.0001 (0.0003)	0.0001 (0.0003)
Leadership		0.016*** (0.002)	0.009*** (0.001)
Power Cmte.		0.002*** (0.0005)	0.001*** (0.0003)
Foreign Aff. Cmte.		0.009*** (0.001)	0.004*** (0.0005)
In-House		0.001*** (0.0002)	-0.001*** (0.0002)
No. Clients		0.002*** (0.0001)	0.001*** (0.0001)
No. Lobbyists		-0.0002*** (0.00001)	
Constant	0.0003 (0.0003)	-0.005*** (0.001)	-0.001** (0.0004)
Year FE	Y	Y	Y
Observations	1,535,352	1,082,779	396,222
R ²	0.094	0.102	0.077
Adjusted R ²	0.093	0.102	0.076
χ ²	150,741.100***	116,541.800***	31,562.390***

Note: standard errors clustered by member.

*p<0.1; **p<0.05; ***p<0.01

In order to estimate the differential relationship between contributions and access seeking depending on the type of lobbyists, the equations interact a binary variable for lobbying registrants' campaign contributions to members of Congress with binary variables describing their lobbyist makeup - no congressional revolvers, at least one former congressional staffer but no former members, or at least one former member. In addition to these interaction terms and their additive components, Equation 1 includes year fixed effects. Equation 2 adds in controls for member characteristics including their party affiliation (in particular, being a Republican rather than a Democrat or minor party member), chamber of service (being a Senator rather than a Representative), and membership in party leadership structures, the two powerful committees, and committees that oversee foreign affairs. It also controls for whether the registrants were in-house, their total numbers of foreign clients, and how many lobbyists they housed in total. Equation 3 estimates the main effect, with member and registrant controls, on the subset of just one-person registrants, cases where decisions can be attributed precisely to a single lobbyist.

Regression results underscore the main lessons of Table 3.2. First, lobbyists made campaign contributions in order to seek access to victorious candidates. The additive term for contributions is strongly significant and stays stable at around .29, indicating that on average lobbyists were 29 percent more likely to seek access to recipients of their contributions than to other congressional incumbents. Second, congressional revolvers - both former staffers and former members tended to request access to more members, as indicated by the strongly significant positive estimates for these variables. On average, registrants with former staffers were more likely to request access to a given incumbent than registrants without congressional revolvers by over 1 percent, and those with former members by more than 2 percent. These effects are practically large given the baseline rarity of access seeking; altogether lobbyists requested access to next to none (0.03 percent) of the total pool of incumbents.

Third, and most important for this paper, congressional revolvers - especially former members - exhibited a particularly strong access-driven intent in making campaign contributions. In equations 1 and 2, the interaction term between contributions and the former member dummy

obtains a positive and strongly significant coefficient, pointing to a differential effect of contributions on requests for access which leans toward former members relative to registrants without congressional revolvers. The parallel interaction term between contributions and the former staffer dummy, however, is significant and negative, mirroring the corresponding comparison seen above. In equation 3, however, this term turns significantly positive as well, showing that former congressional staffers and former members alike exhibited a greater access-seeking intent as one-lobbyist operations than conventional lobbyists. Both coefficient estimates are practically large, representing differential effects of about 13 percentage points relative to conventional lobbyists as solo operatives.

The control variables included in equations 2 and 3 yield substantively largely plausible patterns. Incumbents' electoral vulnerability did not matter either way though in related work I show that the connection between contributions and requests for access is greater for electorally secure members than for electorally vulnerable ones. Lobbyists were more likely to request access to Democrats than Republicans, Senators than Representatives, and disproportionately targeted members occupying party leadership positions, with seats on the most powerful committees, and committees in charge of foreign affairs. Lobbying registrants that represented more clients, as expected, tended to request access to more incumbents.

3.5.2 Congressional Experience, Campaign Contributions, and Success in Gaining Access

If congressional revolvers made contributions count with a particularly strong focus on recipients for access requests, they did so more importantly by converting contributions into success in gaining access. To show this, I measure the effect of contributions on access-seeking outcomes among those members to whom lobbyists requested access, and examine whether it differs between registrants composed of different types of lobbyists. Table 3.4 displays the relationship between contributions and success in gaining access, again, for the three types of registrants. The differential column registers how much more access registrants gained access to

incumbents they contributed to than to those they did not contribute to. This differential is 5.8 percent for registrants without revolvers, 7.8 percent for those with former congressional staffers but no former members, and 10.5 percent for those with former members. The increases in this differential between registrant types show that revolvers, particularly former members, saw their contributions pay off in access more frequently, consistent with Hypothesis **H3**.

Table 3.4. Lobbying Registrant Composition, Campaign Contributions to Members of Congress, and Success in Gaining Access, 1998-2019

Registrant Composition	Contributed to Campaign	Requested Access	Gain Access	Differential
No Cong. Revolver	No	3,176	1,418 (44.6%)	5.8%
	Yes	1,173	591 (50.4%)	
Former Cong. Staff	No	3,511	758 (21.6%)	7.8%
	Yes	1,204	354 (29.4%)	
Former Members	No	2,760	887 (32.1%)	10.5%
	Yes	1,397	595 (42.6%)	

Accompanying this observation, however, is a more surprising one on different registrants' overall success in gaining access regardless of campaign contributions; registrants without revolvers somehow excelled in comparison to the other two groups and those with former congressional staffers fared worst. Figure 3.5 shows registrants' success in accessing incumbents they contributed to and those they did not. If there is a consistent positive relationship between contributions and success in access-seeking - or the translation of contributions into greater chances of success, it can be shown by the two lines separating, with the one for contribution recipients (solid) on top. Such a separation describes most strongly registrants with former members of Congress though not without exceptions, less strongly those without either types of congressional revolvers, and least strongly those with only former congressional staffers. By plotting different registrants' success over time, Figure 3.5 shows that both revolving-door groups underperformed largely due to a precipitous drop in their success rate after the first few

years of the period.

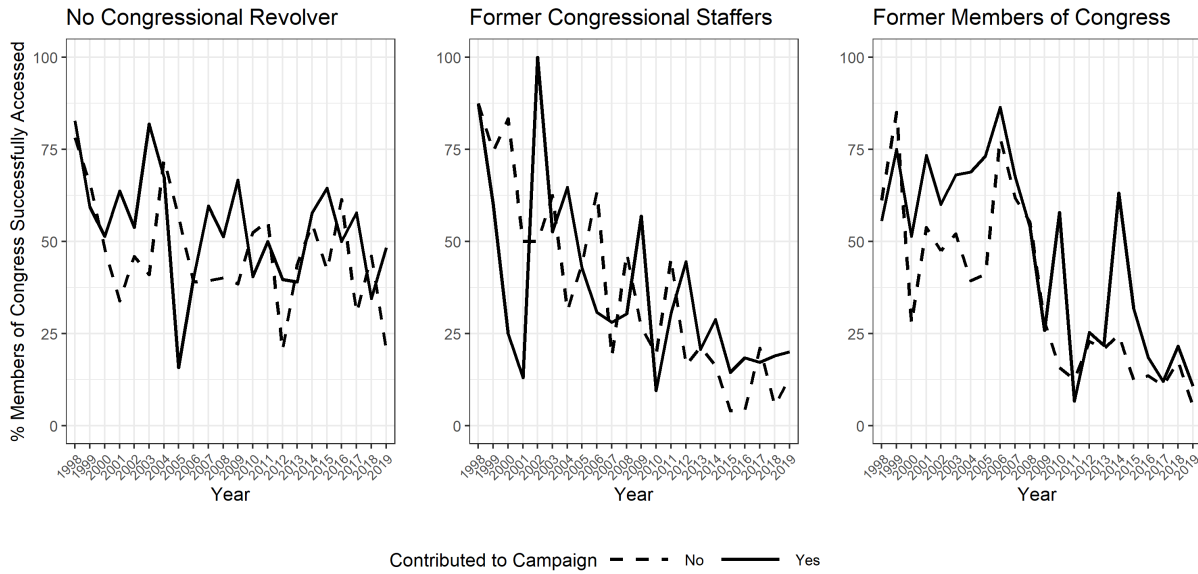


Figure 3.5. Campaign Contributions to Members of Congress, Lobbyists’ Congressional Experience, and Success in Gaining Access, 1998-2019

Regression analysis displayed in Table 3.5 largely affirms these observations about how contributions relate to different lobbyists’ success in gaining access. The main strategy, again, is interacting dummy variables for former congressional staffers and former members of Congress with campaign compositions in data composed of dyads between incumbents and registrants. This analysis is restricted to incumbents who received requests for access. In addition to the key interaction terms and their additive components, Equation 1 only controls for year fixed effects. The additive term for contributions is significant and positive, showing that contributions helped lobbyists without previous congressional experience gain access by an average of 6 percentage points. Additively, both revolver dummies have negative estimates, driven by revolvers’ lower success rate in recent years as shown above. The interaction term between the former member dummy and contributions attains a positive estimate with marginal statistical significance at the .1 level, showing that the presence of former members boosts the effect of contributions on the chance of getting access by an additional 4 percent. The coefficient for the parallel interaction

term with the former staffer dummy, however, is not significant. These findings correspond to patterns seen above.

Table 3.5. Linear Probability Models - Lobbying Registrant Composition, Campaign Contributions to Members of Congress, and Success in Gaining Access, 1998-2019

	<i>Dependent variable:</i>		
	Success in Gaining Access		
	All Member-Registrant Dyads		One-Lobbyist Registrants
	(1)	(2)	(3)
Fmr. Cong. Staff	-0.163*** (0.012)	-0.077*** (0.017)	0.202*** (0.045)
Fmr. MC	-0.116*** (0.013)	-0.018 (0.017)	-0.261*** (0.041)
Contribution	0.062*** (0.018)	0.039* (0.022)	0.040 (0.037)
Fmr. Cong. Staff × Contribution	0.002 (0.023)	0.022 (0.030)	-0.040 (0.089)
Fmr. MC × Contribution	0.043* (0.024)	0.049* (0.029)	0.148* (0.076)
Close Race		0.003 (0.012)	0.055* (0.029)
Republican		0.049*** (0.012)	0.041* (0.025)
Senator		-0.045*** (0.015)	0.046 (0.039)
Majority		0.002 (0.012)	0.007 (0.025)
Leadership		-0.004 (0.024)	0.039 (0.046)
Power Cmte.		0.008 (0.013)	-0.004 (0.028)
Foreign Aff. Cmte.		0.007 (0.010)	-0.006 (0.024)
In-House		0.309*** (0.022)	0.175*** (0.040)
No. Clients		-0.005*** (0.002)	-0.020* (0.011)
No. Lobbyists		0.0002 (0.001)	
Constant	0.797*** (0.027)	0.758*** (0.036)	0.622*** (0.092)
Year FE	Y	Y	Y
Observations	13,221	8,746	1,545
R ²	0.131	0.160	0.186
Adjusted R ²	0.129	0.156	0.168
χ ²	1,854.257***	1,521.698***	318.383***

Note: standard errors clustered by member.

*p<0.1; **p<0.05; ***p<0.01

On the basis of Equation 1, Equation 2 adds the same set of member and registrant attributes. Equation 3 estimates Equation 2 on the subset consisting of one-lobbyist operations. The key variables present in Equation 1 are mostly robust to controls in Equation 2, their coefficient estimates largely unchanged, except that the additive dummy variable for former members of Congress loses significance. Its interaction with contributions, however, holds on to its marginal level of significance and remains stable in size. Drawing on the one-lobbyist subset, Equation 3 shows that for solo lobbyists without congressional experience, contributions did not help gain access to incumbents, and nor did they help former staffers. Contributions facilitate former members' access-seeking, however, according to the increased and still marginally significant estimate of the same interaction term. Given requests, Republicans were more likely to grant access than Democrats, and both were more likely to give access to in-house lobbyists than contract lobbyists, according to the corresponding control variables.

Is this advantage of former members of Congress the result of being better than other lobbyists at getting the same incumbents to grant access or being able to selectively target those who are more likely to do so? The data show that the second mechanism is much more at play. In Table 3.6, I display regression analysis that draws on different sets of legislators depending on which lobbyists requested access to them: those targeted only by non-former legislators in Equation 1, those targeted only by former legislators in Equation 2, and those targeted by both types of lobbyists in Equation 3. Comparing the first two equations shows that the effect of contributions is over twice as large for former legislators as for other lobbyists. In Equation 3, I interact the contribution variable with the pair of revolver-door attributes, but neither of the interaction terms attains statistical significance. This shows that former members (or former staff, for that matter) did not make their dollars go further than lobbyists without congressional experience when targeting a common set of legislators.

Table 3.6. Linear Probability Models - Former Members and Selective Targeting of Incumbents for Access Seeking, 1998-2019

	<i>Dependent variable:</i>		
	Success in Gaining Access		
	Non-Fmr. MCs (1)	Fmr. MCs (2)	All (3)
Contribution	0.047** (0.019)	0.109*** (0.031)	0.059** (0.026)
Fmr. Cong. Staff			-0.103*** (0.022)
Fmr. MC			-0.039* (0.022)
Contribution × Fmr. Cong. Staff			0.001 (0.037)
Contribution × Fmr. MC			0.012 (0.034)
Close Race	0.032 (0.020)	-0.094** (0.037)	0.002 (0.017)
Republican	0.071*** (0.022)	-0.004 (0.031)	0.040** (0.016)
Senator	-0.023 (0.026)	-0.126** (0.059)	-0.044** (0.020)
Majority	-0.030 (0.022)	0.074** (0.031)	0.009 (0.016)
Leadership	0.052 (0.052)	0.170 (0.152)	-0.008 (0.026)
Power Cmte.	0.012 (0.020)	0.027 (0.034)	0.003 (0.016)
Foreign Aff. Cmte.	0.013 (0.020)	0.025 (0.037)	0.005 (0.014)
In-House	0.318*** (0.027)	0.933** (0.456)	0.306*** (0.028)
No. Clients	-0.007*** (0.003)	0.017** (0.007)	-0.007*** (0.002)
No. Lobbyists	-0.006*** (0.002)	-0.012*** (0.003)	0.004*** (0.001)
Constant	0.791*** (0.048)	0.682*** (0.128)	0.731*** (0.062)
Year FE	Y	Y	Y
Observations	2,952	1,007	4,787
R ²	0.195	0.232	0.148
Adjusted R ²	0.187	0.208	0.142
χ ²	642.097***	265.959***	769.132***

Note: standard errors clustered by member.

*p<0.1; **p<0.05; ***p<0.01

3.5.3 Ideology as a Mediating Factor

Ideology emerges as an important mediator of the effectiveness of campaign contributions for gaining access to members of Congress. Consistent with Hypothesis **H4**, contributions only improved lobbyists' chances of successfully accessing copartisan members with similar ideological stances but not ideologically more distant copartisans or members of the opposing party. In order to reliably measure member-lobbyist ideological distances, for this analysis I use only the subset of the data consisting of one-lobbyist registrants with previous congressional work experience - and thus ideology scores.

In seeking access to incumbents, lobbyists unsurprisingly showed a strong preference for copartisans. By party affiliation and the record of campaign contributions, Table 3.7 shows how many members of Congress lobbyists sought access to, successfully or unsuccessfully. Lobbyists cast a much wider net for copartisan legislators, attempting to access more than twice as many copartisans (394) as opposing party members (192). Lobbyists' success in getting access and its relationship with contributions exhibits different dynamics across the party divide. For copartisans, lobbyists gained access to 27.5 percent of those they had contributed to, 10 percentage points more than those they had not contributed to, a comparison in line with the findings discussed above. The pattern disappears for the opposing party to the point of reversal, however; lobbyists gained access to 34.9 percent of opposing party members they had contributed to and 37.9 percent of those they had not. In other words, not only did lobbyists achieve more success with opposing party legislators than with copartisans regardless of contributions, contributions appear futile at best and slightly counterproductive at worst for gaining access to opposing party members.

Table 3.7. Campaign Contributions to Members of Congress, Access Seeking by Party Affiliation 1998-2019

Party Affiliation	Contributed to Campaign	All Members	Requested Access	Gained Access (Percentage of Requests)
Same Party (<i>N</i> = 17,896)	Yes	236	100	38 (27.5%)
	No	17,660	294	62 (17.4%)
Opposing Party (<i>N</i> = 18,170)	Yes	97	28	15 (34.9%)
	No	18,073	164	100 (37.9%)

Figure 3.6 shows the distribution of ideological distance for copartisan members and opposing party members to whom lobbyists requested access. Lobbyists' targets for access covered a wide ideological range, and lobbyists attempted to access many members of the opposing party, who are presumably predisposed to disagree with their preferences (Austen-Smith and Wright 1994). The finding that lobbyists were more likely to gain access to opposing party incumbents, conditional on requests, regardless of campaign contributions certainly comes as a surprise. In light of lobbyists' targeting of a smaller number of opposing party legislators for access compared to copartisans, their greater success with the former suggests a more selective approach in which lobbyists request access to opposing party legislators who they are relatively confident will grant it based on prior beliefs.

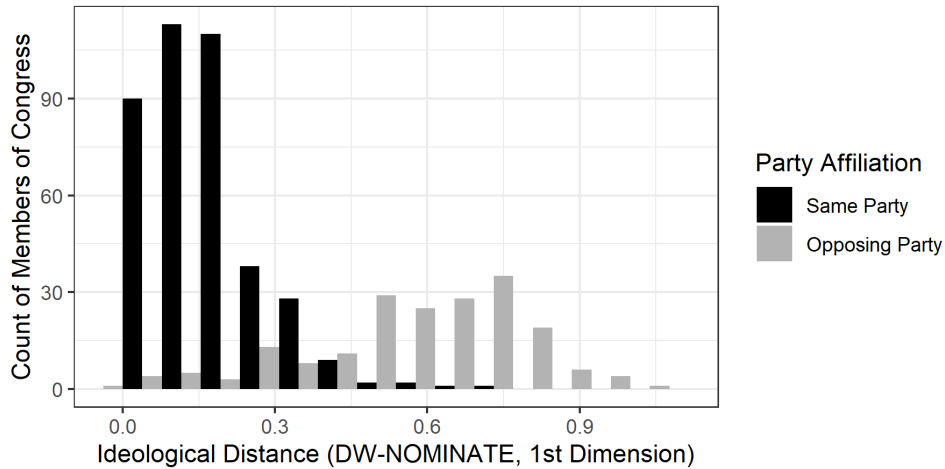


Figure 3.6. Ideological Distance Between Lobbyists and Members of Congress They Attempted to Access

That campaign contributions relate positively to lobbyists’ success in getting access only to copartisans reflects the mediating effect of ideology on whether money facilitates access. In Figure 3.7, I plot the differential rate of success between lobbyists who contributed to the members they attempted to access and those who did not across the range of ideological distance, divided into equal-sized quintiles. On the whole, a positive differential leaning toward contributors exists for the two lowest quintiles. Furthermore, as shown in Figure 3.8, the differential decreases as ideological distance increases among copartisan members of Congress and largely does not exist for members of the opposing party regardless of ideological distance. In this figure, ideological distance is divided into quintiles for both copartisans and opposing party members.

