Lobbying and Policy Change: Who Wins, Who Loses, and Why

Frank R. Baumgartner

Richard J. Richardson Distinguished Professor of Political Science, UNC-CH

Presentation to Department of Public Policy

October 2, 2009

A Collaborative Project

Jeff Berry, Tufts

Marie Hojnacki, Penn State

David Kimball, University of Missouri, St. Louis

Beth Leech, Rutgers

A Looong project:

NSF grants SBR-9905159 and SES-0111224

Our web site: http://lobby.la.psu.edu

Book just published, University of Chicago Press

FRANK R. BAUMGARTNER,
JEFFREY M. BERRY,
MARIE HOJNACKI,
DAVID C. KIMBALL,
AND BETH L. LEECH

Lobbying and Policy Change

WHO WINS, WHO LOSES, AND WHY

Lobbying and Policy Change

- 98 issues, a random sample of the *objects of lobbying activity* in the federal government
- 214 "sides" identified across the 98 issues
- 2,221 "advocates" – important players
  - 40 percent are government officials
  - 60 percent are outside lobbyists: corporations, etc.
- 315 interviews, from leadership of the sides
- 106th (Clinton) and 107th (Bush) Congresses, 1999-2002

Secondary Data Collection

- Laws, bills, congressional statements, hearing testimonies agency rules, proposals…
- News and TV stories
- Press releases and organizational statements from interest-group web sites (you'd be surprised what is there…)
- A comprehensive search for each of 98 issues
- All documents are archived on our web site
- (Can be used for teaching as well as research…)

- http://lobby.la.psu.edu

The Basics

- There is *always* a status quo policy
- The issues are tremendously complex
- Sides are surprisingly heterogeneous
- The structure of conflict is surprisingly simple
- Salience is typically low (but skewed)
- Change is rare but substantial, consistent with punctuated equilibrium theory
- There is *always* a professional community surrounding the policy – a very knowledgeable one
- "Knowledge-induced equilibrium" – reframing is hard!
- Typical outcome after 4 years: No change

My Focus Today: Money

- Other topics we focus on in the book:
- How hard is it to "reframe" a debate?
- Why is the structure of conflict so simple?
- Does the Poole-Rosenthal low dimensionality finding, which we confirm, stem from institutional design, or is it a broader characteristic of policy communities surrounding various public policies?
- Do elections change many policy issues?
- Is issue-salience endogenous or exogenous?
- Attention scarcity (apathy, other priorities) v. "conflict"

A Misguided Literature

- Baumgartner and Leech (1998) noted the contradictory nature of research into the effects of money on policy outcomes.
- Contradictory literature based on case studies
- But we think a logical flaw as well:

- Mobilizational bias is already reflected in the SQ.
- Lobbying is about *changing* the status quo, which is a different question.
- Therefore, we expect *no relation* between lobbying activities and outcomes.

Level v. Change Models

- Lobbying is about changing public policy, not establishing it from scratch
- Virtually all the literature sets up the question as one between lobbying resources and policy benefits, as if there were no status quo in place
- Efforts to change policy start with a status quo that already reflects the distribution of power
- If the wealthy wanted something, they should already have achieved it in a previous round of the policy process
- No prediction for the relation between power and *changes* to the status quo

Assume Power = Policy

Assume for the sake of argument that public policy is a simple result of the mobilization of power, plus some random component:

$$\text{Policy} = \text{Power} + E$$

It follows, then, that:

$$\text{Change in Policy} = \text{Change in Power} + E$$

If change in power is zero, as it would be during any relatively short time period, then:

$$\text{Change in Policy} = E$$

That is, it should be random.

Adding in stochastic “disturbances” should also be random.

Long term mobilization of new interests should indeed lead to changes in policy. But only in the long-term.

An Illustration using Exchange Rates

If a market is extremely efficient, all new information should be immediately incorporated into the trades.