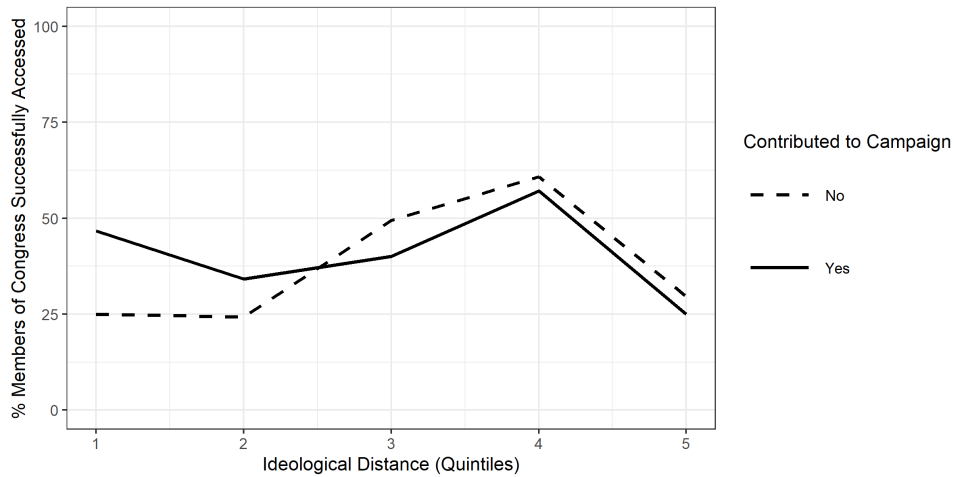


Figure 3.7. Campaign Contributions to Members of Congress, Ideological Distance, and Success in Gaining Access

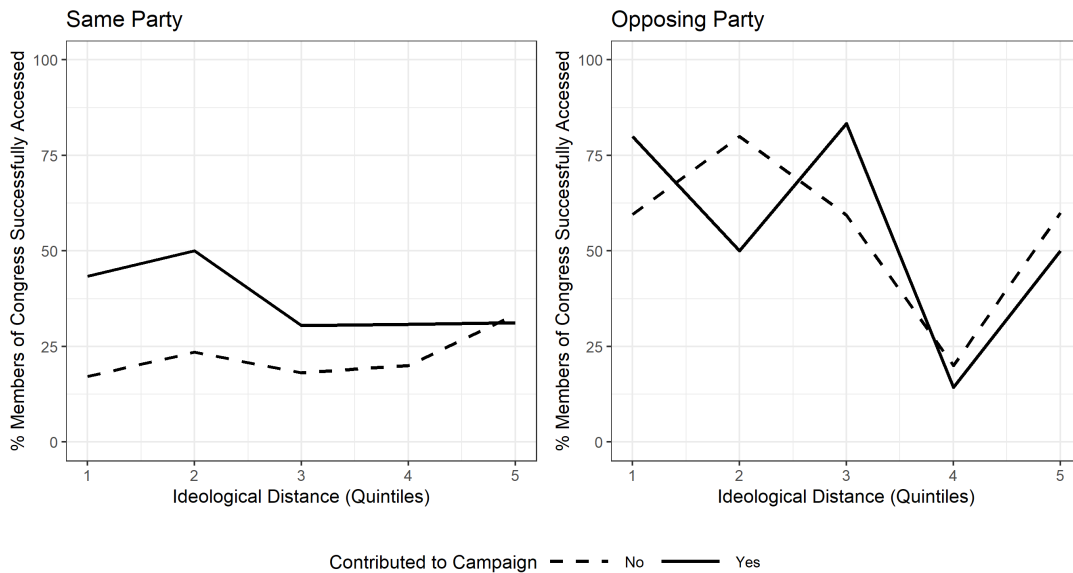


Figure 3.8. Campaign Contributions to Members of Congress, Ideological Distance, and Success in Gaining Access by Party Affiliation

Figures 3.7 and 3.8 yield some additional patterns worth noting. Setting contributions aside, increasing ideological distance does not considerably reduce the likelihood for copartisan legislators to give access to lobbyists, but it closes the gap between donors and non-donors. For legislators of the opposing party, however, greater ideological distance is associated with

rapidly diminishing chances of getting access for both donors and non-donors. Across the two partisan groups, lobbyists achieved the highest rate of success with ideologically similar opposing party members. This observation is consistent with the speculation above that lobbyists selectively targeted particularly receptive opposing party legislators. It is conceivable that moderate partisans in Congress found policymaking information from moderate lobbyists of the other party particularly welcome. Most of the legislators who crossed over the party divide to give access to opposing party lobbyists (about 61 percent) were Democrats.

As before, I systematically present the main finding related to campaign contributions and access in regression analysis. I display regressions drawing on single-lobbyist cases in Table 3.8. I test how the association between contributions and successfully gaining access varies with the ideological distance between lobbyists and legislators by interacting the two. In equations 1 to 3, the dependent variable is successful access given a request. Equations 3 and 4 shift the dependent variable to gaining access to legislators personally rather than their staff given success in achieving access of either kind. Equation 1 includes this interaction term and its additive components, as well as year fixed effects. Equation 2 adds the usual set of member and registrant controls. Equation 3 replicates Equation 2 among copartisan legislators as patterns seen above suggest similar findings within this group. Equation 4 regresses personal access to legislators on the full set of independent variables.¹⁷

¹⁷These equations do not include the “In-House” dummy variable as it only has zeros in this sample.

Table 3.8. Linear Probability Models - Campaign Contributions to Members of Congress, Ideological Distance, and Success in Gaining Access, 1998-2019

	<i>Dependent variable:</i>			
	Gaining Access		Personal Access	
	All Members	Copartisans	All Members	
	(1)	(2)	(3)	(4)
Contribution	0.282*** (0.060)	0.276*** (0.059)	0.064 (0.066)	0.293*** (0.094)
Ideo. Distance	0.140** (0.059)	0.122** (0.060)	0.021 (0.050)	0.266** (0.133)
Contribution × Ideo. Distance	-0.547*** (0.186)	-0.617*** (0.179)	-0.521*** (0.157)	-0.917*** (0.260)
Republican		-0.034 (0.049)	-0.133* (0.075)	-0.039 (0.064)
Senator		0.039 (0.041)	-0.043 (0.035)	0.150** (0.071)
Majority		0.010 (0.048)	0.115 (0.075)	-0.056 (0.058)
Leadership		0.052 (0.063)	0.013 (0.025)	0.065 (0.085)
Power Cmte.		-0.0001 (0.028)	0.010 (0.026)	0.029 (0.048)
Foreign Aff. Cmte.		-0.047 (0.030)	-0.072** (0.030)	0.009 (0.049)
No. Clients		-0.096*** (0.030)	-0.080*** (0.030)	0.049 (0.056)
Constant	0.172* (0.099)	0.390*** (0.115)	0.457 (0.278)	0.022 (0.141)
Year FE	Y	Y	Y	Y
Observations	586	551	318	233
R ²	0.564	0.615	0.838	0.251
Adjusted R ²	0.549	0.595	0.826	0.188
χ ²	486.992***	525.254***	578.369***	67.263***

Note: standard errors clustered by member.

*p<0.1; **p<0.05; ***p<0.01

Due to the interaction term involving campaign contributions and ideological distance, the additive term for contributions now measures their effect on the likelihood of gaining access when a lobbyist requests access to an ideologically identical member of Congress. Likewise, the additive term for ideological distance measures its effect on gaining access when the lobbyists have not contributed to the legislator. The interaction term measures the differential effect of

contributions as ideological distance increases. Taken together, then, contributions are positively related to the likelihood of gaining access with ideologically identical members, but this effect dwindles as ideological distance increases. Contributions are negatively associated with getting access by the time ideological distance reaches the value of one on the first dimension of the DW-NOMINATE scale, but observations become very sparse toward this extreme as indicated by Figure 3.6. For lobbyists who did not make campaign contributions, legislators' ideological distance from them is positively related to the likelihood of gaining access. This surprising finding is driven by lobbyists' greater success overall with opposing party members noted above, but it weakens in statistical significance with the addition of control variables and loses it altogether when only copartisans are examined.

Finally, turning the focus to getting personal access to members of Congress rather than their staff, equations 4 and 5 in Table 3.8 show that contributions have a helpful effect, particularly for copartisans. The effect of contributions, however, does not vary with ideological distance, which does not emerge as a significant predictor on its own either. Senators, party leaders, and legislators sitting on foreign affairs committees are less likely to grant personal access to copartisan lobbyists than others as they experience greater demand for it, as are Republicans, but these effects generalize poorly to the full data of both copartisans and opposing members.

3.6 Conclusion

Novel data on foreign lobbying made available under the Foreign Agents Registration Act are particularly suited for examining the classic question of whether contributions facilitate access to officials and the more novel one of how experience serving in government strengthens lobbyists' skills. This law requires lobbyists acting on behalf of foreign entities to disclose the campaign contributions they make to U.S. political candidates and their contact with U.S. officials. The FARA data provide an extra piece of useful information as lobbyists indicate the results of their requests for access to officials through the language they use in reports. This information

constitutes a novel and crucial dimension of lobbyists' access-seeking behavior with respect to Congress - the distinction between members of Congress to whom they did not seek access, those they sought access to but unsuccessfully, and those to whom they successfully obtained access. Making use of these actions and outcomes, I study the relationship between lobbyists' contributions and access-seeking in foreign lobbying from 1998 to 2019 in a systematic effort to test the link between money and access. Linking the FARA data to lobbyists' career histories, I examine how previous congressional experience might confer an advantage on revolving-door lobbyists.

Organizing the data based on members of Congress and lobbyists, I analyze the linkage between campaign contributions and access-seeking in two sequential stages and the role of congressional experience therein. First is intent. Clearly a major purpose of contributions is seeking access to successful candidates; lobbyist requests for access focused strongly on recipients of their contributions, but particularly for former congressional staff and legislators. Second is effectiveness. Contributions demonstrably work; given a request for access, contributions on average elevated lobbyists' chance of gaining access and provided a strong boost for access to legislators personally rather than their staff. The boost presented by contributions is particularly great for former members of Congress, which in turn is due to these elite lobbyists' targeting of a particular set of incumbents. Lastly, ideology plays an important mediating role between money and access. Interacting the ideological distance between lobbyists and legislators with the main variable of contributions, I show that contributions help lobbyists quite exclusively to gain access to ideologically similar copartisan members of Congress.

The political venue studied in this paper warrants a brief discussion due to its implications for generalizing the findings. Foreign lobbying arguably boosts one's confidence in the link between contributions and access. Residing outside the electoral constituencies of members of Congress but interested in affecting U.S. government policy, foreign entities arguably carry a stigma of illicit foreign interference when interacting with U.S. officials, a concern with image and reputation that officials should heed. If this concern, all else equal, makes members of

Congress less likely to be swayed by the campaign contributions of foreign entities' U.S. agents, it should make it more difficult to find an effect of contributions in foreign lobbying than in domestic lobbying (if there were systematic comparable data). If true, this feature of foreign lobbying would make the findings of this paper more remarkable.

Chapter 3, in part, is currently being prepared for submission for publication of the material. The dissertation author was the sole investigator and author of this paper.

Chapter 4

Managing Expectations: How Revolving-Door Lobbyists Win at Congressional Appropriations

A salient development of American interest group politics in recent years is the increasing dominance of revolving-door lobbyists in the advocacy profession. These lobbyists once held positions in government and swung through the revolving door connecting government and the lobbying profession, their success manifested by their increasing numbers in the business and greater capacity to get lobbying clients and generate revenue (Drutman and Furnas 2014*a*; LaPira and Thomas 2017; Ban, Palmer and Schneer 2019). The lobbying data, to be described in greater detail later, show that the share of revolvers among all active Washington lobbyists steadily rose from less than 10 percent in 1998 to almost half in 2016. This is a worrying development; the conventional wisdom is prone to deduce that well-financed special interests must be getting their money's worth by having Washington insiders help them alter legislation and secure policy benefits according to their desires at the expense of the public interest (see, for example, Lessig 2011).

A literature seeking to explain revolver's ascendancy has organized itself around a debate between the competing but mutually complementary theses of "who you know" and "what you know." The former argues that revolvers owe their success to political connections forged during their time in government, and the latter attributes it to policy expertise acquired in

government service (Salisbury et al. 1989; Bertrand, Bombardini and Trebbi 2014; i Vidal, Draca and Fons-Rosen 2012; LaPira and Thomas 2017; Kang and You 2016; McCrain 2018). Perhaps unsurprisingly, the literature has largely concluded that both assets contribute to lobbyists' client portfolios and revenue. No small part of this is due to the acknowledged intrinsic connections between political connections and policy expertise as they are accumulated over revolving-door personnel's past employment; it is simply inconceivable for an officeholder or staffer to amass one asset to the exclusion of the other. The fusion of connections and expertise as contributors to lobbyists' usefulness becomes an even more intractable problem when we realize that a lobbyist's connections may give clients access to relevant expertise despite her own relative shortage of it. A lobbyist specializing in political connections is expected to be able to provide clients with contacts specializing in expertise, thereby fulfilling an expertise function vicariously. The interconnected generating processes for connections and expertise suggest a fundamental problem with their measurement.

I argue that revolvers succeed because their previous government experience has trained them to think and operate like politicians, at the heart of which is effective credit claiming, the ability to attribute good outcomes readily to one's efforts. To do so, lobbyists are well advised to manage the expectations of their interest group clients regarding policy outcomes. By influencing clients' belief as to what will likely result from lobbying efforts, lobbyists can cast outcomes in a positive light. Analyzing data on congressional appropriations for federal agriculture programs, I show that revolvers comparatively rich in political experience rather than policy expertise, inferred from the type of government posts they held, exhibited such an edge in expectations management. Socialized in the politics of winning elections, political revolvers disproportionately employed a particular tactic much more than other lobbyists - issuing modest spending requests to Congress in hope of a high probability of fulfillment, a strategy that demonstrably worked as intended.

Expectations management is a behavioral manifestation of revolvers' ability to think like politicians, a theory that helps unify the research on revolving-door lobbying. It does

more than merely explaining why some lobbyists draw bigger paychecks than others, however. Political revolvers' expectations management has major implications for the relationship between organized interests and government policy. A symptom of the principal-agent problem between lobbying clients and lobbyists, this behavior advances lobbyists' career incentive at the expense of clients' long-term policy interest. Taken to its logical conclusion, my finding suggests that a substantial source of constraint on interest groups' influence on policy has its roots in their own hired help's private incentives.

4.1 Lobbyists, Credit Claiming, and Expectations Management

The requirements for continuing and advancing careers create comparable incentives for politicians and lobbyists. A major factor of politicians' success is their ability to claim credit for policy outcomes (Mayhew 1974). While different officeholders are selected according to different processes, credit claiming is invariably a key skill set that politicians must have to secure the favor of those who have hiring and firing authority over them. Coupled with the credit claiming imperative, politicians also live under the pressure of election cycles. This includes not just the actual cycles of elective office; fixed terms of office in different parts of the government all give rise to some sort of election cycle whereby politicians are held accountable to their political principals. Politicians, therefore, face the constant need to please their constituencies in a limited window of realizing outcomes attributable to their actions in office.

Like politicians, lobbyists essentially have election cycles to survive and constituents to please. A typical contract lobbyist serves clients on a short-term (typically annual) basis. This can be thought of as serving year-long terms punctuated by elections at which clients, as constituents, vote to renew or terminate the lobbyist's service. Constituents reward officeholders and lobbyists alike with reelection if they favorably judge their records. Grimmer, Messing and Westwood (2012) show that when allocating credit for federal expenditure in legislative

districts, voters are more responsive to the frequency of legislators' credit-claiming messages than to the amount of money being spent locally, even though the latter is certainly important for the amount of positive impact federal spending has on local constituents. Similarly, lobbyists' need to continuously gain their clients' approval creates an incentive to maintain a clear record of delivering policy victories. Satisfying one client also makes lobbyists more attractive to future clients. Although pressures of what amounts to election cycles are more unrelenting for contract lobbyists working on short-term contracts than for in-house lobbyists more securely ensconced in their organizations for longer periods of time, this difference is primarily one of degree. Successful lobbyists are those that can best weather the election cycle that governs their career development.

For lobbyists, to maintain a clear record of victories is to consistently meet their clients' expectations regarding policy outcomes of their interest, which in turn means bringing about outcomes close to the targets to which clients had in some sense agreed. The more lobbyists can minimize the difference between what their clients expect of them and what they prove to deliver, the more competent they will appear and the more secure their contracts will be. While in theory lobbyists may be able to affect both variables involved in this subtraction, in practice it is much more feasible to shape expectations than results because the latter is simply too frequently and severely outside the control of individual lobbyists. Characteristics of policy issues at hand, institutional rules, and other political actors' preferences all matter for what policy change can take place (Dür and De Bièvre 2007; Baumgartner et al. 2009). In general, therefore, the key to consistently meeting clients' expectations is adeptly managing those expectations in the first place.

I argue that, to a significant degree, revolving-door lobbyists have achieved their dominant position in the lobbying profession by being better at managing clients' expectations and building records of policy victories. This advantage comes from their experience obtained while serving in government - political experience in particular - through learning. Revolvers' previous exposure to politics trains them to think like politicians with the fundamental goal of winning elections.

Political experience teaches lobbyists to methodically advertise their competence to constituents by deploying reliable credit claiming tactics such as frequent advertising of tangible benefits as documented by Grimmer, Messing and Westwood (2012) and, as I will endeavor to show, expectations management.

Interviews that I have conducted with lobbyists show that successful lobbyists stay aware of the benchmarks on which clients will judge their performance and that lobbyists' intelligence gathering for clients may inform these benchmarks in the first place. One interviewee specializes in federal appropriations, the setting of my empirical analysis in this paper. A seasoned expert in fiscal politics, this revolver served in the Office of Management and Budget, charged with centrally coordinating executive agencies' budget requests and compiling them into the annual president's budget to be submitted to Congress. At his current lobbying firm, he helps issue-based interest groups, research institutions, and companies navigate the appropriations process, all his clients with stakes in the allocation of spending for federal programs.

He observes that the single most powerful determinant of appropriations outcomes is the "prevailing mood" for federal spending in Washington. Even the most granular and idiosyncratic sub-agency level spending items cannot escape the sweeping influence of the administration's and Congress's preferences for fiscal liberalism or austerity, which in turn shape the inter-branch dynamics between presidents and congressional majorities that ultimately determine appropriations figures. The semblance of interest groups registering their spending preferences, according to this revolver, belies the fact that the basic tenor of appropriations outcomes can scarcely be altered by lobbying. Lobbyists ought to perceive their limited role. As he put it, "lobbyists present the best argument for why they ask for what they ask for, do their best to look like they know what they're talking about, try to get a sense of what will likely happen, and communicate it to the organization." The limits of external influence are not lost on clients. He observes that clients often understand that their influence is restricted to the margins and rationally do not demand their lobbyists to achieve the impossible. They do, however, hire lobbyists in order not to miss out on what is possible and to stay involved in the process. Expectations management

emerges in this account as not only key to lobbyists' perceived success, but something which interest groups actively facilitate and even desire. "Lobbyists serve their organizations best," he reported, "when they are on the same page about what counts as a win and what doesn't." It is incumbent on lobbyists to make sure this communication between principal and agent succeeds.

Of course, some lobbying clients are more sophisticated than others in knowing how to evaluate their lobbyists without having them help shed light on it. Indeed, these clients would be less receptive to lobbyists' attempts at teaching them about what overall policy goals they ought to have, but some expectations management occurs nonetheless. According to another lobbyist I interviewed, his mostly corporate clients primarily spend money on lobbyists for "peace of mind," in strong support for the theory of lobbying as insurance against political risks LaPira and Thomas (2017). Having gone through the revolving door as well, this lobbyist served as policy staff on a Senate committee and now lobbies on behalf of a number of pharmaceutical companies and health care providers. Companies seek out Washington policy experts like him, he reports, as a safeguard against surprises in the legal and regulatory regime. In line with this defensive nature of lobbying, "doing no harm" is of utmost importance; clients are quick to notice problems created by hired help trying to be proactive rather than by policymakers. Still, companies rely on lobbyist input regarding specific objectives although their overall goal is defensive. In their effort to market their own service to potential clients, lobbyists play an ancillary role in alerting companies to policy risks by claiming to "see something they don't see" in the policy environment. Such risks discerned by lobbyists then become the object of further intelligence gathering, day-to-day operations, and - by extension - the basis of their performance evaluation after lobbying contracts are signed.

Notwithstanding the varying extent to which lobbyists help their clients form expectations about lobbying goals, the ability to shape these expectations constitutes a main resource available to lobbyists mindful of keeping a good record. My argument, that revolvers' previous political experience trains them to excel in expectations management, is consistent with a more recent explanation for revolvers' advantage in the profession. Based on the aforementioned insurance

theory of lobbying, LaPira and Thomas (2017) argue that revolvers' value is not ultimately due to their policy expertise or political connections, as previous research had debated, but due to their ability to help clients navigate the policy process. Certainly, lobbyists' ability to think like politicians has a great deal to do with their superior mastery of the policy process, and managing clients' expectations requires lobbyists themselves to have formed such expectations in the first place, which must originate from cumulative experience with the policy process.

As the literature has aptly emphasized, revolvers are far from a monolithic community. As illustrated by the aforementioned "who you know" versus "what you know" debate, scholars have theorized that revolvers picked up different sorts of policy knowledge and political skills through their previous government employment in different capacities. Specific to the theory of "thinking like politicians" that I advance here, I similarly expect some revolvers to be more seasoned reelection seekers than others. If the electoral trappings of lobbying work place an advantage on political experience, lobbyists with more political experience should exhibit marked differences in their strategies and outcomes from those of other lobbyists. I design empirical analysis to reflect this separation by distinguishing between political revolvers, policy revolvers, and conventional lobbyists without previous government employment. Like previous research, I draw on lobbyists' disclosure of previous government positions held in compliance with lobbying disclosure regulation.

I classify lobbyists into three categories - political revolvers, policy revolvers, or conventional lobbyists. Policy revolvers are generally policy staff who worked in policy-specific congressional committees or executive branch agencies, while I designate all other revolvers as political, an empirically appropriate measurement rule. For the most part, political revolvers tend to have served as personal staff in Congress. The more elite portion of this group consists of former officials of various types, including members of Congress and appointed officials in the executive branch. My basic expectation is that political revolvers should be more avid credit claimers than policy revolvers because the former's government experience was generally more politically oriented in nature and exposed them more strongly to the election cycle key to my

theory. Political revolvers therefore resemble what LaPira and Thomas (2017) call “K Street kingpins,” while policy revolvers are more akin to what they call “librarians.” I empirically clarify this distinction between the two species of revolvers below in the context of introducing lobbying data.

If correct, the theory that revolvers outperformed their competition by more effectively managing lobbying clients’ expectations does more than highlighting a skill set that profits some lobbyists over others; expectations management on the part of lobbyists as a strategy to build good records is a form of shirking in the principal-agent relationship between them and compounds clients’ problem in delegating to lobbyists (Stephenson and Jackson 2010; Lowery and Marchetti 2012; Drutman 2015*a*). As agents, lobbyists rationally consider some degree of shirking because their interests are partially distinct from those of the interest groups that hired them. This incentive misalignment has two roots. The first is the already discussed quasi-electoral incentive, which governs lobbyists’ calculus but not that of interest groups. It drives lobbyists to prioritize credit claiming for short-term results at the expense of more long-term goals that groups have. A second source of incentive misalignment between interest groups and lobbyists, though again based on career interests, has to do with lobbyists’ reputation in the policy community aside from their current paying clients. Lobbyists value their relationships with officeholders and their staff because their value to clients ultimately stems from the trust of policymakers (Levine 2009; Andres and Hernnson 2015; Drutman 2015*a*; Hirsch and Montagnes 2015), often as adjunct staff charged with the work of crafting policy (Bauer, Pool and Dexter 1963; Hall and Deardorff 2006). Frequently advocating policy outcomes that prove to be largely fulfilled in the end of the policy process helps lobbyists build and cement an image as respectable members of the policy community (Baumgartner et al. 2009). Though a long-term objective of lobbyists, this career incentive similarly drives lobbyists to favor short-term success similar with reelection seeking.

If private incentives motivate lobbyists to shirk, private information enables it. As lobbyists are more knowledgeable about specific short-term lobbying objectives than their clients,

as discussed above, their management of clients' expectations inevitably takes advantage of this information asymmetry. Interest groups are uninformed about the amount of damage caused by lobbyists' pursuit of probable victories as they are unable to perceive alternatives to the decisions lobbyists make in reality. Lobbyists' pursuit of probable immediate victories leaves unrealized the full potential for possible gains for clients, especially long-term ones. The alternative choice for lobbyists to maximize clients' benefit entails more difficult though potentially more rewarding battles, and would therefore likely result in a more blemished if more ambitious professional record. As political experience trains revolvers to be more avid credit claimers, as I theorize, they compound the information asymmetry in lobbying, with expectations management as a clear behavioral manifestation. Hence, finding that revolvers demonstrably excel in it suggests that the most sought-after lobbyists paradoxically make the principal-agent problem particularly severe to the detriment of interest group influence.

4.2 Empirical Strategy and Hypotheses

For an empirical strategy, I look to the politics of congressional appropriations to detect lobbyists' expectations management tactics. Appropriations politics is a domain of clear records, marked by particularly high observability of policy status quos, interest groups' effort to change them, and any outcomes of policy change that ensue. These key ingredients of lobbyist record building are matters of public record when it comes to appropriations politics, and in conjunction permit fairly unambiguous measurement of lobbying success. They are present in the form of precise dollar figures in data sets to be introduced below. I use these appropriations data to test hypotheses emanating from expectations presented above regarding different types of lobbyists' capacities for managing expectations and hitting policy targets. I expect that, in contrast with policy revolvers and conventional lobbyists, political revolvers should be uniquely adept at managing expectations by setting relatively low policy targets when requesting federal spending. Subsequently, I expect political revolvers to be more successful at meeting the low targets they

had set when new appropriations outcomes have been determined, as a result of expectations management earlier.

When formulating these hypotheses, it is necessary to be cognizant of the fact that lobbying is often a team enterprise (Ban, Palmer and Schneer 2019). In other words, lobbying contingents consisting of sometimes more than one lobbyist collectively issue appropriations requests, making it empirically incorrect to link them to any individual member of these lobbying contingents. I explicitly incorporate this fact in empirical analysis by using the presence and share of each type of lobbyists within interest groups' lobbying contingents as key independent variables. The hypotheses are as follows:

H1 On average, political revolvers are associated with requesting smaller spending changes to Congress than policy revolvers and conventional lobbyists.

H2 On average, political revolvers are associated with less deviation between appropriations outcomes and interest group requests than policy revolvers and conventional lobbyists

4.3 Data

This paper investigates how the use of revolving-door lobbyists mattered for interest groups' requests for appropriations and the corresponding outcomes. For these relevant variables surrounding appropriations, I collected original data from appropriations for federal agriculture programs for Fiscal Year 2010 consisting of interest group requests and outcomes enacted into law. Group requests come from their testimonies submitted to the relevant subcommittees of the House and Senate appropriations committees, and outcomes - as well as previous-year levels of spending which indicate the status quo - come from the president's budget documents known as congressional justifications. For the independent variable, I extracted from the lobbying disclosure database, frequently used in lobbying research, key variables on interest groups involved in this process and their lobbying activity. Central to the lobbying data relevant to

this research is what type of lobbyists - political revolvers, policy revolvers, and conventional lobbyists - made up the lobbying contingents representing interest groups.

Drawing on these data, I conduct analysis primarily organized at the level of interest group positions: Each position concerned an item in the budget, corresponded to a status-quo level of spending, stated a group's opinion on how much should be appropriated, and received an outcome when Congress passed the appropriations bill under consideration. First, to test Hypothesis **H1**, I conduct analysis to examine how different kinds of lobbyists mattered for appropriations requests, showing that political revolvers requested more modest spending changes. I then test Hypothesis **H2**, demonstrating that this tactic of managing expectations paid off: Appropriations outcomes deviated less from interest group requests when groups were represented by political revolvers, resulting in more favorable records of success for political revolvers than policy revolvers and conventional lobbyists.

4.3.1 Appropriations Requests and Outcomes

For information on interest groups' requests for appropriations and corresponding outcomes, I gathered data from congressional appropriations, for Fiscal Year 2010, for agriculture programs (the full title of the appropriations bill is "Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations"). Data on interest group requests for appropriations come from their testimonies submitted to appropriations hearings. Data on appropriations outcomes come from documents in the president's budget proposal prepared at the beginning of the annual budget process. Known as congressional justification documents, they inform congressional appropriators of the amounts that are currently allocated to detailed items in the federal budget for the ongoing fiscal year. Combining congressional testimonies for FY 2010 with congressional justification documents for both FY 2010 and FY 2011, the appropriations data used in this study contain detailed line-item figures on status quo spending, interest group requests, and enacted spending.

The case selection for this study - the policy domain and time frame - warrants some

justification. The domain of agriculture appropriations has the attractive quality of consisting of largely non-partisan club goods as the examples below will clearly show. While agriculture policy on the whole may contain partisan as well as distributive issues (Hurwitz, Moiles and Rohde 2001), battles among stakeholders regarding the partisan aspects of agriculture policy largely stop at the enactment of authorizing legislation that gives executive agencies policy directives and limits on spending, particularly the Farm Bills passed once every five years. As a result, interest groups' contention over agriculture appropriations is procedurally limited to how much exactly the government ought to allocate to programs already set within the larger directions of agriculture policy and mostly devoid of partisan content. Additionally, agriculture is one of a small number of policy areas where interest group opinions are formally solicited for appropriations hearings.

The choice of Fiscal Year 2010 is also strategic, coming shortly before the 112th Congress began observing a moratorium on earmark spending - i.e., government spending that Congress directs to specific localities and constituents in a highly targeted manner. This choice of time, then, allows interest groups to request both programmatic and earmarked spending in their testimonies, and makes the prevalence of programmatic requests to be noted below especially interesting. The choice of choosing just one year for this study is dictated by a practical concern. Interest group testimonies lack any consistent format and are then released by the Government Publishing Office as image scans. Consequently, the process of transcribing interest group requests in testimonies was a time-consuming one which required a significant time investment by research assistants as well as myself. To extend this study in order to study groups' and lobbyists' long-term behavior in appropriations lobbying, however, I am currently gathering the same data for fiscal years both before and after 2010.

For an illustration of the data on interest group requests, consider an actual instance of congressional appropriations within these data. For Fiscal Year 2009, Congress appropriated approximately \$200 million to the National Institute of Food and Agriculture to implement the Agriculture and Food Research Initiative. During the process of drafting the agriculture

appropriations for the following fiscal year, the American Society for Microbiology requested a large increase for this spending, by about 50 percent. In the end, Congress did enact a sizable increase in this program's budget, raising it by 30 percent to over \$260 million though this fell short of the expressed desire of the American Society for Microbiology. It is reasonable to say that this interest group achieved a major victory on an aspect of the federal budget it cared highly about. Such a judgment is bolstered by the plausible conjecture that that it might have demanded more funding for the initiative than it found minimally acceptable in order to win the latter; i.e., it might have exaggerated its preference as a bargaining tactic. A more relevant question to my theory, however, is how well this result reflected on the job performance of the group's lobbyists, who actually issued these appropriations requests. Would the lobbyists have had a stronger claim to success in winning appropriations, had they asked for exactly a 30 percent increase from Congress and got as much, even though the realized outcome was the same? The answer to this hypothetical is easily in the affirmative.

Since the passage of the Congressional Budget and Impoundment Control Act of 1974, the regular annual cycle of government spending has started with Congress passing a budget resolution after reviewing the budget submitted by the president for the next fiscal year. The admittance of interest group testimonies to the official record of hearings held by appropriations committees is an important step in the regular annual appropriations process for several policy areas including agriculture. Interest groups see congressional hearings as important opportunities to influence policy (Schlozman and Tierney 1986). At hearings held by the agriculture subcommittees of the appropriations committees in the U.S. House and Senate, many interest groups were invited to testify and submit prepared testimonies. These were opportunities for groups to formally transmit and justify their requests for agriculture appropriations to congressional appropriators. Figure 4.1 displays an exemplary set of requests, transmitted by the National Potato Council. Additionally, in their testimonies many interest groups made what could be called "supportive statements," in which they advocated funding for an agency or program without proposing a desired amount, asking Congress to instead "fully fund" or simply "continue

supporting” the corresponding budget item. An example is shown in Figure 4.2. I treat these as requesting Congress to maintain the status quo.

Golden Nematode Quarantine – The NPC supports an appropriation of \$1,266,000 for this quarantine which is what is believed to be necessary for USDA and the State of New York to assure official control of this pest. Failure to do so could adversely impact potato exports.

Emerging Plant Pests – The NPC supports at least \$145 million with \$9.5 million going to the potato cyst nematode regulatory, control and survey activity. The recent discovery of Golden Nematode in seed fields in Alberta, and possibly linked to production fields in the United States, has increased the scope and cost of the national survey being conducted by USDA. In addition, the costs of the eradication program have increased due to rising input costs and some expansion of target acres.

Pest Detection – The NPC supports \$45 million. This is essential for the Plant Protection and Quarantine Service’s (PPQ) efforts against potato pests and diseases, such as *Ralstonia* and the potato cyst nematode, and funds many cooperative pest and disease programs.

Trade Issues Resolution Management – The NPC supports \$19 million but ONLY if any increase is specifically for plant protection and quarantine activities. These activities are of increased importance as new trade agreements are negotiated, the Agency must have the necessary staff and technology to work on plant related import/export issues and to resolve phytosanitary trade issues in a timely manner.

AGRICULTURAL STATISTICS:

National Agricultural Statistics Service (NASS)

The NPC supports an addition of \$8.4 million and report language to assure that the potato objective yield and grade and size surveys and vegetable pesticide use surveys are continued. These surveys provide valuable data to the growers and the EPA for use in registration and reregistration decisions for key chemical tools. NASS has discontinued these chemical use surveys for fruits and vegetables.

Figure 4.1. Extract, Requests in Testimony of the National Potato Council for Agriculture Appropriations, FY 2010

Programs that Enhance and Improve Food Safety and Protection

Americans spend more than \$1 trillion annually on food – nearly half of it in restaurants, schools and other places outside the home. Consumers have a reasonable expectation that the food products they buy are safe. The continued safety of food is crucial to consumers, as well as production agriculture and the food industry. AFBF believes that sufficient, reliable federal funding for the government's food and feed safety and protection functions is vital to this effort.

Therefore, we recommend that funding be increased for food protection at the Food and Drug Administration (FDA) and at the Food Safety and Inspection Service (FSIS) and directed to:

- Increased education and training of inspectors;
- Additional science-based inspection, targeted according to risk;
- Research and development of scientifically based rapid testing procedures and tools;
- Accurate and timely responses to outbreaks that identify contaminated products, remove them from the market and minimize disruption to producers; and
- Indemnification for producers who suffer marketing losses due to inaccurate government-advised recalls or warnings.

Figure 4.2. Extract, Supportive Statement in Testimony of the National Potato Council for Agriculture Appropriations, FY 2010

There is a selection problem in the data on interest group positions gleaned from appropriations testimonies. The literature suggests that interest groups and individuals are not randomly chosen to testify in Congress. Rather, witnesses are invited to testify for reasons having to do with what they are expected to state in Congress. Studying non-legislative hearings, Talbert, Jones and Baumgartner (1995) argue that witnesses are chosen to help Congress define policy issues in preparation for formulating legislation. At any rate, witnesses are invited to testify because members of Congress perceive them to be authorities on the subject matter at hand. This is related to a view of lobbying instructed by the subgovernment thesis, that parties involved in a policy area share biases in their positions compared to the general public (Kollman 1997). This selection problem of group positions manifested in testimonies, however, is expected to downwardly bias findings made in this study, if at all. If the selection problem shrinks the heterogeneity of revealed preferences by interest groups, this should by and large make it more difficult to show a significant difference between the behavior of different types of lobbyists, the focus of the analysis.

The very kind of requests issued by groups in appropriations testimonies is informative about interest groups' policy objectives. On one hand, for good reason interest groups are hardly

concerned about the overall budget authority that Congress gives to an entire department or agency. On the other hand, the testimonies show that groups' interest extended beyond just highly particularistic earmarked funding, though the practice of earmarks was still prevalent heading into FY 2010. Rather, groups were most concerned about the things in between agency-level spending and earmarked spending on the level of specificity, such as an agency's purview over implementing a particular law and funding for carrying out some research initiative to be competitively distributed, and not earmarked, to universities and other research institutions, such as the Agriculture and Food Research Initiative mentioned at the beginning of this paper. To the extent that interest groups did request funding for clearly specified recipients, almost never were the recipients the groups making the requests themselves. Rather, they tended to be facilities already in existence and presumably having a long-standing working relationship with the agency. Congressional earmarks are classic private goods and are thus highly interesting for lobbying research (De Figueiredo and Silverman 2006; Lazarus and McKay 2012). Nevertheless, at the height of their importance, earmarks constituted a meager one percent of federal spending according to the austerity-minded Citizens Against Government Waste (Doyle 2011), to be divided between thousands of entities. This puts a limit on what we can learn about distributive politics by studying earmarks.

Another type of useful content of the interest group testimonies is information on lobbying coalitions. Forming lobbying coalitions is an important tactic available to interest groups (Gray and Lowery 1998; Hula 1999; Hojnacki 1997; Holyoke 2008; Godwin, Ainsworth and Godwin 2013; Nelson and Yackee 2012). I identify lobbying coalitions as groups of interest groups that collectively submit a single testimony, the heading of one such coalition displayed in Figure 4.3. This strategy for identifying coalitions is not necessarily better than interviews, which existing work has relied on, but nonetheless has a valuable formality to it that merits recording and analysis.

Alliance for Community Trees
 American Forest Foundation
 American Forest & Paper Association
 American Nursery & Landscape Association
 City of Chicago Department of Streets and Sanitation Bureau of Forestry
 City of Milwaukee Department of Public Works, Forestry Division
 Davey Institute
 International Maple Syrup Institute
 National Association of State Foresters
 Natural Biodiversity
 The Nature Conservancy
 New York State Department of Environmental Conservation
 North American Maple Syrup Council, Inc.
 The Pennsylvania Game Commission
 Purdue University, Department of Entomology
 Society of American Florists
 Society of Municipal Arborists
 The State University of New York College of Environmental Science and Forestry
 Union of Concerned Scientists
 University of Georgia, Center for Invasive Species & Ecosystem Health
 Western Pennsylvania Conservancy

Figure 4.3. Heading of an Interest Group Testimony Indicating a Lobbying Coalition

According to manual coding of all testimonies submitted into the official record done by my research assistants and me, a total of 278 groups submitted 515 positions on agriculture appropriations, including requests and supportive statements alike. In order to obtain context for these positions - i.e., the current level of spending for budget items concerned and how much ended up being appropriated when new appropriations had been enacted into law, we linked the interest group positions to budget documents, a data source to be introduced below. I was able to match 343, or two-thirds, of the group positions to 74 distinct items specified in the budget. The 343 positions were made by 126 groups, and 296 were requests for change and 47 were supportive statements. A small number of groups issued supportive statements exclusively, making their entire appropriations testimonies declarations of support for the status quo, while most groups only issued funding change requests.