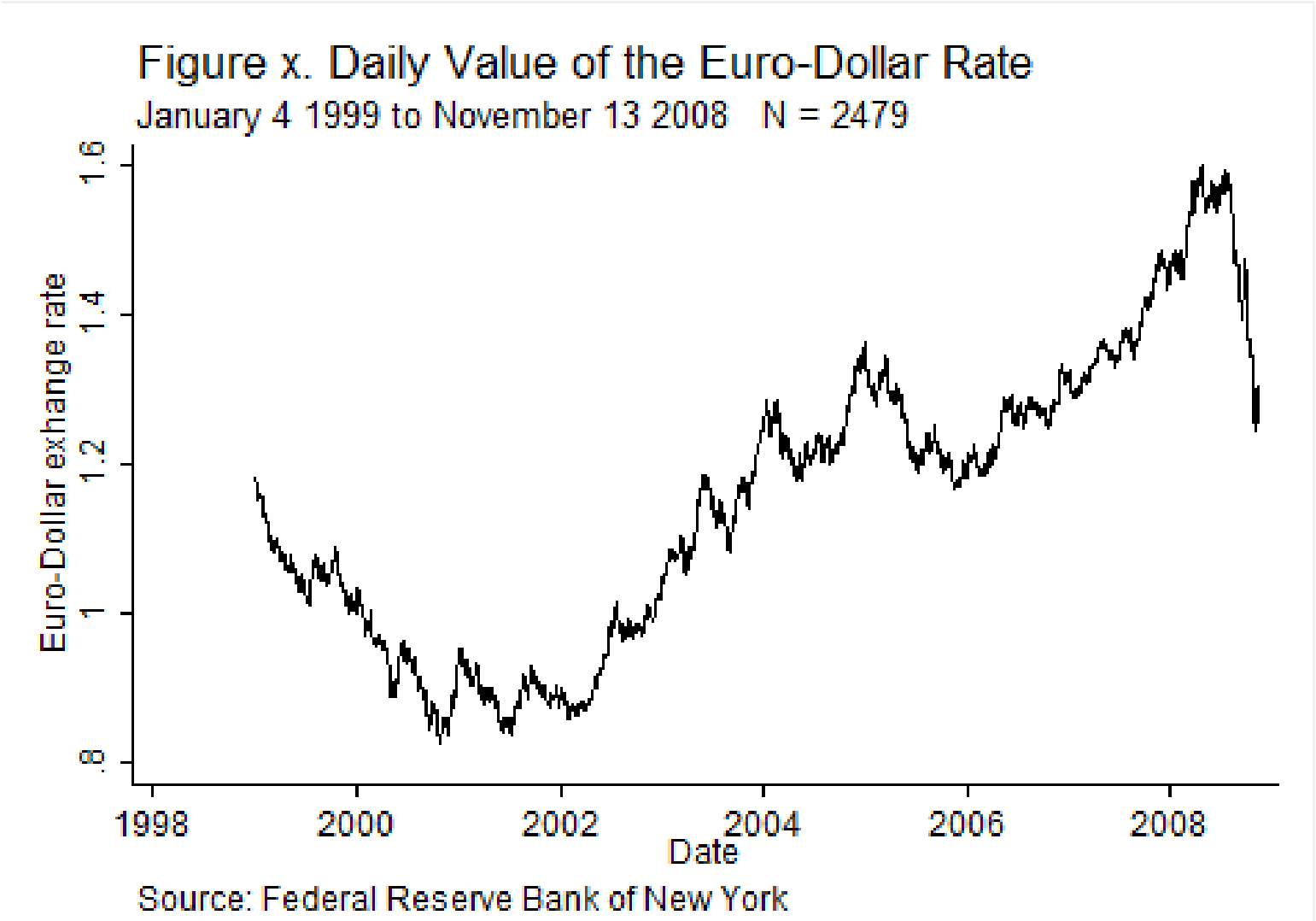
Step one, look at levels

Step two, calculate percent changes