As data on interest group positions communicate requests, they form the basis for testing Hypothesis **H1**. For the other half of the analysis, data on the federal budget establish status quos and policy outcomes. In particular, I parse budget documents known as congressional justifications, prepared by various executive branch agencies and centrally coordinated, compiled,

and submitted to Congress by the Office of Management and Budget. As budgeting work goes from the financial officers of each agency up to the OMB and then further up to White House staff, the documents involved also contain less detailed spending items and more aggregated dollar figures. Data on government spending used by existing literature on appropriations politics have been organized at either a more aggregated (Kiewiet and McCubbins 1985, 1988; Shepsle et al. 2009) or a very particularistic level (Berry, Burden and Howell 2010; De Figueiredo and Silverman 2006). In contrast with these data, congressional justifications are uniquely conducive to lobbying research. Nicely mirroring interest group requests, congressional justifications focus on the most appropriate kind of spending and the main battlegrounds of appropriations politics.

On a given title of federal spending, often “Salaries and Expenses,” a typical congressional justification document starts with tables of budget items (such as the one shown in Figure 4.4), which already contain much more detail than the highly aggregated agency-level budget data used in existing literature, and often proceeds to provide more justification for these items by breaking them down to yet more granular levels (such as the text shown in Figure 4.5). The tabular statements provide Congress with amounts being spent in the ongoing fiscal year under appropriations law already on the books. Thus, the congressional justification documents provide data on both status quos and policy outcomes at the level of budget items in appropriations politics. When matched with interest groups’ requests, they allow us to measure how close lobbyists came to hitting the targets they had set and the extent to which groups saw their wishes granted, the content of Hypothesis **H2**.

Project Statement by Program - Current Law
(On basis of appropriation)

	<u>2008 Actual</u>		<u>2009 Enacted</u>		Increase or Decrease	<u>2010 Estimated</u>	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
<u>Pest & Disease Exclusion</u>							
Agricultural Quarantine Inspection (Approp).....	\$26,873,559	303	\$26,979,000	303	-\$979,000	\$26,000,000	303
Cattle Ticks.....	7,599,424	110	9,907,000	114	3,250,000	13,157,000	114
Foreign Animal Disease/Foot-and-Mouth Disease.....	8,634,135	27	4,000,000	2	4,000	4,004,000	2
Fruit Fly Exclusion and Detection.....	55,560,654	373	62,320,000	373	600,000	62,920,000	373
Import/Export.....	11,158,341	147	12,963,000	153	335,000	13,298,000	153
Overseas Technical & Trade Operations	0	0	15,725,000	71	447,000	16,172,000	71
Screwworm.....	21,683,268	36	27,635,000	36	79,000	27,714,000	36
Trade Issues Resolution and Management.....	12,417,465	52	0	0	0	0	0
Tropical Bont Tick.....	421,032	2	425,000	2	4,000	429,000	2
Total Pest & Disease Exclusion.....	144,347,877	1,050	159,954,000	1,054	3,740,000	163,694,000	1,054
<u>Plant & Animal Health Monitoring</u>							
Animal Health Monitoring & Surveillance.....	115,635,706	885	129,180,000	885	-2,058,000	127,122,000	885
Animal & Plant Health Reg. Enforcement.....	12,350,934	125	13,694,000	132	289,000	13,983,000	132
Avian Influenza.....	0	0	60,594,000	159	-351,000	60,243,000	159
Biosurveillance.....	1,834,896	4	0	0	0	0	0
Emergency Management Systems.....	12,286,389	84	15,619,000	80	175,000	15,794,000	80
High Pathogen Avian Influenza.....	47,515,481	131	0	0	0	0	0
National Veterinary Stockpile.....	0	0	3,739,000	8	18,000	3,757,000	8
Pest Detection.....	27,529,932	116	27,776,000	116	-1,020,000	26,756,000	116
Select Agents.....	4,221,243	18	5,128,000	22	48,000	5,176,000	22
Total Plant & Animal Health Monitoring.....	221,374,581	1,363	255,730,000	1,402	-2,899,000	252,831,000	1,402

Figure 4.4. Extract, Tabular Statement in Congressional Budget Justification for Department of Agriculture, Animal and Plant Health Inspection, FY 2010

- (1) An increase of \$14,280 for the direct community facilities loans (\$294,947,552 available in 2009).

This increase is due to rounding and a change in the subsidy rate for the program. Rural Development utilizes these funds to assist rural residents in obtaining access to new or improved essential community services through facilities financed by the program.

- (2) A decrease of \$11,126 for the guaranteed community facilities loans (\$206,428,571 available in 2009).

This decrease is due to rounding and a change in the subsidy rate for the program. Rural Development utilizes these funds to assist rural residents in obtaining access to new or improved essential community services through facilities financed by the program.

- (3) An increase of \$3,902,000 for the economic impact initiative grants (\$10,000,000 available in 2009).

The Economic Impact Initiative provides funding for essential community facilities in rural communities with extreme unemployment and severe economic depression. This initiative requires that the facility must be located in a rural community where the "not employed rate" is greater than 19.5 percent.

In FY 2008, the Economic Impact Initiative funded 20 health care projects, 267 public safety projects, 49 public building and improvements, 19 cultural or educational projects, and 20 other essentials community facilities amounting to \$14.7 million. The funds requested for FY 2010 will allow Rural Development to continue to meet the most pressing needs in these communities.

Figure 4.5. Extract, Explanatory Statement in Congressional Budget Justification for Department of Agriculture, Rural Housing Service, FY 2010

The data allow me to calculate this quantity - more directly, rather, its opposite. Specifically, I calculate the amount by which appropriations outcomes deviated from group requests: the difference between enacted funding change and requested change, as an absolute value, divided by the current funding level allocated for the item concerned. I choose current level rather than requested change as the denominator because the latter was oftentimes zero in cases where groups supported the status quo. This can be written as the following mathematical formula:

$$\text{Relative Deviation} = \frac{\text{Abs}[\text{Enacted Change} - \text{Requested Change}]}{\text{Current Level}}$$

4.3.2 Interest Groups and Lobbyists

I turn to the lobbying disclosure data for useful variables on interest groups' lobbying activity. Made available under the Lobbying Disclosure Act of 1995, compiled and cleaned by the Center for Responsive Politics, the LDA data originally lists lobbying reports. I transformed them for use in this study to contain one entry for each client in each year. The main focus of the paper is whether anything was special about revolving-door lobbyists' requests for appropriations and the success they achieved. I link the interest group requests in appropriations testimonies to the lobbying disclosure database by manually locating the interest groups submitting testimonies within the universe of lobbying clients. The aforementioned 343 positions that were matched to items in the budget were issued by 126 distinct interest groups.

Of utmost importance to this study regarding their lobbying activity is what kind of lobbyists they used - specifically, how many and what kind of revolvers they hired, if any. Information on lobbyists' type comes from the LDA data's "covered position" variable.¹ This variable comes from information entered by lobbyists in a free text field on LDA forms where

¹A known deficiency of this variable in its original text form is that some lobbyists' deliberate underreporting of previous government employment (LaPira and Thomas 2012). While I have no sure-fire solution to truly address this problem, I take advantage of the fact that lobbyists were given an opportunity to disclose previous government employment every time they filed a lobbying report. I may have addressed the problem of deliberate underreporting to some degree by aggregating all text entered by each lobbyist in all lobbying reports over the years of the LDA data.

lobbyists are required to disclose past government employment. I classify whether lobbyists were political revolvers, policy revolvers, or neither (and therefore conventional lobbyists) based on their disclosure. Consistent with the general description of the content of these labels offered earlier, policy revolvers were by and large policy staff who worked in the House and Senate committees on agriculture, the Department of Agriculture, and the Food and Drug Administration. In contrast, former appropriations staff in Congress and various types of elected and appointed government officials were classified as political revolvers. The nature of their government experience means that political revolvers faced the reelection cycle more than policy revolvers, which socialized them to be stronger credit claimers according to my theory. Table 4.1 displays the number of groups by the type of revolvers hired.

Table 4.1. Interest Groups by Types of Lobbyists Used

	Policy revolvers			
	Yes	No	Total	
Political revolvers	Yes	35	9	44
	No	2	80	82
	Total	37	89	126

Eighty of the 126 groups did not hire any revolving-door lobbyists. Among the 46 that did, 35 had both political and policy revolvers. Only 9 had political revolvers but not policy revolvers, and only 2 had the reverse. Though the two types of revolvers seemed to go hand in hand with each other in terms of the presence of at least a single one of each type on interest groups' lobbying contingents, the two bore only a weak correlation in terms of the percentage of each type representing the groups. This point justifies the decision in regression analysis to pit the two's percentages on interest groups' lobbying contingents against each other to reveal which one mattered more for behavior and outcomes in appropriations lobbying.

4.4 Findings

Combining interest group requests with appropriations outcomes, the data present fascinating patterns that strongly support the hypotheses. The data tell a tale of two groups separated by the makeup of their lobbying contingents and the behavior they exhibited when requesting agriculture spending. Revolving-door lobbyists, particularly political revolvers, set lower targets for agriculture spending as indicated by the requests they issued to congressional appropriators. Consequently, political revolvers achieved greater success in meeting these targets and garnered more attractive records for themselves.

The type of lobbyists mattered systematically from requests to outcomes. Adeptly setting expectations for appropriations outcomes, political revolvers were strongly associated with requesting smaller spending changes, supporting Hypothesis **H1**. Table 4.2 displays regression analysis examining whether revolvers requested smaller funding changes. Four equations are displayed. The dependent variable for all of them is funding changes requested by groups as a percentage of current spending levels. The set of binary and continuous variables related to lobbyist types is the same as in the analysis above of outcome deviation. Equations 1-3 draw on all requests, and Equation 4 is limited to those asking for funding increases and excludes positions supporting maintenance of the status quo, which made up the bulk of the requests.

Equation 1 shows that representation by more revolvers on an interest group's contingent, both types combined, was associated with smaller requests for funding changes relative to current levels, conditional on its total lobbying expenditure and membership in coalitions. According to the coefficient estimates, on average interest groups represented entirely by conventional lobbyists asked Congress to barely increase funding on the basis of current levels by over 160 percent, while a lobbying contingent made up exclusively of revolvers demanded increases by a mere 8 percent. Coalitions tended to issue considerably more modest requests than standalone groups. Equation 2 uses binary measures for political and policy revolvers, respectively, and shows that political revolvers were solely responsible for revolvers' overall tendency to issue more modest

requests. Representation by policy revolvers did not make groups behave differently compared to groups without any revolvers. Equation 3 uses the percentage of each type of revolvers within groups' lobbying contingents, and the estimates are not qualitatively altered. Finally, Equation 4 has the same configuration as Equation 3, but draws on only strictly positive requests. The coefficient estimates are substantively similar as those in Equation 3, except that being in a lobbying coalition loses significance as an explanatory variable.

Table 4.2. Linear Regressions - Types of Lobbyists and Relative Change Requested for Appropriations

	<i>Dependent variable:</i>			
	Relative Change Requested			
		All Requests		Increase Requests
	(1)	(2)	(3)	(4)
Revolvers (%)	-1.637*** (0.261)			
Political Revolvers (Binary)		-0.703** (0.313)		
Policy Revolvers (Binary)		-0.251 (0.290)		
Political Revolvers (%)			-1.904*** (0.634)	-1.944*** (0.713)
Policy Revolvers (%)			-0.507 (0.738)	-0.146 (1.411)
Lobbying Expenditure	0.00001*** (0.00000)	0.00001*** (0.00000)	0.00001*** (0.00000)	0.00001*** (0.00000)
In Coalition	-0.726** (0.392)	-0.754** (0.349)	-0.705* (0.390)	-0.563 (0.411)
Constant	1.721*** (0.420)	1.785*** (0.349)	1.725*** (0.329)	2.152*** (0.381)
Observations	280	280	280	214
R ²	0.031	0.033	0.034	0.015
Adjusted R ²	0.021	0.018	0.020	-0.004
χ ²	8.882**	9.268*	9.606**	3.284

Note: Standard errors are clustered by group.

*p<0.1; **p<0.05; ***p<0.01

Effects of the three types of lobbyists on the funding changes interest groups requested are usefully visualized in a predicted values plot which varies the percentage of each type of

lobbyists and uses it to predict relative funding changes requested while holding other variables constant. The predicted values corresponding to the percentage of conventional lobbyists (light gray line) derive from Equation 1 in Table 4.2 (for visualization purposes, I replace the percentage of revolvers with its opposite - the percentage of conventional lobbyists). The predicted values for policy revolvers (medium gray line) and political revolvers (black line) draw on Equation 3. For revolvers, the predicted values based on each type are calculated by holding the other at its mean in the data. Lobbying expenditure is held at its mean in calculating all three sets of predicted values, and all calculations are for standalone groups rather than coalition members. Each line covers its observed range in the data.

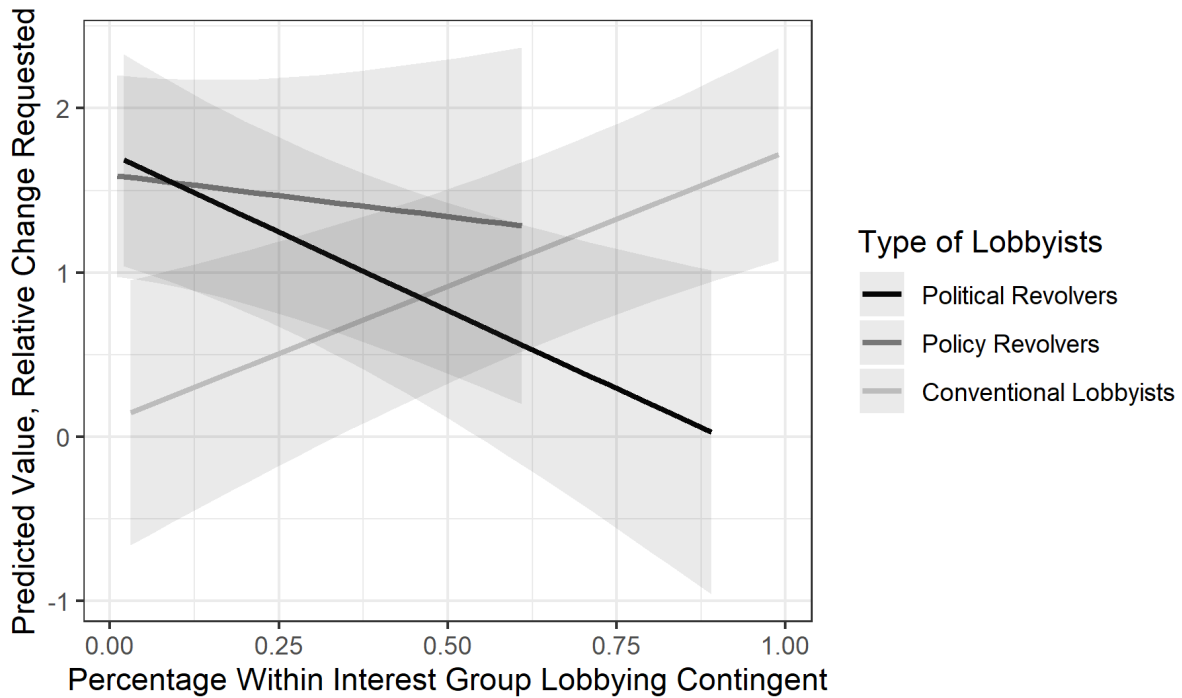


Figure 4.6. Types of Lobbyists and Requested Spending Changes

This predicted values plot highlights the marked difference among the three types of lobbyists in how they structured interest group requests for appropriations. Political revolvers exhibited a strong tendency to issue modest spending requests. On average, groups with no political revolvers were expected to ask Congress to increase funding on budget items by more

than 150 percent, while those with a maximum concentration of them in the data (just under 90 percent on groups' lobbying contingents) on average requested almost no increases on the basis of the status quo. Holding political revolvers constant, policy revolvers largely did not matter for requested funding changes. In contrast with both types of revolvers, a higher percentage of conventional lobbyists was associated with requests for larger increases. The data, thus, lend strong support to Hypothesis **H1**. Political revolvers emerged solely as agents of expectations management.

Did political revolvers' tactic for expectations management pan out as theorized, then, by producing smaller gaps between set targets and eventual outcomes? It did. The data show that, compared to conventional lobbyists, revolvers tended to diminish the relative deviation of appropriations outcomes from group requests. Figure 4.7 displays a pair of density curves, overlaid on one another, showing the relative deviation of outcomes from requests by the type of lobbyists employed, one for groups with revolvers and one for those without. Despite an overlapping region, groups with revolvers clearly tended to have lower values on the relative deviation measure.

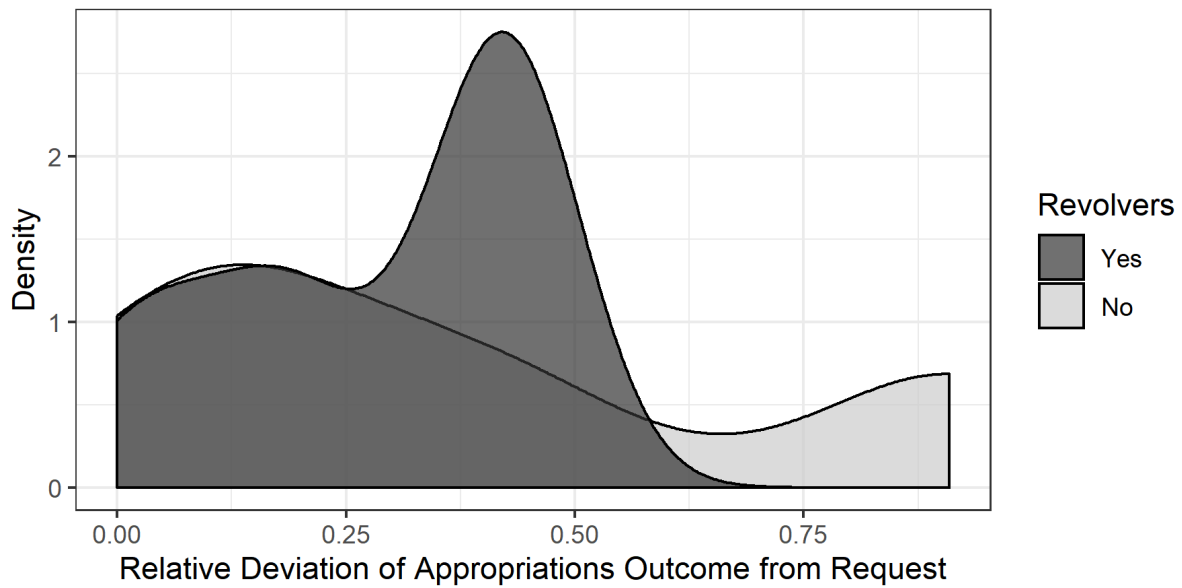


Figure 4.7. Revolving-Door Lobbyists and Deviation of Requests from Appropriations Outcomes

This comparison is systematically estimated using regression analysis examining the relationship between revolvers and the deviation of outcomes from requests, again separating the two types of revolvers. Table 4.3 displays four OLS equations, with standard errors clustered by requesting group. Equations 1-3 have relative deviation, calculated as the ratio stated earlier, as the dependent variable, while Equation 4 uses absolute deviation instead and includes requested change as a control variable. Among the rest of the explanatory variables, I again include binary or continuous variables for the presence of three types of lobbyists across the several equations.