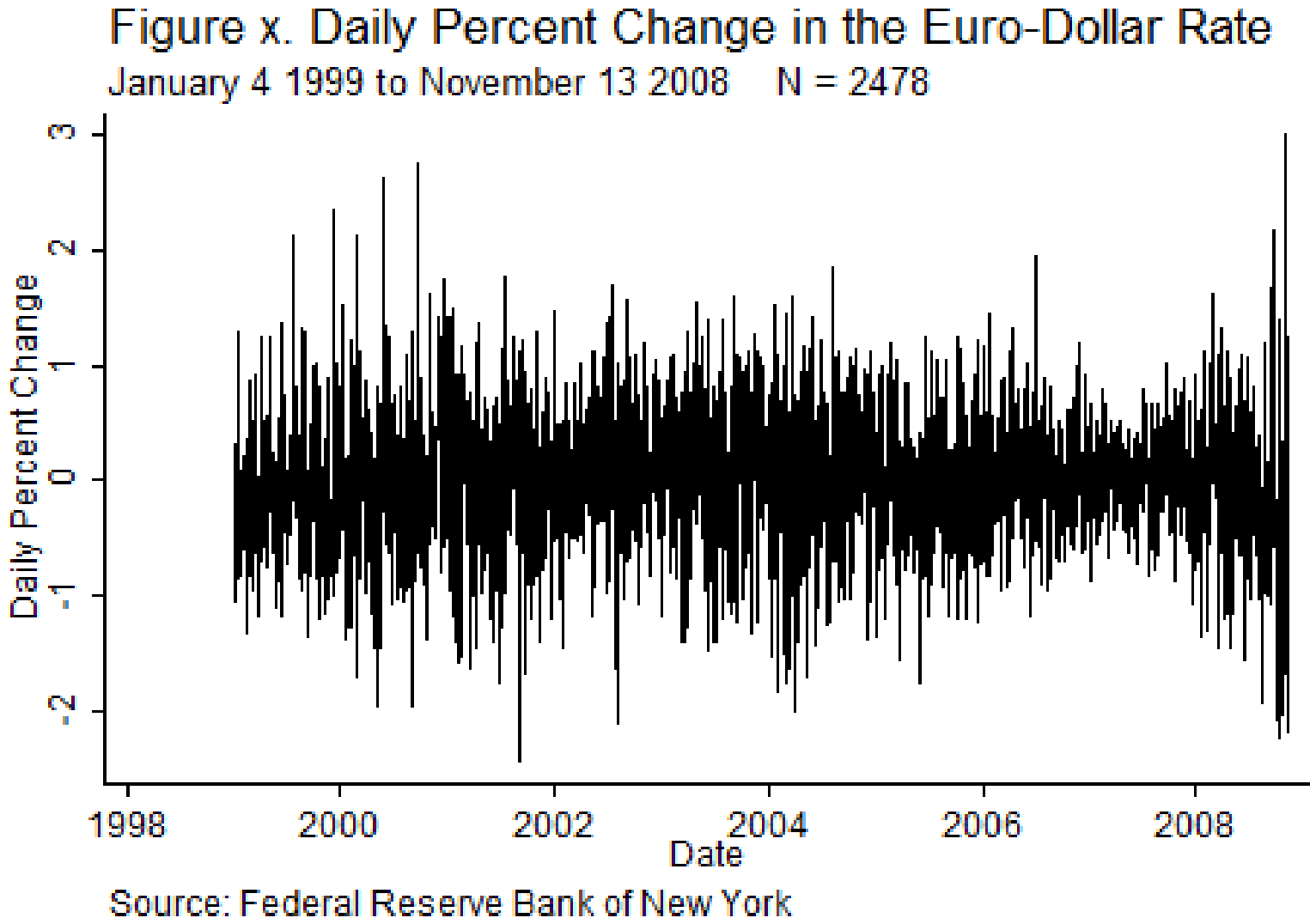
Step three, look at the distribution of changes

Efficient Market Thesis: Random walk > Normal Distribution

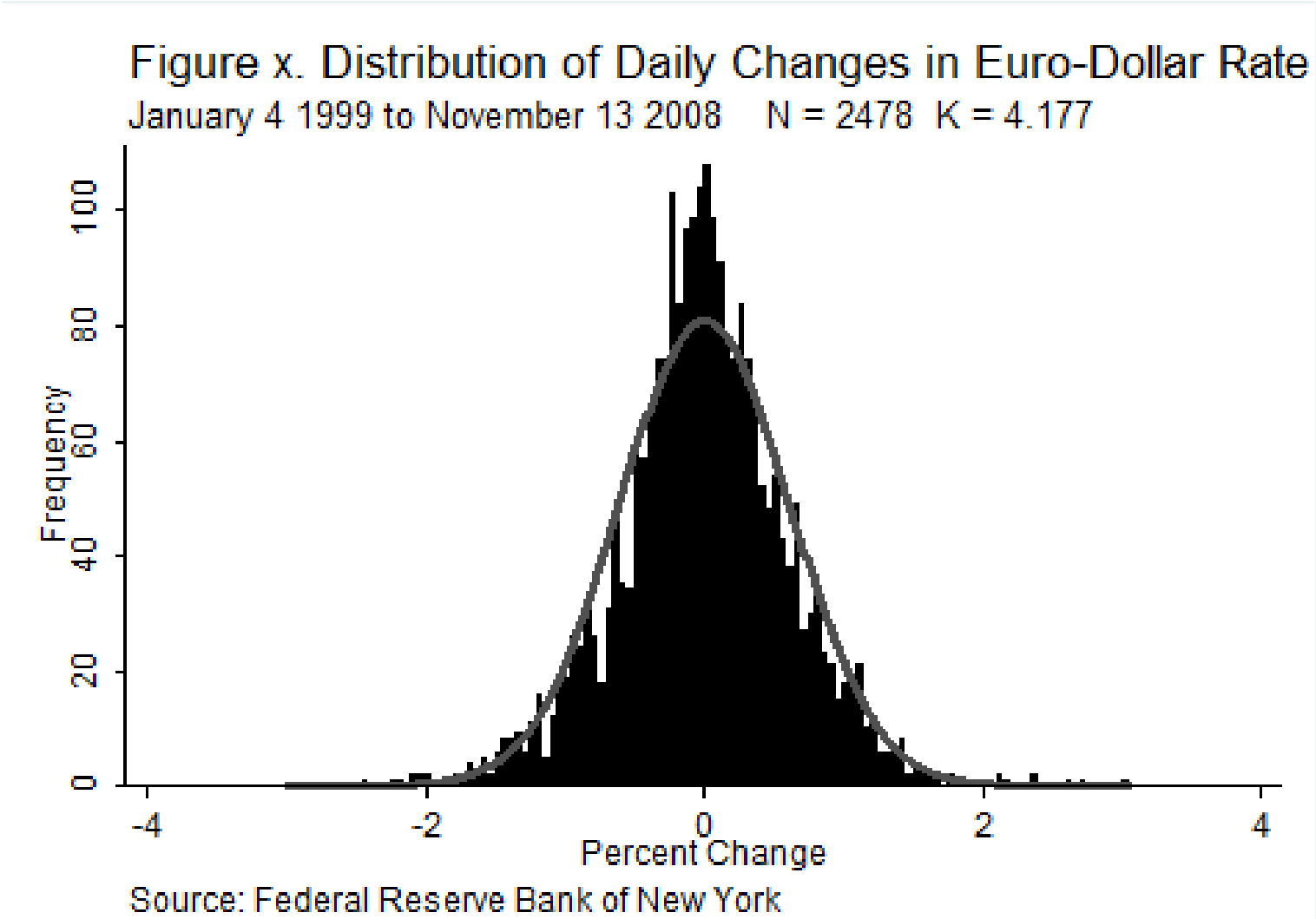
Daily LEVEL of the Euro against the Dollar, Jan 99 to Nov 08



Daily PERCENT CHANGE



Distribution of Percent Changes is virtually random



Is this Professor Crazy?