Table 4.3. Linear Regression - Types of Lobbyists and Deviation of Appropriations Outcomes from Interest Group Requests

	<i>Dependent variable:</i>			
	Relative Deviation			Deviation
	(1)	(2)	(3)	(4)
Revolvers (%)	-0.186** (0.087)			
Political Revolvers (Binary)		-0.158** (0.066)		
Policy Revolvers (Binary)		0.030 (0.051)		
Political Revolvers (%)			-0.180 (0.121)	-6,924.661 (36,171.460)
Policy Revolvers (%)			-0.170 (0.230)	50,932.220 (66,336.680)
Lobbying Expenditure		0.00004* (0.00002)	0.00003 (0.00002)	-9,082 (6.652)
In Coalition		-0.125** (0.059)	-0.124** (0.057)	-27,115.520 (23,981.760)
Requested Change				-1.118*** (0.269)
Current Level	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	-0.069 (0.087)
Constant	0.323*** (0.079)	0.364*** (0.069)	0.342*** (0.064)	42,680.530*** (12,677.160)
Observations	63	63	63	63
R ²	0.037	0.099	0.069	0.943
Adjusted R ²	0.005	0.020	-0.012	0.937
χ^2	2.406	6.582	4.518	180.828***

Note: Standard errors are clustered by group.

*p<0.1; **p<0.05; ***p<0.01

Equation 1 estimates the association between the percentage of both types of revolvers combined on interest groups' lobbying contingents and the relative deviation of outcomes, controlling only for current funding levels. The revolver variable obtains a positive and strongly significant coefficient estimate. Considering it along with the constant term, Equation 1 shows that groups represented exclusively by conventional lobbyists saw appropriations outcomes of interest deviate from their requests by 32.3 percent on average, while those represented entirely by revolvers had an average outcome deviation of 13.7 percent. Equation 2 separates revolvers into the usual pair of binary indicators. It additionally controls for groups' total lobbying expenditure and whether their submitted testimonies indicated they were in a coalition. Pitted against policy revolvers, political revolvers proved solely responsible for the overall diminishing effect of revolvers on relative deviation. Groups with policy revolvers did not get significantly different outcomes than those without. Equation 3 uses continuous measures showing the percentage of political and policy revolvers on groups' lobbying contingents instead of the binary measures, but they do not attain significance. This demonstrates that, for a group, having at least one political revolver represent it made a major difference compared to having no revolver, but additional revolvers did not make any further difference.

Equation 4 uses absolute deviation as the dependent variable, controlling additionally for changes requested by groups. Requested changes obtain a strongly significant and negative coefficient estimate, and it is close to -1 ; each additional dollar requested on the basis of current spending was on average associated with a roughly 1.1-dollar deviation in appropriations outcomes. This is not surprising; requesting larger budgetary changes naturally invites more uncertain outcomes. The statistical insignificance of either revolver variable, conditional on requested changes, demonstrates that the type of lobbyists representing groups had no independent effect on how far outcomes deviated from requests. Overall, the data present considerable evidence for Hypothesis **H2**.

Taken together, testing of the two hypotheses shows that political revolvers managed to meet their policy targets more fully than other lobbyists largely by setting easier targets in

the first place. This observation naturally leads to the reasonable conjecture that, when their results are summarized in a simple “win ratio,” political revolvers likely did no better than others. The lack of such an absolute difference is indeed borne out by the data. The types of lobbyists representing groups did not matter meaningfully for whether Congress enacted spending increases in accordance with their wishes, as shown in Table 4.4. While groups represented by revolvers had slightly more of their requested increases granted by Congress than other groups by a few percentage points (68% versus 63%), this difference was practically modest and statistically insignificant according to a chi-squared test on the underlying tabulation.

Table 4.4. Revolving-Door Lobbyists and Appropriations Outcomes

Revolving-Door Lobbyists	Funding Increased (%)
No	48 (63.2%)
Yes	30 (68.2%)

Of course, this analysis drawing on appropriations records in one policy domain for one fiscal year is far from conclusive evidence that revolvers do not outperform conventional lobbyists. It does create a paradox, however, that revolvers are significantly rewarded in the lobbying market with larger clienteles and more revenue despite mixed evidence for their greater influence on policy. This paradox receives at least a partial solution in my finding detailed in this paper; expectations management learned through political experience can help revolvers build records of success and cement prosperous careers even in the absence of surpassing policy clout.

4.5 Conclusion

Policy victories mean different things to interest groups and the lobbyists that serve them. For interest groups, they consist of fulfilling long-term policy goals by exerting maximum effort to persuade policymakers. For lobbyists, especially those working on short-term contracts, to win in policy consists of building a tangible and self-explanatory record of effectiveness. Lobbyists

need to do so to continuously please their current clients as well as market themselves to potential clients in the future. Efficiency is of the essence for success as lobbyists, as clients have frequent opportunities to evaluate their performance and, if necessary, terminate their contract. The existence of constituents to please and a hiring-and-firing cycle make the lobbyist's job not unlike that of politicians who need to look good to political principals to overcome electoral challenges.

The main ingredient of success for both politicians and lobbyists is credit claiming. Effective and efficient credit claiming does not allow much patience for the nuance of why certain efforts are justifiable in pursuit of some long-term goals and how short-term success or failure can mean something different in the long run. Rather, it is aided by the delivery of highly tangible and self-explanatory results. I argue in this paper that revolving-door lobbyists derive much of their success from their ability to claim credit like good politicians, having received training from their past government employment to think and act with a politician's strategic, short-term mindset. Thinking more specifically about what kind of government experience ought to more strongly develop an instinct and inclination for credit claiming in a lobbyist, I further posit that revolvers with comparatively abundant political experience rather than policy experience should behave more strongly like politicians, an idea that informs the separation of political revolvers from policy revolvers.

The federal appropriations process is natural territory to the delivery of policy results readily attributable to lobbyists' actions, as effort and results are both naturally quantified in dollar figures from year to year. To test the theory regarding lobbyist credit claiming, I examine how different lobbyists structured the positions that interest groups issued on the FY 2010 agriculture appropriations, drawing on data from interest group testimonies linked to the president's budget documents as well as the lobbying disclosure database. As hypothesized, the results reveal something distinctive about the modus operandi of political revolvers to the exclusion of either conventional lobbyists or policy revolvers - management of clients' expectations about policy targets. Interest groups represented by political revolvers issued more modest and realistic requests for spending changes to congressional appropriators and

correspondingly received results close to their expressed demands. Neither the strategy or consequence of such expectations management characterized policy revolvers or conventional lobbyists. These findings lend strong credence to the theory that revolving-door lobbyists owe their success in the advocacy profession to the learned ability to think like the politicians that they used to be.

This study charts new territory in the study of lobbyists by pointing to a highly specific strategy that conceptually separates lobbyists from one another. This display of revolvers' credit claiming skills plays out inside the finer-grained and less observed routines of institutional procedure, and is proven to matter considerably for appropriations outcomes. Revolvers' deliberate effort to effect policy certainty, often at the expense of maximizing policy change favorable to clients, is important for understanding the role of lobbyists in interest group politics. Lobbyists juggle an intricate job as agents to interest groups, trying to strike a balance between the frequently divergent goals of working hard for clients and looking good to them. Interestingly, the need for positive review by both present and potential clients dictates that lobbyists' incentives are necessarily misaligned with those of clients from time to time. Revolvers' manifest credit claiming behavior is a telling symptom of the principal-agent problem in lobbying, and it constitutes a type of agency slip which constraints clients' policy agenda. This reasoning leads to the counterintuitive insight that precisely those lobbyists with the most decorated professional resumes impose a severe limit on interest group influence on policymaking.

Some points of caution bear emphasis as I conclude. First, notwithstanding this agency slip, by no means do I suggest that interest groups are somehow unenlightened to hire revolving-door lobbyists since they tend to compound the problem of delegation in lobbying. As demonstrated in this paper, clients that hired revolvers to lobby would not have been better off had they adopted the alternative of hiring conventional lobbyists. Revolvers prioritize the attainment of clear records of effectiveness and, as I argue, accomplish as much at some expense of maximizing clients' benefit, but can still outperform conventional lobbyists in absolute terms of appropriations outcomes. Second, as the policy domain in the empirical analysis presented

in this paper, appropriations politics has a basic process that features a sort of election cycle for lobbyists and rewards short-term credit claiming with clarity. These characteristics of the appropriations game likely exacerbates the misalignment of incentives between clients and lobbyists even compared to other policy domains. If this is true, the analysis conducted in this paper is an easy test of the theory. It promises to be a valuable avenue of future research to investigate how well the conclusions of this study extend to other policy areas which differ from appropriations in structure, process, and behavior.

Chapter 5

Revolving-Door Lobbyists as Superior Politicians

The many advantages and behaviors that distinguish revolving-door lobbyists, covered in the previous chapters, all contribute to their ascendancy in the lobbying profession in the last two decades for which systematically lobbying data exist. In this chapter, I pay closer attention to the very markers of revolvers' rising position - such as the amount of revenue generated and the number of clients - and unpack them in an effort to portray a more detailed and nuanced picture. By exploiting lobbying transactions based on their comparability to election results, I show that a hallmark of revolvers is being more able to gain the satisfaction of their customers, manifested by their greater likelihood of being continuously retained by individual clients. This advantage aggregates up to revolvers' superior endurance in the profession. As such, revolvers have been the growing core of the profession. This discovery is distinct from the currently noted signs of revolvers' success which largely do not consider lobbyists' careers.

5.1 The Ascendancy of Revolvers and the Need for Client-Centered Analysis

Revolvers occupy an increasing share of the market. To show this, I again rely on data made available under the Lobbying Disclosure Act of 1995 - as amended by the Honest Leadership and Open Government Act of 2007 - and then corrected and cleaned in various ways

by the Center for Responsive Politics, to which lobbying scholars are tremendously indebted. These data are available starting in 1998 and continue to be updated on a quarterly basis, but the portion I use ends in 2016. The lobbying data provide various information on lobbying transactions, and help researchers classify lobbyists into the conventional type or the revolving-door type with the “covered position” field which contains lobbyists’ mandatory disclosure of past government employment.

Originally a free text field in the electronic lobbying disclosure form, the “covered position” field has two known deficiencies, both of which I address somewhat in my variable construction. The first deficiency is that sometimes lobbyists incorrectly thought this field required them to disclose their current positions as lobbyists (e.g. Senior Partner, CEO, Director of Government Affairs) (Drutman and Furnas 2014*b*). I mostly fix this issue by considering only those lobbyists that entered 20 or more characters in the “covered position” field to be revolvers. The second deficiency is some lobbyists’ deliberate under-reporting of previous government employment (LaPira and Thomas 2012). While I have no sure-fire solution to truly address this problem, I take advantage of the fact that lobbyists were given an opportunity to disclose previous government employment every time they filed a lobbying report. I may have addressed the problem of deliberate under-reporting to some degree by aggregating all text entered by each lobbyist in all lobbying reports over the years of the lobbying data.

With lobbyists’ “covered position” disclosure, the lobbying data clearly document the rise of revolvers. At the very beginning of this dissertation, in Figure 1.1 I plotted the number of conventional lobbyists and revolvers from 1998 to 2016 among all contract lobbyists that had work in these years. The analysis in this chapter is restricted to contract lobbyists and excludes in-house lobbyists because the former are inherently more sensitive to market forces in the short term due to the fluid nature of their obligations to clients. Shown in this figure is the count of actively working lobbyists rather than that of all registered lobbyists as only the former represents the effective portion of the market. Revolvers can be seen to have first increasingly populated the market from 1998 to 2008 and then stayed stable in number through the subsequent years.

Conventional lobbyists more or less maintained their numbers in the market during revolvers' numerical growth, but plummeted rapidly during revolvers' stability. Both periods combined, the result is revolvers' continuously rising share of active lobbyists, approaching half in 2016.

Incidentally, the rising share of revolvers casts doubt on the assertion that the deregistration of lobbyists was primarily responsible for the appearance of a profession in decline (LaPira 2015). The number of revolvers, their image tarnished simply by walking through the revolving door in the eye of the most zealous critics of lobbying, did not go down after the enactment of the 2007 reform. Out of reputational concerns, revolvers would especially profit from going under the radar. The fact that revolvers' percentage in lobbying records increased over the years suggests that the lobbyist count is probably not rendered untrustworthy by deregistration, though undisclosed lobbying activity is certainly a worrisome development at any rate (LaPira 2015).

Scholars of interest group politics have been fascinated with the revolving door phenomenon and produced a growing body of work on it. An important finding of this literature is that previous government experience often gives lobbyists diverse skills and policy, and this enables them to serve a larger number of clients which have diverse goals in lobbying and are interested in various policy areas (LaPira and Thomas 2017). While the greater breadth on average of revolvers' client portfolios is compelling from the data, it has much more to do with how well lobbyists fare in the business than with how highly each client values them. Although both concepts are interesting and highly related, they are distinct. A high-powered lobbyist with a rich skill set may simultaneously represent many clients doing diverse businesses in order to influence government in different ways. For each of these clients, though, that its lobbyist is capable of serving others carry out possibly different tasks has little inherent importance. A lobbyist's value to clients is revealed only by the decision of whether to hire her and at what price. The point is that it is important to assess revolvers' success relative to conventional lobbyists through client-centered analysis and not by evaluating lobbyists' record on the whole.

The structure of lobbying contracts causes some hindrance to measuring lobbyists' value revealed by clients' hiring decisions. For contract rather than in-house lobbying, the original

entries of the lobbying data represent contracts between a client and a lobbying firm, list the lobbyists involved in each contract, and record the amount of revenue generated for the firm. Lobbyists' individual monetary values are not naturally supplied but need to be inferred from the revenue earned by the whole contingent of lobbyists. It thus requires some arbitrary judgment to determine how much of the total revenue is attributed to each lobbyist. Transforming the data by splitting firm revenue enables us to conduct analysis that approximates what is desired. Lobbying scholars have typically assumed that every lobbyist listed in a transaction is responsible for an equal share of the total revenue generated (i Vidal, Draca and Fons-Rosen 2012; Drutman and Furnas 2014*b*), an adequate approach that I also adopt. In the end, the revenue attributed to each lobbyist based on the assumption of equal shares constitutes a rough estimate of her earning power and, when divided by the number of clients, the average price for her work.

Did revolvers, then, score higher on revenue attributable to them from year to year, especially on a per client basis? Regression analysis, displayed in Table 5.1, casts doubt on an affirmative answer to this question. It tests a simple hypothesis: Revolvers on average generated higher revenue per client than conventional lobbyists. At the lobbyist-year level, several linear regression equations are estimated to examine the relationship between lobbyists' revolver status and revenue. Equations 1-3 have as their dependent variable the total revenue attributable to each lobbyist in each year. Equations 1 and 2 draw on a data set with more observations than Equation 3 due to different assumptions about which lobbyists were in theory available for business. For equations 1 and 2, every lobbyist is assumed to remain available for business during every year following her first appearance in the lobbying data. After her initial entry, for any year during which she had no client and correspondingly no revenue, she is considered to have been willing to take clients but received no business despite that. In contrast, Equation 3 makes no such assumption and includes only active lobbyists. This conceptual difference regarding what is assumed about lobbyists' availability for clients proves empirically inconsequential for estimating how lobbyists' revolver status mattered for revenue. All equations also control for dummy variables for every year as well as the number of years that had elapsed since lobbyists'

first appearance in the data. Standard errors are clustered by lobbyist.

Table 5.1. Revolvers and Lobbying Revenue

	<i>Dependent variable:</i>			
	Total Revenue (\$1,000)		Average Revenue (\$1,000)	
	All lobbyists		Active lobbyists	
	(1)	(2)	(3)	(4)
Revolver	46.244*** (1.987)	9.398*** (0.996)	10.722*** (2.257)	-1.017 (1.281)
Number of Clients		29.662*** (0.708)	25.671*** (0.847)	
Years Elapsed	-1.238*** (0.199)	0.031 (0.133)	2.520*** (0.336)	0.996*** (0.196)
Constant	43.418*** (1.782)	-9.044*** (1.929)	-1.013 (2.241)	29.138*** (0.954)
Year Dummies	Yes	Yes	Yes	Yes
Observations	106,353	106,353	39,036	39,036
R ²	0.071	0.527	0.399	0.034
Adjusted R ²	0.071	0.527	0.399	0.034
χ^2	7,808.039***	79,726.390***	19,885.140***	1,351.524***

Note: Standard errors are clustered by lobbyist.

*p<0.1; **p<0.05; ***p<0.01

Taken together, equations 1-3 show that revolvers did on average bring their firms more revenue than conventional lobbyists, but this edge was primarily due to having more clients. Controlling additionally only for the number of years that had elapsed since lobbyists' initial appearances in the data as well as year dummies, Equation 1 shows that revolvers on average brought in more than \$46,000 of revenue per year than conventional lobbyists. Statistically, this effect is strongly significant. Equation 2 adds in each lobbyist's number of clients in each year, and this variable absorbs much of the earlier effect seen with the revolver attribute. Once controlling for the number of clients, each of which on average generated just under

\$30,000 in revenue, revolvers only outperformed conventional lobbyists by about \$9,000 on average. This points to revolvers' aforementioned versatility to serve diverse clients (LaPira and Thomas 2017). Drawing only on active lobbyists (those with a nonzero client count), Equation 3 yields coefficient estimates for the main variables similar to Equation 2, showing that leaving the inactive lobbyists out of the analysis makes no major difference for the question at hand. Equation 4 shifts the dependent variable to lobbyists' average revenue per client. This time, the estimate for the revolver variable becomes indistinguishable from zero. On average and on a per client basis, then, no more revenue could be attributed to revolvers than to conventional lobbyists. All equations considered, the proposition that revolvers cost clients more money receives mixed evidence at best in a simple analysis. To the extent that revolvers were more costly, this relative premium was very modest in size.

5.2 Lobbying as Elections and the Endurance of Revolvers

For reasons discussed above, studying lobbyists' client portfolios is unhelpful for examining whether revolvers discharge their duties to clients' greater satisfaction than conventional lobbyists, and studying revenue presents at most weak evidence for an edge that revolvers may have. To more conclusively ascertain whether individual clients perceive them as better than conventional lobbyists, I conduct an innovative test by treating lobbying data essentially as a kind of election data. Thinking of the signing and renewing of lobbying contracts as electoral victories garnered by lobbyists unleashes more of the lobbying data's potential. In this analysis, I study what can be called lobbyists "reelection rates": Lobbyists' likelihood of getting reelected by clients, once these relationships have been established in the first place, serves as a novel and informative measure of their job performance as perceived by clients.