Proposal: no linkage between the lobbying resources brought to bear in DC and policy outcomes.

Evidence: A random sample of the objects of lobbying, including exhaustive searches for participant resources.

Let's turn to that evidence now.

Issues by Topic Area: The Lobbying Agenda

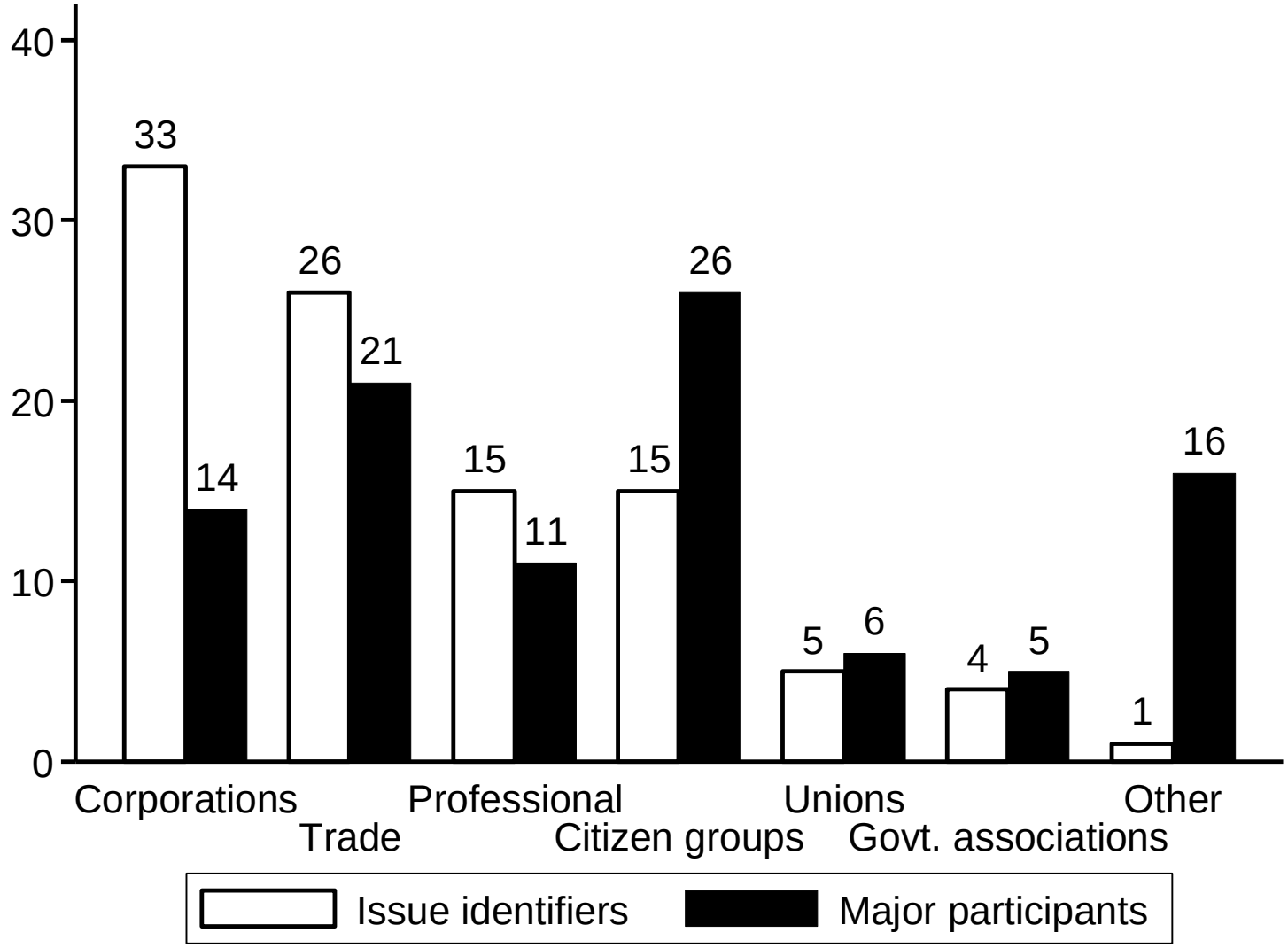
Topic	Frequency
Health	21
Environment	13
Transportation	8
Banking, Finance, and Commerce	7
Defense and National Security	7
Science, Technology, and Communication	7
Foreign Trade	6
Education	5
Energy	5
Law, Crime, and Family Policy	5
Government Operations	3
Labor, Employment, Immigration	3
Community Development and Housing	2
Macroeconomics and Taxation	2
Social Welfare	2
Agriculture	1
International Affairs and Foreign Aid	1
Total	**98**