Conceptually, this analogy is appropriate for lobbyists who serve clients on short-term, typically annual, contracts. Like Mayhew's (1974) members of Congress, lobbyists may usefully be studied as seekers of reelection. The cyclical nature of contract lobbyists' work leads one

to compare it to holding elective office with one-year terms punctuated by elections by clients. Obviously, clients' decisions to hire lobbyists are not real elections, but they bear important similarities useful for studying lobbyists' customer satisfaction. In elections, voters elect a public official among candidates, one of who is typically the incumbent officeholder. In lobbying, a client chooses among competing lobbyists, some of who are typically currently contracted, as well as the option of ceasing to lobby altogether. More important, for both politicians and lobbyists, to have their contracts renewed is to convince their principals that they had delivered adequate performance during their previous "term in office." To be sure, there are certainly structural differences between lobbying and elections. One is that, unlike voters in elections, clients in lobbying have the choice to hire none of the available lobbyists up for the job. Another difference is that, rather than recording the percentage of votes won by each candidate as election results do, lobbying transactions only record the winner. These differences between lobbying and elections, however, do not affect the analogy for the purpose at hand.

Analyzing lobbying as election results requires that the data be transformed to be organized by pair of client and lobbyist in each year to the extent that the pairings make sense in reality. For each entry consisting of a unique combination of client, lobbyist, and year, the transformed lobbying-as-elections data contain whether a contractual relationship existed. Conceptually, this data structure reflects the assumption that, at least in theory, it was possible for each client to have a contract with each lobbyist within some industry or policy area over a period of time as long as both were available to be parties to such a contract. Lobbyists' availability to have contracts with any clients in a given year is determined by whether they were seeking clients at all in that year. I assume that lobbyists became seekers of clients once they declared their first transaction as required by law and thus registered their first appearance in the lobbying data.

The goal is determining whether revolvers' "reelection rates" are higher than those of conventional lobbyists. The first step was restricting the lobbying data to only the portion where the clients are for-profit companies in the U.S. rather than other, perhaps more traditionally

construed, interest groups. The purpose of limiting this analysis to companies is to achieve maximum comparability of clients and to ensure a large number of data points. I did so by identifying U.S. companies present in the Compustat corporate finance data set among the clients in the lobbying data.¹ From the Compustat data, I collected information on companies' affiliation in economic sectors, using 3-digit codes for sectors in the 2017 North American Industry Classification System (NAICS)². I then created lobbying-as-elections data sets with unique client-lobbyist-year observations for each of the four largest economic sectors in terms of lobbying activity. In descending order of lobbying activity, these sectors are chemical manufacturing, utilities, computer and electronic product manufacturing, and insurance carriers and related activities.³ Within each of the Big Four sectors, I compare the reelection rates of revolvers and conventional lobbyists by estimating the following linear probability model based on this sector's lobbying-as-elections data:

For client i , lobbyist j , and year t ,

$$Pr[\text{Contract}(i, j, t)] = \alpha + \beta_1 \cdot \text{Contract}(i, j, t - 1) + \beta_2 \cdot \text{Revolver}_j + \beta_3 \cdot \text{Contract}(i, j, t - 1) \times \text{Revolver}_j + \text{Years Elapsed}_{jt} + \varepsilon_{ijt},$$

where the binary dependent variable indicates whether a lobbying contract was signed between a client and a lobbyist in a given year. The main explanatory variables are the existence of a contract between the same pair in the previous year, the lobbyist's revolver status, and their interaction. In essence, the equation estimates the effect of "incumbency" on being contracted again and the extent to which this effect depends on lobbyists' revolver status. Also controlled

¹I followed a semi-automated procedure to match lobbying clients with U.S. companies. The first step was finding the best match for each client among all companies in the Compustat data based on Levenshtein string distances. The second step was human determination of whether each match was correct.

²The NAICS codes for sectors are available at https://www.census.gov/eos/www/naics/2017NAICS/2017_NAICS_Manual.pdf.

³My determination of the top four sectors in terms of lobbying is based on the average number of clients in each sector over the years. Mine agrees with the Center for Responsive Politics's ranking of sectors based on lobbying revenue, available at <https://www.opensecrets.org/lobby/top.php?showYear=a&indexType=i>. Currently, the top four sectors according to the CRP are Pharmaceuticals/Health Products, Insurance, Electric Utilities, and Electronics Manufacturing and Equipment.

for is the number of years that had elapsed since the lobbyist's initial appearance in the data. The hypothesis is that revolvers were more likely to be reelected by their clients than conventional lobbyists once a contract was inked for the first time, at least the first time in the lobbying data. Mathematically, this translates into the expectation of a positive differential effect of the existence of a previous-year contract between conventional lobbyists and revolvers in favor of the latter - a positive estimate for the interaction term's coefficient, β_3 . As in the analysis above, standard errors are clustered by lobbyist.

The results, displayed in Table 5.2, provide strong evidence for the hypothesis. Over the period of the data, revolvers were more likely to be reelected by clients than conventional lobbyists by a highly statistically significant and practically large margin. On average, conventional lobbyists were retained by their current clients six times out of ten, and revolvers improved on this basis by a little less than 10 percentage points. This difference was also remarkably stable across the Big Four sectors, in what may be characterized as revolvers' greater "incumbency advantage," again borrowing lingo from electoral studies.

Table 5.2. “Reelection Rates” of Conventional Lobbyists and Revolvers, Big Four Sectors

	<i>Dependent variable:</i>			
	Probability of Contract (t_1)			
	Utilities (1)	Chemical Mfg. (2)	Electronic Mfg. (3)	Insurance (4)
Contract (t_0)	0.618*** (0.015)	0.583*** (0.013)	0.588*** (0.012)	0.646*** (0.017)
Revolver	0.0002*** (0.00004)	0.0001*** (0.00002)	0.0001*** (0.00002)	0.001*** (0.0001)
Contract (t_0) × Revolver	0.097*** (0.018)	0.086*** (0.016)	0.097*** (0.015)	0.093*** (0.019)
Years Elapsed	-0.0001*** (0.00000)	-0.0001*** (0.00000)	-0.0001*** (0.00000)	-0.0002*** (0.00001)
Constant	0.002*** (0.0001)	0.001*** (0.00003)	0.001*** (0.00002)	0.002*** (0.0001)
Observations	2,857,372	5,077,400	5,510,635	2,036,040
R ²	0.460	0.391	0.404	0.486
Adjusted R ²	0.460	0.391	0.404	0.486
χ^2	1,759,673.000***	2,518,167.000***	2,852,037.000***	1,354,001.000***

Note: Linear probability models; standard errors are clustered by lobbyist.

*p<0.1; **p<0.05; ***p<0.01

The consistent difference between revolvers’ and conventional lobbyists’ reelection rates is usefully visualized in the predicted values plot displayed in Figure 5.1, generated based on each sector-specific equation. It displays predicted values of the dependent variable given each of the two types of lobbyists, conditional on the existence of a contract between the client and the lobbyist in the previous year. The predicted values are therefore essentially revolvers’ and conventional lobbyists’ respective average reelection rates. The length of time that has elapsed since the lobbyist’s first appearance in the data is arbitrarily set to five years, but this matters little for the visualized pattern as this variable has a minuscule though significant effect on lobbyists’ likelihood of being reelected.

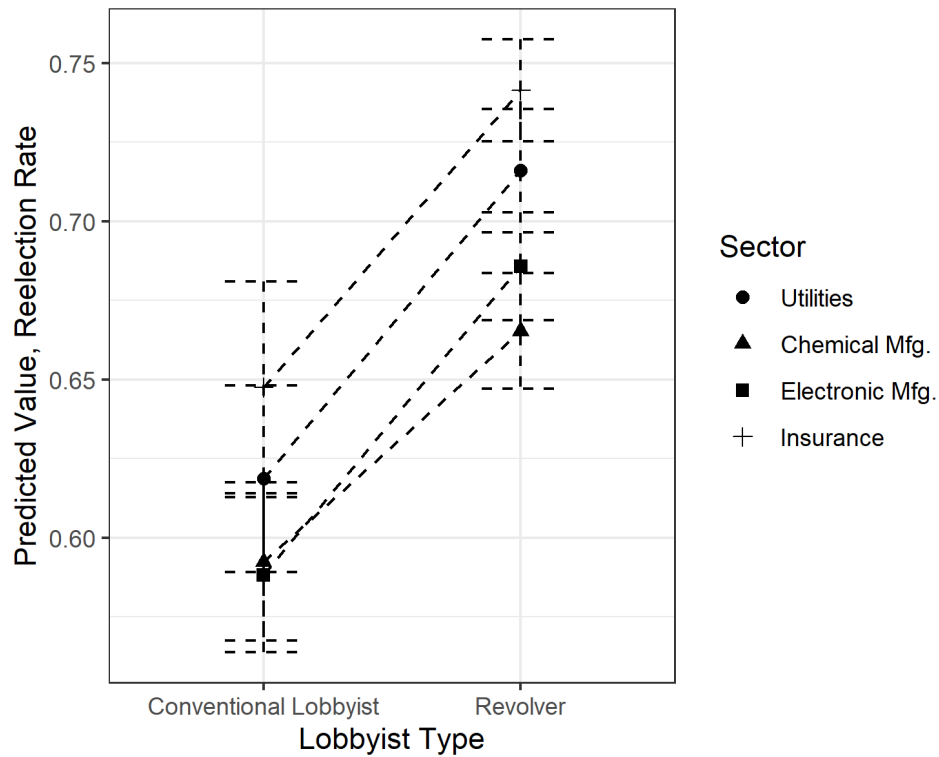


Figure 5.1. “Reelection Rates” of Conventional Lobbyists and Revolvers, Big Four Sectors

Revolvers’ higher reelection rates give rise to a profession-wide observation of superior endurance, not just in the business lobby but in all lobbying. I calculate the retention rate of revolvers and conventional lobbyists by year simply using lists of working contract lobbyists for each year covered by the lobbying data and calculating the percentage of surviving lobbyists of all lobbyists. Within each year, a lobbyist is considered to have survived in the profession if she is found to be active at any point subsequently in the data. Unlike their reelection, the subject of the analysis above, lobbyists’ retention in the profession is identified without regard to the specific clients that they served. Results of these calculations indicate that revolvers’ larger incumbency advantage has resulted in an overall higher retention rate compared to conventional lobbyists. This is visualized in Figure 5.2.

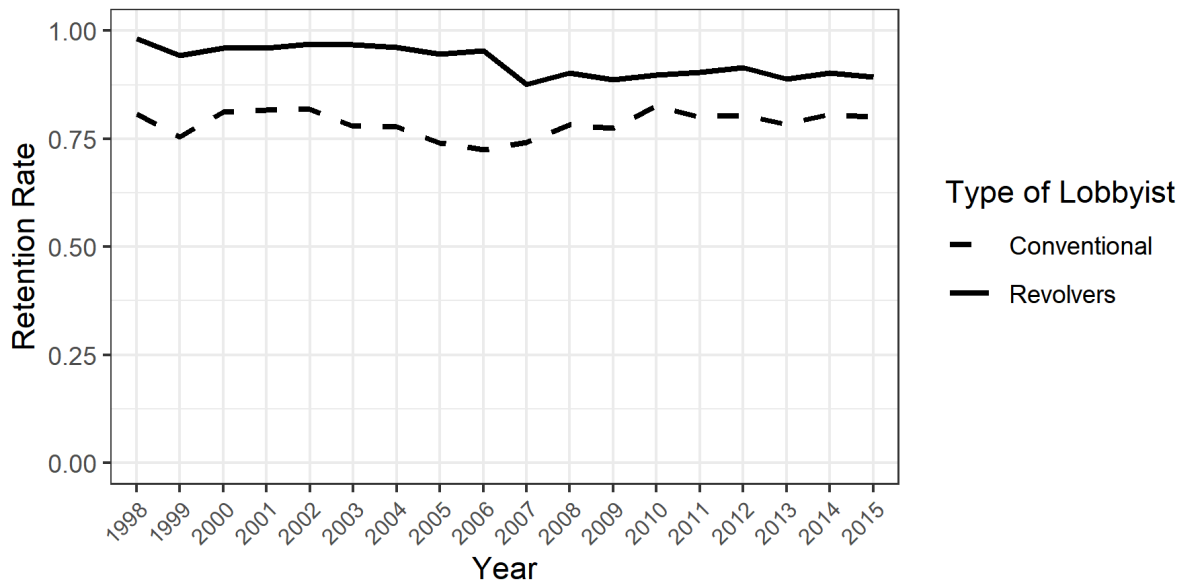


Figure 5.2. Retention Rates of Conventional Lobbyists and Revolvers

In addition to their ability to sign more clients with more sectoral diversity and through it generate more lobbying revenue, revolvers are marked by their greater tendency to be continuously retained by clients and ultimately stay active longer in the business. Indeed, the data clearly indicate that their higher retention rate was mostly responsible for their collective success in the current lobbying landscape. The alternative mechanism which, if true, would also explain revolvers’ rising share of the profession lies in the recruitment of new lobbyists into the profession. If more revolvers entered the profession than conventional lobbyists, perhaps even at an increasing margin over time, that would certainly add to revolvers’ increasing share of the market, working in concert with their greater retention rate or instead of it. But the recruitment-based explanation is largely eliminated by the simultaneous decline in the share of new lobbyists among both conventional lobbyists and revolvers, shown in Figure 5.3. The idea, implicit in much reform-minded work, that the Washington revolving door is ever accelerating and tirelessly converting opportunistic public officials and staffers into the advocacy industry, does not square with the bulk of fact. More accurately put, as survivors, revolvers have been the growing core of the profession, and this core is now on the cusp of attaining a numerical

majority.

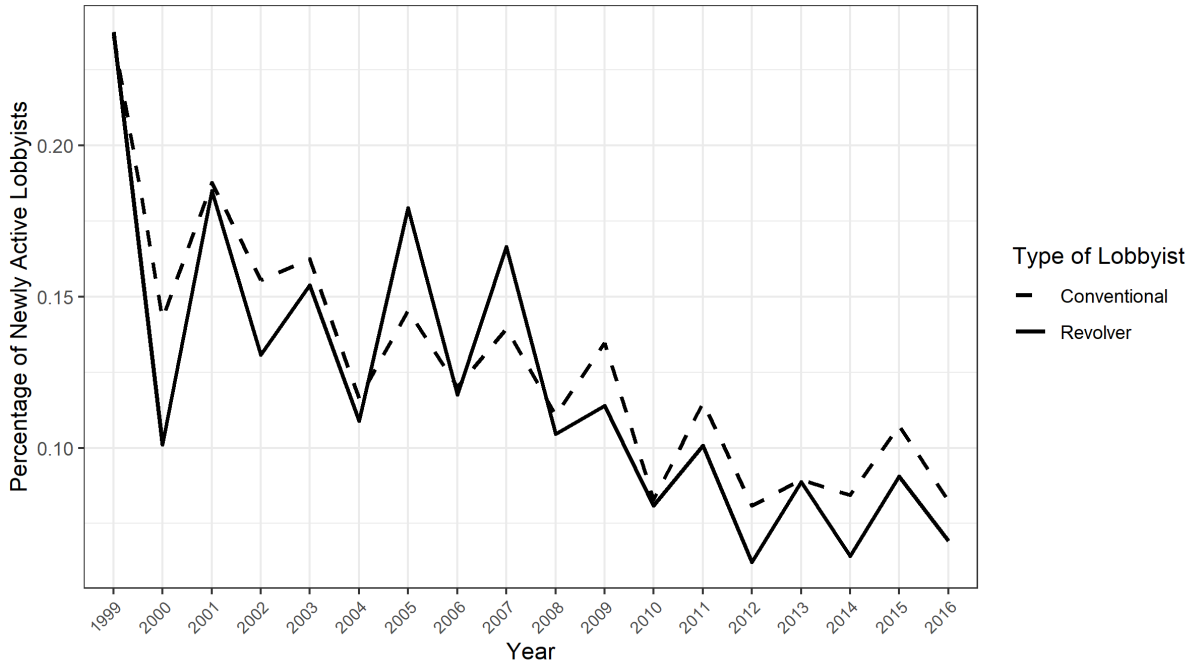


Figure 5.3. Percentage of Newly Active Lobbyists Among Conventional Lobbyists and Revolvers

Chapter 6

Conclusion

In this dissertation, I advanced a theory of why revolving-door lobbyists have increasingly dominated national interest group politics: Revolvers owe their success in lobbying to their ability to think like politicians to an extent that conventional lobbyists generally cannot. Revolvers' previous work experience in government, either as public officials or staffers, instill an "election-seeking" skill set to fuel their success in a post-government lobbying career. Its core is credit claiming, the ability to demonstrate to lobbying clients that their judgment and effort are responsible for good results. Revolvers' ability to think like politicians is related to but distinct from both the political connections they establish and the policy expertise they may attain while working in government, two assets emphasized in existing research (Salisbury et al. 1989; Bertrand, Bombardini and Trebbi 2014; i Vidal, Draca and Fons-Rosen 2012; LaPira and Thomas 2017; Kang and You 2016; McCrain 2018).

In Chapter 2, I presented robust empirical evidence that revolvers experience an increase in demand relative to conventional lobbyists when lobbying clients perceive greater policy uncertainty, consistent with a theory of lobbying as political insurance (LaPira and Thomas 2017). While not vital to the theory of thinking like politicians, clients' preference for revolvers under uncertainty sets an appealing stage for this special skill set to play out. Interest groups' desire for risk management, a particularly central concern for for-profit companies without inherent political agendas, rewards lobbyists who consistently deliver wins and create "peace of

mind.” As effective credit claimers, revolvers are well positioned to fill this need.

In chapters 3 and 4, I laid out two specific manifestations of this advantage in institutional processes - the frequently examined “one-two punch” of campaign contributions and access-seeking with respect to members of Congress and the critical congressional function of federal appropriations. Revolvers’ observed behavior and its corresponding outcomes in these realms, in contrast with those of conventional lobbyists, usefully exemplify what it means to think (and act) like politicians after government experience. In Chapter 5, I analyzed lobbying hiring and firing records as a sort of election data to show that revolvers’ main mark of success in the profession, overlooked by existing research, is their longevity owing to their ability to be consistently rehired by existing clients. In this chapter, I conclude this dissertation on a more conjectural note by discussing my theory’s place in the principal-agent framework linking lobbying clients and lobbyists and suggest the need for future research to examine interest groups’ long-term lobbying efforts.

6.1 Do Revolvers “Shirk” Better? A Principal-Agent Discussion

Lobbyists’ ability to be re-selected by their clients is the result of satisfactorily carrying out their lobbying tasks, indicating a useful theoretical apparatus with which to analyze lobbyists’ behavior: By hiring lobbyists, interest groups enter into a principal-agent relationship with them (Stephenson and Jackson 2010; Lowery and Marchetti 2012; Drutman 2015*a*). This relationship invites lobbyists, as the agent, to shirk from advancing their clients’ interest to the fullest of their ability in order to protect their own. Conceptually, lobbyists’ shirking behavior is the difference between what their clients would do if they were to lobby without hiring outside lobbyists for this purpose - setting aside the problem of capability - and what lobbyists actually do on behalf of their clients. Lobbyists are motivated to shirk because their career interest does not always align with clients’ interest, and they are able to because the two parties possess asymmetric

information favoring lobbyists.