Topic areas are based on the coding scheme used in the Policy Agendas Project (www.policyagendas.org).

Table 11.1 Summary of Policy Outcomes

Policy outcome	Initial 2-year cycle	Subsequent 2-year cycle
No change (status quo)	68	58
Modest policy change	13	13
Significant policy change	17	27
Number of issues	98	98

Interest Group Advocates



Policy "Sides"

- A Side: set of advocates pursuing the same policy goal
  - 10 major participants on a side, on average
  - 214 sides in our study
    - 130 pursuing policy change
    - 84 defending the status quo
  - 16 issues had just one side
  - 60 issues had two opposing sides
  - 22 issues had three or more sides
  - This simplicity of mobilization contrasts with the substantive complexity of the policy issues discussed
- Which side won? A simple question.

Measuring Material Resources

For every lobbying organization, we looked up:

- Total campaign contributions (hard and soft)
- Total lobbying expenditures
- Number of in-house lobbyists
- Number of contract lobbyists
- Number of "covered officials"
- Number of issue areas on which they lobby
- Organizational resources (index of budget, staff, assets, and income)
- Business resources (index of sales, income, employees)

Reliability measure (alpha): advocates (.75), sides (.92)

Resources of Advocates and Sides

Sides: Organizations sharing the same policy goal

Simple idea: Compare the total resources controlled by the advocates on each side, and see which side got more of what they wanted

Simple question: Do the wealthy win?

Distribution of Advocate Resources

ACT UP

PhRMA

0
100
200
300
400

-1
0
1
2

Advocate resource index

N = 1243 non-governmental advocates

Do the Wealthy Lobby with Wealthy Allies?

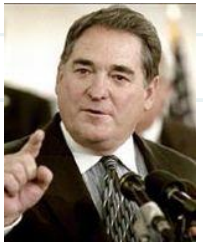
- Control of resources by individual lobbying organizations is highly skewed
  - (We expect to win no prize for this finding…)
- An Open Question: Do the wealthy lobby with wealthy allies? Or are the sides active on our sample of issues relatively heterogeneous?
- If policy were: a) uni-dimensional or b) created from a blank slate, we might expect the sides to be homogeneous
- But policies are highly complex, affecting diverse constituencies. Efforts to change established policies may attract diverse constituencies and also mobilize into action diverse constituencies who may be worried about the effects of such changes
- All members of a side, by definition, will achieve the same outcome
- Therefore, if the sides are diverse with respect to control of resources, resources cannot, mathematically, be related to outcomes

Correlations among control of various resources and the aggregate resources controlled by one's allies

Annual Sales+	.26*
Annual Income+	.24*
Number of Employees+	.23*
Lobbying Expenditures+^	.16*
Number of Former Officials Lobbying+^	.13*
PAC Contributions+^	.22*
Membership Size^	.05
Organizational Assets^	.11*
Annual Budget^	.13*
Total Staff Size^	.22*
Index of Organizational Resources^	.14*
Index of Corporate Resources+	.30*