Lobbyists rationally consider shirking because their interests are at least partially distinct from those of the interest groups that hired them. Groups of different stripes have been in a constant state of proliferation, and their policy goals consist of wildly different things that have to do with the exercise of government authority. A nearly universal feature of interest group goals, however, is their long time horizon. This is due to the sweeping time-consuming nature of making major government policy. Failure in the short run to persuade government to change policy in a specific way is not final, and nor is short-term success to do the same. In contrast, a singularly unifying goal of lobbyists is building a successful career, which consists of being hired again and again by clients and chosen by new ones. The getting of clients requires the continuous accumulation of a record of effective advocacy for them in front of government. For lobbyists working on short-term and typically annual contracts, the next “election” is never far away and the record-building need is always urgent.

To succeed as a lobbyist is to be perceived as capable by clients in the short run and keep abreast of a fast-paced election cycle, and the ability to claim credit for desirable short-term results is essential. Rational lobbyists, therefore, look out for their own career interest and are motivated to prioritize the accumulation of clearly visible and self-explanatory results for which to claim credit, an idea discussed by Drutman (2015a). Grimmer, Messing and Westwood (2012) show that when allocating credit for federal expenditure in legislative districts, voters are more responsive to the frequency of legislators’ credit-claiming messages than to the amount of money being spent locally, even though the latter is probably important for the amount of positive impact federal spending has on local constituents. The bigger idea stemming from this finding, that a winning record is one that appears successful in the eye of voters who have little appreciation for the nuance of large numbers, characterizes lobbyists’ incentive structure just as well. For them, a winning record is similarly one that looks winning on its face. When clients decide whether to keep or fire lobbyists, they are rewarded for effort that have clearly paid off, just as the legislator is rewarded for the same at the polls.

To the extent that it deviates from clients' best interest (an important caveat), lobbyists' record-building endeavor leads to shirking. How? Lobbyists have an incentive to focus on policy success attributable to their effort to a harmful extent from the standpoint of client interest. Such a focus may allocate too much of finite resources and attention to securing probable victories with correspondingly low importance and too little to hard battles with greater importance. The latter have comparatively worse odds of success, but clients' long-term interest could be better served if these hard fights were embraced rather than avoided. Lobbyists may be motivated to expend insufficient effort on these because it would result in a more blemished - albeit more ambitious - professional record. This misallocation of resources and attention is an agency cost and an important element of lobbying's fundamental problem of delegation.

Another important dimension of lobbyists' basic career goal may also motivate them to pursue clear short-term results at the cost of uncertain long-term ones. Lobbyists value their relationships with officeholders and their staff because their value to clients ultimately stems from the trust of policymakers (Levine 2009; Andres and Hernnson 2015; Drutman 2015a), often as adjunct staff charged with the work of crafting policy (Bauer, Pool and Dexter 1963). Frequently advocating policy outcomes that prove to be largely fulfilled in the end of the policy process can help lobbyists build and cement an image as respectable members of the policy community (Baumgartner et al. 2009). This is a long-term objective of lobbyists, but its consequence for what they do on clients' behalf may be the choice to favor short-term success.

Provided that lobbyists follow this strategy of probable victories intelligently and not abuse it, they are able to do it with impunity because of the fundamental information asymmetry in the principal-agent relationship of lobbying. Though interest groups have policy goals, these goals are general, have a long time horizon unhelpful for execution, and are thus unspecific to the policy process. Interest group administrators are probably able to pick the preferred policy when presented with hypothetical alternatives, but have distinctly less clear ideas as to the particular objectives through which they will go about moving policy toward their preference, including what specific statutes and regulations to push. Interest groups' lack of specific objectives is

linked to their unfamiliarity with the complicated and bewildering policymaking process; indeed, this unfamiliarity is what prompts them to hire lobbyists in the first place. Groups, therefore, rely on lobbyists to a large extent to educate them even about what they try to achieve. This enables lobbyists to set their goals to invite probable victories down the road. This is facilitated by groups' lack of knowledge regarding the difficulty of achieving these goals and lobbyists' ability to portray them as more demanding than they are in reality.

Another type of information asymmetry that exists in lobbying relationships is the difficulty for clients to monitor lobbyists' actions. Lobbying usually takes place in government institutions and behind closed doors, settings far removed from client supervision. Moreover, lobbyists' tool set for influencing government officials tends to be distinct from their clients' core organizational resources and thus defies clients' attempt at oversight (Lowery and Marchetti 2012). This type of asymmetric information, however, is secondary to the one discussed earlier. Clients' comparative lack of understanding about specific policy objectives, explained above, indicates that lobbyists play an important role in constructing clients' method of evaluating lobbyists' performance. As a result, even if clients were equipped with better means to monitor lobbyists' actions and were intent on using them fully, it would not amount to an effective cure of shirking.

The problem of delegation potentially becomes more severe when the lobbyists are revolvers because their credit-claiming advantage may compound the information asymmetry relative to clients. The behavioral manifestations of revolver credit claiming that I laid out in chapters 3 and 4 suggest some credence to this speculation. An important part of delivering clear lobbying results is intelligently setting lobbying goals. The study of lobbyist campaign contributions and access-seeking (Chapter 3) revealed that lobbyists who held congressional office selectively targeted a different crop of incumbent lawmakers for the one-two punch of money and contact and had more success buying access with contributions. Coupled with the finding that former members had no more "shots on target" with their contributions than other lobbyists when seeking access to a common set of incumbents, these patterns show

the importance of goal-setting in former members' performance. In the appropriations study (Chapter 4), political revolvers systematically demanded smaller funding increases for budget items from congressional appropriators than both policy revolvers and conventional lobbyists and consequently met their lobbying goals more fully without achieving stronger funding outcomes on the whole. Again, the mark of political experience in government is the results lobbyists achieve, not in some absolute sense but only in light of the targets they set.

On its own, intelligent target-setting on the part of lobbyists does little good to the interest groups that hire them; its main effect is making the lobbyists look skillful. Interest groups would like their lobbyists to achieve greater results not in some relative sense but in absolute terms of relationships with government officials, legislative and regulatory output, and dollars figures appropriated. Skillful goal-setting, though not making lobbyists deceptive, frames clients' expectations and manufactures good lobbyist performance without delivering more. In this sense, it may very well be a tactic of shirking and a consequence of deep-seated information asymmetry between the two actors.

6.2 Playing the Long Game: A Concept for Future Research

Notwithstanding the theoretical basis and empirical evidence of revolvers' shirking via expectations management, an important argument contradicts this thesis: The best lobbyists often play the long game to accomplish big things. Some monumental policy debates, such as Medicare coverage of prescription drug benefits (Oliver, Lee and Lipton 2004), can involve many interest groups and interest group coalitions and take many years to come into fruition - if they ever get there, that is. To participate in such efforts, lobbyists need to be largely free from pressure to produce short-term results. This point runs contrary to a key assumption I rely on in this dissertation - that a constant and urgent "election cycle" is central to lobbying careers.

But this may well be the case for lobbyists at the highest echelons of the profession.

Perhaps these lobbyists simply have such strong reputations that clients rightly entrust them with their political activity rather than evaluate their performance frequently. Perhaps top-level interest groups these elite lobbyists represent are so politically sophisticated that they share an understanding with their lobbyists that hard battles need to be fought at the cost of more easily attainable low-value gains. As with the resemblance between lobbyists seeking re-selection by clients and politicians seeking reelection by voters, lobbyists playing the long game have their own analog in government. The omnipresent election cycles have not deterred some officeholders from pursuing high-risk and long-term policy agendas and making other decisions that hardly help with near-term credit-claiming needs. Whether in public office or in lobbying, the allure of political expediency is from time to time trumped by the quest of historic legacy and the genuine desire to do long-lasting good.

As data points for lobbying research, these political actors, decisions, and policy events may be few and far between, but their exceptional importance warrants greater and more systematic attention from political scientists. All aspects of my research for this dissertation - including theorizing, empirical strategies, and data sources - have facilitated examination of the most central tendencies and patterns of the most numerous categories of political actors - *on average*, how one thing or another affects some *overall* outcome. Related to this, the argument of revolvers as superior credit claimers probably fits quite poorly the rarest but also the most consequential lobbying activity. If existing lobbying research including this work has tended to focus on the modal and ordinary, there is a lot that future research can do to pay renewed attention to the exceptional and historic.

Appendix A

Procedure for Calculating Policy Uncertainty

I measure sector-wide levels of policy uncertainty based on companies' emphasis of policy risks in their annual 10-K filings submitted to the U.S. Securities and Exchange Commission. This process consists of the following steps.

Step 1: Downloading 10-K Filings

Two undergraduate research assistants helped me obtain 10-K filings submitted by companies in the four economic sectors, randomly sampled in advance, from 2006 to 2016. They downloaded the full texts of the reports from the SEC's "Edgar" search portal (<https://www.sec.gov/edgar.shtml>) in TXT or HTML format depending which one was available. The starting year is 2006 because risk factor discussions were not previously required as an explicit item to be contained in 10-K filings. For filings downloaded as HTML files, I remove HTML tags using R code so that only actual textual information remains.

Step 2: Extracting Risk Factor Discussions

I write R code to extract the excerpts of 10-K filings devoted to discussing risk factors perceived by companies' management. These excerpts are usually "Item 1A" of the filings, and are thus identified as texts between the headers "Item 1A" and "Item 1B" (or, in rare cases where "Item 1B" is absent, between the headers "Item 1A" and "Item 2"). Manual checking of excerpts

obtained this way confirms the reliability of the method. After obtaining risk factor excerpts of 10-K filings, I perform a number of standard steps to process them: removing “stop words” without substantive meaning (e.g., “this” and “have”), transforming all words into word stems (e.g., from “regulation” and “regulatory” to “regulat”), and removing sparse words which appear in 10% or less of the excerpts.

Step 3: Measuring Emphasis on Policy Risks

I count the following words and word stems related to policy risks as a percentage of the length of each excerpt, as processed according to the steps above: “govern”, “feder”, “congress”, “agenc”, “court”, “administr”, “commiss”, “legisl”, “legislatur”, “polici”, “penalti”, “fine”, “law”, “regul”, “regulatori”, “zone”, “licen”, “licens”, “licensor”, “oversight”, “complianc”, “compliant”, “noncompli”, “enforc”, “unenforc”, “requir”, “pursuant”, and “protect”. This percentage measures the degree to which a company emphasizes policy risks in a year among all risk factors it perceives.

Step 4: Calculating Sector Median Policy Risk Perceptions

I obtain the median percentage of policy-related words and word stems for each of the four sectors in each year from 2006 to 2016. The sector median values constitute a major independent variable in the analysis.

Appendix B

Summary Statistics of Sector-Year Level Panel Data

This table contains summary statistics of panel data at the sector-year level. This data set is the basis of testing Hypothesis **H1** - the share of revolving-door lobbyists among all lobbyists should increase in an economic sector when its policy environment becomes more uncertain. The table displays the groups that constitute the cross-sectional (sector) and longitudinal (year) dimensions of the data, and lists the variables, their numbers of observations, means, and minimum and maximum values.

Table B.1. Summary Statistics of Sector-Year Level Panel Data

Statistic	N	Mean	Min	Max
Groups				
Sector	4			
Year	11		2006	2016
Variables				
Number of Clients	44	80.205	44	143
Total Lobbying Expenditure (in millions of dollars)	44	0.094	0.040	0.164
Number of Lobbyists	44	559.432	357	1,052
Percentage of Revolvers	44	0.650	0.508	0.774
Percentage of Former Members of Congress	44	0.028	0.016	0.043
Policy Uncertainty	44	0.035	0.020	0.042
Total Assets (in millions of dollars)	44	6.471	1.436	21.095
Concentration	44	80.385	63.848	90.861
Number of Companies	44	533.545	177	992

Appendix C

Linear Regression - Policy Uncertainty and Lobbying Activity of Former Members of Congress Across Economic Sectors

This table displays sector-year level regression analysis that estimates how policy uncertainty relates to the percentage of former members of Congress among active lobbyists in economic sectors. Former members of Congress are particularly high-profile revolving-door lobbyists. The coefficient estimates for the policy uncertainty variable show that this relationship is on average negative but does not reach statistical significance. This is in contrast with the main finding of this paper - policy uncertainty is positively associated with the percentage of revolvers in general among active lobbyists.

Table C.1. Linear Regression - Policy Uncertainty and Lobbying Activity of Former Members of Congress Across Economic Sectors

	<i>Dependent variable:</i>	
	% Former Members of Congress	
	(1)	(2)
Uncertainty	-0.366 (0.442)	-0.220 (0.504)
Total Assets	-0.0001 (0.001)	0.001 (0.001)
Concentration	0.001 (0.0005)	-0.00002 (0.001)
Number of Companies	0.00000 (0.00001)	0.00001 (0.00001)
Constant	-0.001 (0.056)	0.017 (0.060)
Lagged DV	2	2
Sector Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	No
Linear Trend	No	Yes
Observations	44	44
R ²	0.569	0.484
Adjusted R ²	0.228	0.328
χ^2	37.061***	29.149***

Note: Standard errors are clustered by sector.

*p<0.1; **p<0.05; ***p<0.01

Appendix D

Regression Analysis - Policy Uncertainty and Total Lobbying Activity Across Eco- nomic Sectors

Table D.1. Regression Analysis - Policy Uncertainty and Total Lobbying Activity Across Economic Sectors

	<i>Dependent variable:</i>	
	Number of Clients	Lobbying Expenditure
	(1)	(2)
Uncertainty	-65.161 (197.879)	1.150 (1.125)
Total Assets	0.994*** (0.379)	0.003*** (0.001)
Concentration	0.532* (0.292)	-948.627 (768.021)
Number of Companies	0.009 (0.006)	-36.710*** (10.541)
Constant	-7.201 (19.813)	0.068 (0.084)
Lagged DV	2	2
Sector Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Observations	44	44
R ²	0.994	0.947
Adjusted R ²	0.990	0.905
χ^2	227.780***	129.351***

Note: Standard errors are clustered by sector.

*p<0.1; **p<0.05; ***p<0.01

Appendix E

Regression Analysis - Policy Uncertainty and Lobbying Activity Across Companies

The following two tables display regression analysis at the company-year level instead of the usual sector-year level. In the first table, I model companies' yearly lobbying expenditure and percentage of revolving-door lobbyists, respectively, as a function of their own perceptions of policy uncertainty. In the second table, I conduct parallel analysis but go back to using sector medians to measure policy uncertainty instead of individual companies' perceptions. The association between sector-wide policy uncertainty and percentage of revolvers is not consistently borne out in the lobbying activity of individual companies, at least partially due to greater noise in measuring individual companies' perceptions of policy uncertainty from year to year.

Table E.1. Using Company-Specific Policy Uncertainty

	<i>Dependent variable:</i>	
	Lobbying Expenditure	% Revolvers
	(1)	(2)
Uncertainty (Company)	-0.039 (0.035)	0.691 (0.780)
Total Assets	0.013*** (0.005)	0.434*** (0.141)
Market Share	-0.019 (0.029)	-1.519 (2.153)
Constant	0.001** (0.001)	0.319*** (0.029)
Lagged DV	1	1
Company Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Observations	669	1,306
R ²	0.625	0.725
Adjusted R ²	0.546	0.690
χ^2	656.780***	1,686.235***

Note: Standard errors are clustered by company.

*p<0.1; **p<0.05; ***p<0.01

Table E.2. Using Sector Median Policy Uncertainty

	<i>Dependent variable:</i>	
	Lobbying Expenditure	% Revolvers
	(1)	(2)
Uncertainty (Sector)	0.029 (0.035)	3.974 (2.784)
Total Assets	0.010** (0.004)	0.483*** (0.186)
Market Share	0.014 (0.013)	-1.030 (1.044)
Constant	0.003*** (0.001)	0.179* (0.100)
Lagged DV	1	1
Company Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Observations	1,746	3,652
R ²	0.836	0.704
Adjusted R ²	0.802	0.670
χ^2	3,155.843***	4,449.704***

Note: Standard errors are clustered by company.

*p<0.1; **p<0.05; ***p<0.01

Appendix F

Classifying Access Seeking

Independently from each other, two undergraduate research assistants manually coded the same 2,000 mentions of members of Congress in FARA reports randomly sampled from a total of over 70,000, along with the context surrounding them (150 characters on both sides), and determined whether these mentions indicated lobbyist requests for access and, if so, whether these requests were fulfilled. Their codings agreed 91.2 percent of the time and I reconciled their differences. Using 75 percent of these reconciled manual entries I built two machine learning models based on the Random Forest algorithm, one identifying requests for access and the other classifying the outcomes of these requests as indicated by context. I then tested these models on the remaining 25 percent of manually coded entries by comparing model predictions with manual determinations. Table F.1 displays the results, including the rate at which machine codings agree with human coding and are therefore “correct,” as well as two common metrics - precision and recall. Precision measures the proportion of the data points classified as relevant by the algorithms which are actually relevant, and recall expresses their ability to find all relevant instances in the data.

Table F.1. Validation of Machine Learning Models for Classifying Lobbyist Contact

(a) Identifying Requests for Access

Human Coding	Machine Coding Correctness Rate
No Access Seeking	89.5%
Access Seeking	95.3%

- Precision = $\frac{\text{True Positives}}{\text{True Positives} + \text{False Positives}} = \frac{223}{223 + 27} = 89.2\%$
- Recall = $\frac{\text{True Positives}}{\text{True Positives} + \text{False Negatives}} = \frac{223}{223 + 11} = 95.3\%$

(b) Classifying Results of Requests for Access

Human Coding	Machine Coding Correctness Rate
Unfulfilled Request	96.6%
Fulfilled Request	92.4%

- Precision = $\frac{\text{True Positives}}{\text{True Positives} + \text{False Positives}} = \frac{280}{280 + 16} = 94.6\%$
- Recall = $\frac{\text{True Positives}}{\text{True Positives} + \text{False Negatives}} = \frac{280}{280 + 10} = 96.6\%$

Given the overall satisfactory rate of correct predictions, I used the models to classify the remaining legislator mentions.

Appendix G

List of Congressional Staff Titles

In order to determine whether lobbyist requests for access were intended for members of Congress themselves or their staff, I detect the following congressional staff titles in report language in descriptions of contact.

- Chief of Staff
- Deputy Chief of Staff
- Legislative Director
- Senior Legislative Assistant
- Legislative Assistant
- Legislative Counsel
- Legislative Correspondent
- Press Secretary
- Communications Director
- Congressional Aide
- State Director
- District Director
- Deputy District Director
- District Representative
- Projects Coordinator

- Grants Coordinator
- Caseworker
- Constituent Services Representative
- Staff Assistant
- Executive Assistant
- Personal Assistant
- Office Manager
- Scheduler
- Office of [Member of Congress]

Appendix H

List of Words and Phrases Indicating Campaign Contributions

In order to identify lobbyists' campaign contributions to members of Congress, I detect the following word stems, words, and phrases in report language in descriptions of contact when they appear in proximity to sums of money and dates of transaction.

- Campaign
- Contribution
- Donat
- PAC
- Elect
- for President
- for Congress / Senate / House
- People for / Citizens for / Friends of

Appendix I

Robustness Checks for Chapter 3

I conduct five robustness checks - (1) organizing the data by Congress rather than year, (2) broadening the variable for campaign contributions to include any contribution made during the previous election cycle or members' present terms in Congress, (3) adopting the Federal Election Commission's records of campaign contributions instead of FARA disclosure, (4) excluding low-quality access to legislators from analysis, and (5) performing propensity score matching of members of Congress and analyzing the matched data. In each one I alter the data in a particular way and then perform logistic regression analysis which mirrors that in the main analysis. The rationales and descriptions for the robustness checks can be found in the main text. These robustness checks also use logit regressions instead of linear probability models to show that the results are not dependent on this choice of functional form.

I.1 Organizing the Data by Congress

Table I.1. Logit Regressions - Contributions, Ideology, and Access to Members of Congress, 1998-2019 (Data Organized by Congress)

	<i>Dependent variable:</i>			
	Request for Access	Gaining Access		Personal Access
	(1)	(2)	(3)	(4)
Contribution	3.889*** (0.048)	0.391*** (0.059)	1.826*** (0.554)	2.806** (1.412)
Close Race	0.032 (0.053)	0.070 (0.079)		
Ideo. Distance			0.666 (0.572)	-0.263 (1.308)
Contribution × Close Race	-0.287*** (0.092)	-0.144 (0.146)		
Contribution × Ideo. Distance			-3.687** (1.672)	15.325* (8.510)
Republican	-0.220*** (0.063)	0.208*** (0.056)	-0.608 (0.581)	-0.095 (0.926)
Senator	0.238*** (0.074)	-0.169** (0.079)	0.273 (0.406)	2.197*** (0.706)
Majority	0.022 (0.039)	-0.017 (0.054)	0.479 (0.534)	0.130 (0.797)
Leadership	1.141*** (0.084)	0.007 (0.128)	0.021 (0.563)	0.736 (0.930)
Power Cmte.	0.299*** (0.067)	0.062 (0.064)	0.263 (0.323)	0.696 (0.793)
Foreign Aff. Cmte.	0.981*** (0.063)	0.070 (0.054)	-0.230 (0.288)	0.472 (0.737)
In-House	-0.888*** (0.050)	1.540*** (0.099)		
No. Clients	0.131*** (0.004)	-0.030*** (0.009)	0.877 (0.552)	-2.707*** (0.812)
No. Lobbyists	0.001 (0.001)	-0.003 (0.004)		
Constant	-6.456*** (0.106)	1.084*** (0.199)	-3.248*** (1.245)	-7.076*** (2.228)
Congress FE	Y	Y	Y	Y
Observations	831,713	7,920	500	198
R ²	0.239	0.183	0.602	0.835
χ ²	20,526.860***	1,144.408***	294.078***	194.657***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

*p<0.1; **p<0.05; ***p<0.01

I.2 Broadening Campaign Contributions

Table I.2. Logit Regressions - Contributions, Ideology, and Access to Members of Congress, 1998-2019 (Alternative Variable for Contributions)

	<i>Dependent variable:</i>			
	Request for Access	Gaining Access		Personal Access
	(1)	(2)	(3)	(4)
Contribution	3.422*** (0.046)	0.356*** (0.058)	2.788*** (0.565)	1.850** (0.805)
Close Race	0.036 (0.054)	0.103 (0.080)		
Ideo. Distance			1.450* (0.753)	-0.340 (1.232)
Contribution × Close Race	-0.204*** (0.076)	-0.242* (0.135)		
Contribution × Ideo. Distance			-4.410** (1.835)	-1.129 (2.827)
Republican	-0.229*** (0.060)	0.246*** (0.057)	-0.445 (0.973)	-0.495 (0.838)
Senator	0.137** (0.070)	-0.232*** (0.081)	0.511 (0.534)	2.007*** (0.720)
Majority	0.053 (0.038)	0.014 (0.055)	0.388 (0.939)	0.220 (0.779)
Leadership	1.039*** (0.077)	-0.050 (0.132)	0.697 (0.729)	-0.193 (0.762)
Power Cmte.	0.270*** (0.063)	0.037 (0.065)	-0.192 (0.377)	0.720 (0.942)
Foreign Aff. Cmte.	0.955*** (0.060)	0.032 (0.054)	-0.491 (0.376)	0.041 (0.733)
In-House	-0.982*** (0.049)	1.584*** (0.100)		
No. Clients	0.100*** (0.004)	-0.038*** (0.010)	-1.901** (0.874)	-1.392*** (0.537)
No. Lobbyists	-0.003*** (0.001)	-0.0003 (0.004)		
Constant	-6.322*** (0.103)	1.106*** (0.201)	1.871 (1.914)	-10.401*** (1.789)
Year FE	Y	Y	Y	Y
Observations	1,082,779	8,746	551	205
R ²	0.218	0.205	0.763	0.842
χ ²	21,393.750***	1,425.824***	451.017***	204.760***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

*p<0.1; **p<0.05; ***p<0.01

I.3 Incorporating FEC Records of Campaign Contributions

I collect records of campaign contributions collected by the Federal Election Commission during the election cycles from 1996 to 2018 and compiled by the Center for Responsive Politics for bulk download in order to compare them with contributions disclosed by lobbyists in FARA reports. These FEC records include itemized contributions made from lobbyists as individuals to the campaigns of House and Senate candidates (the “individual contributions” data) as well as contributions made by political action committees affiliated with lobbying firms (the “PACs to candidates” data). While the second type of giving is gathering increasing attention,¹ individual contributions are by far the more numerous category. Since FARA reports generally do not show which lobbyists specifically make campaign contributions but rather treat these transactions as the lobbying contingents’ collective decisions, I aggregate FEC contributions up to the registrant level for comparability and then add in firm-affiliated PAC contributions. I then check whether each FEC contribution record is disclosed in FARA reports, and vice versa, during the same election cycles. The following table shows a cross-tabulation of the number of registrant-legislator dyads according to their presence in the two sources.

Table I.3. Comparing FEC and FARA Records of Lobbyist Campaign Contributions, 1998-2019

		Disclosed in FARA Reports	
		Yes	No
Listed in FEC Records	Yes	2,995	26,743
	No	9,345	1,496,269

From 1998 to 2019, the two sources agree with respect to just under 1.5 million dyads that do not feature campaign contributions and 2,995 that do, but it is the two types of discrepancies that need explaining - the 26,743 dyads with contributions listed in the FEC data but not disclosed

¹See, for example, Dylan Jackson, “Big Law PACs Open Their Wallets for GOP Incumbents in Pivotal Election Year,” August 12, 2020, <https://www.law.com/americanlawyer/2020/08/12/big-law-pacs-open-their-wallets-for-gop-incumbents-in-pivotal-election-year/>.

in FARA reports and the 9,345 with contributions disclosed in FARA reports but not present in FEC records. The disagreement between the sources is therefore significant. Below I discuss the likely sources of these discrepancies and their implications for this study before presenting a robustness check where I replicate the analysis presented in this paper but supplement the FARA data on campaign contributions with FEC data.

First are the 26,743 contributions reported to the FEC but not disclosed in FARA reports. A large portion - perhaps most - of this disagreement is due to the lack of lobbying activity subject to FARA disclosure, at least according to lobbyists' determination. High-profile lobbyists are known to frequently make campaign contributions. Their contributions certainly have everything to do with their own career interests and those of their lobbying firms and clients, but these transactions are not necessarily connected to the political interest of any specific foreign principals although FARA does include campaign contributions in its definition of foreign agent actions. Moreover, the statute defines foreign agents' political activities to be "directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign principal."²² This statutory language certainly relieves many potential foreign agents of the burden to report.

Missing this share of these 26,743 contributions leads to an overestimation of the relationship between contributions and requests for access but bears no relevance to examining the effect of contributions on gaining access. Since this second analysis is conditional on lobbyists' requests for access in the first place, the dyads with contributions reported to the FEC but not disclosed in FARA reports are all removed from the analysis. More worrisome is the portion of these dyads that represent intentional underreporting, where lobbyists saw fit to submit FARA reports but did not disclose campaign contributions in them. Replicating the analysis after incorporating the FEC data should assuage this data concern.

Perhaps more curious are the 9,345 lobbying registrant-legislator dyads containing campaign contributions disclosed in FARA reports but not listed in the FEC records. A small number

²²U.S.C. § 611

of these pertain to very small contributions: Federal candidates are not required to disclose individual contributions under \$200 in a given election cycle. More important, however, are instances where lobbyists gave to committees formally independent from candidates themselves which then make campaign expenditures such as independent expenditures to support their campaigns. Such contributions would escape my collection of FEC records because their recipients are not the candidates' campaign committees themselves.

Note that these sources of discrepancies above are systematic ones. In addition to these, the process of comparing the two sources is certain to introduce an inevitable but small number of incorrect and unidentified matches due to completely automated searches by donor name, unassisted by manual corrections precluded by the very large quantity of campaign contributions during every election cycle.

In the following table, I replicate the analysis presented in the paper using the FEC data on contributions in addition to the FARA data. Despite the considerable discrepancies between the two sources, this broadened measure of contributions strongly predicts lobbyists' requests for access to members of Congress and their success in obtaining it conditional on requests, in line with the main analysis. The contribution variable falls short of statistical significance as a predictor of obtaining personal access to legislators conditional on obtaining success to their offices, with its coefficient estimate approximately one standard deviation above zero.

Table I.4. Logit Regressions - Contributions, Ideology, and Access to Members of Congress, 1998-2019 (FEC Campaign Contribution Records Incorporated)

	<i>Dependent variable:</i>			
	Request for Access	Gaining Access		Personal Access
	(1)	(2)	(3)	(4)
Contribution	2.925*** (0.038)	0.183*** (0.054)	2.554*** (0.586)	1.351 (1.360)
Close Race	-0.004 (0.056)	0.100 (0.084)		
Ideo. Distance			1.280* (0.741)	-0.341 (1.343)
Contribution × Close Race	-0.218*** (0.067)	-0.220 (0.134)		
Contribution × Ideo. Distance			-4.070** (1.716)	9.316 (6.105)
Republican	-0.196*** (0.070)	0.251*** (0.057)	-0.485 (0.916)	-0.330 (0.818)
Senator	-0.028 (0.088)	-0.230*** (0.081)	0.769 (0.531)	2.162*** (0.743)
Majority	-0.0003 (0.041)	0.013 (0.055)	0.375 (0.865)	0.262 (0.787)
Leadership	1.072*** (0.109)	-0.019 (0.130)	0.699 (0.684)	0.066 (0.830)
Power Cmte.	0.286*** (0.071)	0.045 (0.065)	-0.082 (0.367)	0.659 (0.971)
Foreign Aff. Cmte.	0.949*** (0.068)	0.031 (0.054)	-0.593* (0.352)	0.144 (0.724)
In-House	-0.925*** (0.051)	1.579*** (0.101)		
No. Clients	0.127*** (0.003)	-0.034*** (0.009)	-1.869** (0.847)	-1.421** (0.572)
No. Lobbyists	-0.018*** (0.001)	-0.001 (0.004)		
Constant	-6.284*** (0.108)	1.147*** (0.202)	2.056 (1.828)	-9.349*** (1.865)
Year FE	Y	Y	Y	Y
Observations	1,082,779	8,746	551	205
R ²	0.197	0.202	0.756	0.849
χ ²	19,258.230***	1,396.972***	445.055***	207.569***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

*p<0.1; **p<0.05; ***p<0.01

I.4 Excluding Likely Low-Quality Access to Legislators

Classifying lobbyist access to members of Congress using the machine learning models described in the main text and Appendix F is arguably overly inclusive of what kinds of contact should be considered meaningful contact. In particular, occasions like breakfast and lunch meetings, among other reception events of a more overtly social rather than business nature and often involving multiple attendees, may at best be low-quality contact between lobbyists and legislators and at worst should not be considered access categorically.

In response to this possibility, I declassify instances of contact as success in gaining access if the report context contains any of the words “breakfast,” “lunch,” “brunch,” “dinner,” “reception,” “greet,” and “gala” on the basis of the machine learning model classifications. I replicate the analysis reflecting this more stringent criteria for classifying access to legislators, shown in the following table. Campaign contributions remain a significant predictor of both requests for access and success in obtaining it, though this variable loses significance as a predictor of gaining personal access to legislators rather than staff access. This result suggests that, when lobbyists do manage to get personal access to legislators, they are often invited to events of a more social nature.

Table I.5. Logit Regressions - Contributions, Ideology, and Access to Members of Congress, 1998-2019 (Low-Quality Access Excluded)

	<i>Dependent variable:</i>			
	Request for Access	Gaining Access		Personal Access
	(1)	(2)	(3)	(4)
Contribution	3.856*** (0.051)	0.315*** (0.063)	3.088*** (0.661)	0.410 (1.355)
Close Race	0.028 (0.056)	0.065 (0.085)		
Ideo. Distance			1.662* (0.865)	-0.699 (1.422)
Contribution × Close Race	-0.243*** (0.092)	-0.125 (0.156)		
Contribution × Ideo. Distance			-4.512** (2.133)	16.714* (9.717)
Republican	-0.212*** (0.064)	0.224*** (0.062)	-0.308 (1.083)	-0.397 (0.858)
Senator	0.234*** (0.077)	-0.195** (0.089)	0.491 (0.694)	2.504*** (0.781)
Majority	0.003 (0.041)	0.028 (0.060)	0.099 (1.015)	0.442 (0.960)
Leadership	1.232*** (0.081)	-0.090 (0.129)	0.246 (0.692)	1.600** (0.709)
Power Cmte.	0.300*** (0.069)	0.015 (0.074)	-0.003 (0.451)	0.989 (1.131)
Foreign Aff. Cmte.	1.004*** (0.064)	0.010 (0.061)	-0.883** (0.390)	-0.286 (0.654)
In-House	-1.284*** (0.057)	1.407*** (0.111)		
No. Clients	0.127*** (0.003)	-0.030*** (0.010)	-1.922** (0.887)	-2.434*** (0.784)
No. Lobbyists	-0.003*** (0.001)	-0.001 (0.005)		
Constant	-6.422*** (0.108)	1.055*** (0.203)	-7.961*** (1.950)	10.151*** (1.406)
Year FE	Y	Y	Y	Y
Observations	1,082,779	7,971	519	186
R ²	0.226	0.190	0.800	0.882
χ ²	20,579.980***	1,184.775***	454.436***	201.303***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

*p<0.1; **p<0.05; ***p<0.01

I.5 Analysis of Matched Samples

For each year in the data and each given lobbying registrant (lobbying firm or in-house operation), I match members of Congress who have similar propensities to receive campaign contributions from lobbyists requesting access to them. These propensities are predicted probabilities generated by a logit equation with receiving campaign contributions as the dependent variable. The analysis in Table I.6 draws on matched member-registrant dyads from all of the FARA data. The registrants in the matched sample contributed to exactly half of the legislators. For many registrants, matched pairs of legislators in the same year are unavailable, and these observations are dropped from the sample. The independent variables contributing to the propensity scores are member characteristics including party affiliation, chamber of service, most recent vote shares, majority status, positions in party leadership structures, seats on the most powerful committees, lobbying registrants' in-house status, number of clients, and number of lobbyists.

The analysis in Table I.7 draws on matched member-registrant dyads from the subset consisting of single-lobbyist registrants who served in Congress and therefore have ideology estimates. Correspondingly, the independent variables additionally include the ideological distance between legislators and lobbyists but exclude lobbyists' total number of clients. For the propensity score matching procedure, I adopt a caliper of .25 standard deviations of the logit of the propensity scores: Only matches similar enough to fall inside this caliper are deemed acceptable. The procedure achieves balance between dyads with contributions ("treated" units) and dyads without contributions ("control" units) on most independent variables (no statistically significant difference between the two groups at the .05 level).

Table I.6. Logit Regressions - Contributions and Access to Members of Congress, 1998-2019
(Sample Obtained by Propensity Score Matching)

	<i>Dependent variable:</i>				
	All Member-Registrant Dyads			One-Lobbyist Registrants	
	Gaining Access	Personal Access	Personal Access	Gaining Access	Personal Access
	(1)	(2)	(3)	(4)	(5)
Contribution	0.342*** (0.103)	0.407*** (0.116)	0.287 (0.180)	0.019 (0.324)	1.101 (0.849)
Close Race		0.116 (0.228)	-0.141 (0.339)	-0.340 (0.666)	0.004 (1.263)
Contribution × Close Race		-0.276 (0.283)	0.468 (0.401)	0.629 (0.783)	-0.738 (1.595)
Republican		0.236** (0.105)	0.332* (0.169)	1.057*** (0.352)	0.530 (0.735)
Senator		-0.283* (0.156)	-0.466* (0.275)	0.750 (0.483)	-0.952 (1.038)
Majority		0.038 (0.103)	0.166 (0.176)	0.129 (0.311)	0.822 (0.815)
Leadership		-0.021 (0.320)	0.185 (0.424)	0.895 (1.417)	5.883*** (1.602)
Power Cmte.		0.010 (0.117)	-0.065 (0.186)	0.443 (0.375)	-1.880** (0.881)
Foreign Aff. Cmte.		0.050 (0.107)	-0.330* (0.176)	0.256 (0.364)	-0.846 (0.961)
In-House		1.159*** (0.199)	0.479 (0.318)	0.183 (0.558)	3.330*** (1.283)
No. Clients		-0.030 (0.018)	-0.013 (0.028)	0.248 (0.249)	-0.294 (0.439)
No. Lobbyists		0.013 (0.011)	0.004 (0.016)		
Constant	1.224** (0.552)	1.153** (0.536)	-0.213 (0.616)	-1.500 (2.065)	-8.464*** (2.815)
Year FE	Y	Y	Y	Y	Y
Observations	3,430	3,430	1,209	342	118
R ²	0.186	0.212	0.171	0.268	0.696
χ ²	499.427***	573.244***	165.389***	73.938***	86.579***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

*p<0.1; **p<0.05; ***p<0.01

Table I.7. Logit Regressions - Contributions, Ideology, and Access to Members of Congress, 1998-2019 (Sample Obtained by Propensity Score Matching)

	<i>Dependent variable:</i>		
	Gaining Access		
	All Members (1)	(2)	Copartisans (3)
Contribution	3.330*** (1.163)	3.166*** (1.041)	4.536*** (1.322)
Ideo. Distance	4.124 (5.562)	12.332*** (2.502)	12.950** (5.922)
Contribution × Ideo. Distance	-8.719 (6.403)	-8.740** (3.897)	-23.123*** (7.502)
Republican		1.821*** (0.571)	10.121*** (0.767)
Senator		9.899*** (1.290)	13.912*** (1.560)
Majority		1.413 (0.971)	8.988*** (1.467)
Leadership		-0.255 (1.057)	-1.060 (2.050)
Power Cmte.		-0.597 (0.637)	-1.389* (0.768)
Foreign Aff. Cmte.		-1.228* (0.698)	-2.142*** (0.798)
No. Clients		0.808** (0.398)	-0.211 (0.697)
Constant	9.094*** (1.446)	-7.458*** (1.793)	-21.220*** (2.372)
Year FE	N	N	N
Observations	134	134	120
R ²	0.711	0.479	0.657
χ ²	92.302***	54.782***	69.435***

Notes: Logit estimates, standard errors clustered by member of Congress in parentheses.

Models do not include year-fixed effects due to several year dummies' perfect collinearity with covariates.

*p<0.1; **p<0.05; ***p<0.01

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