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

Distribution of Resources per Advocate



ACT UP

PhRMA

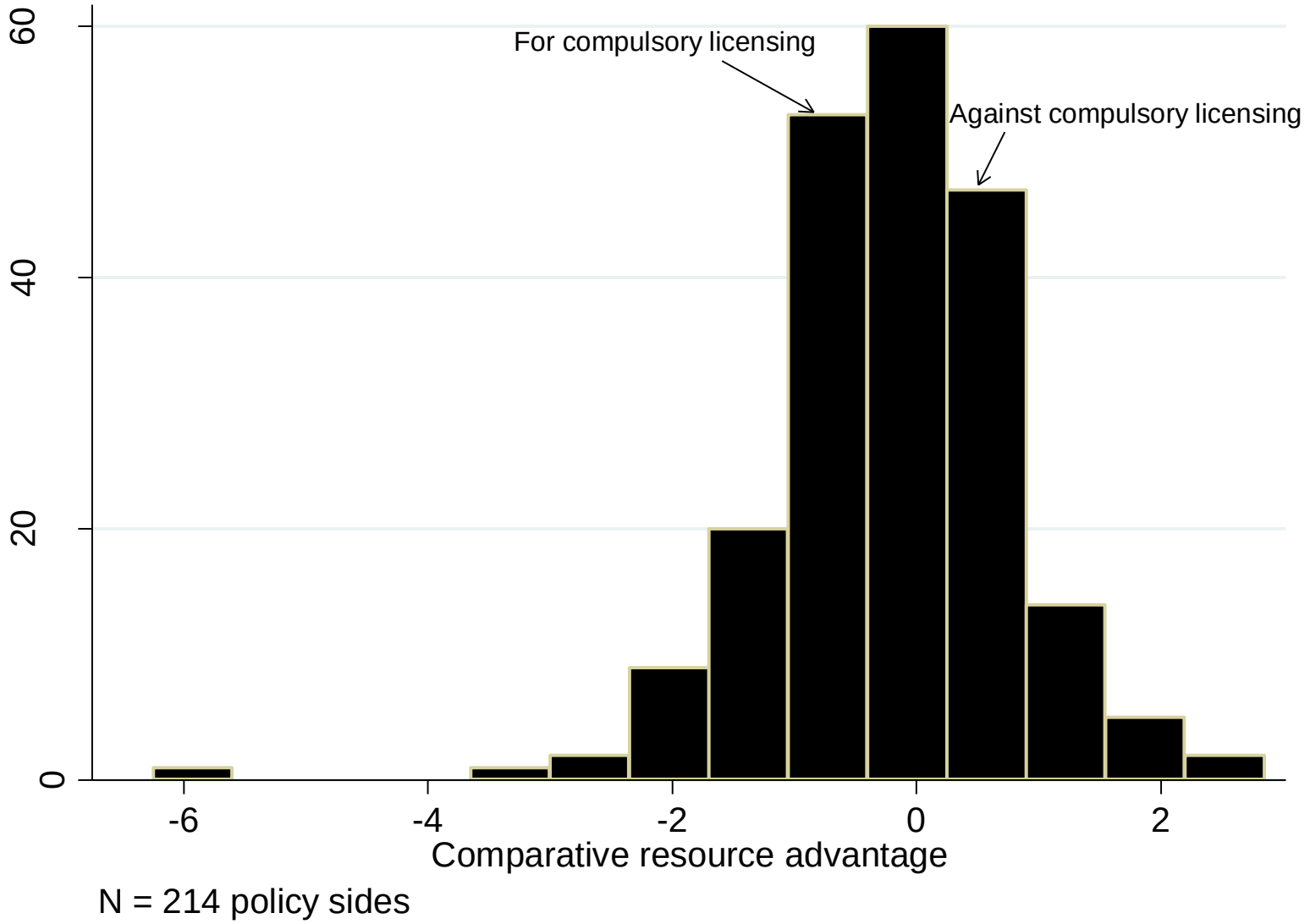
0
100
200
300
400

-1
0
1
2

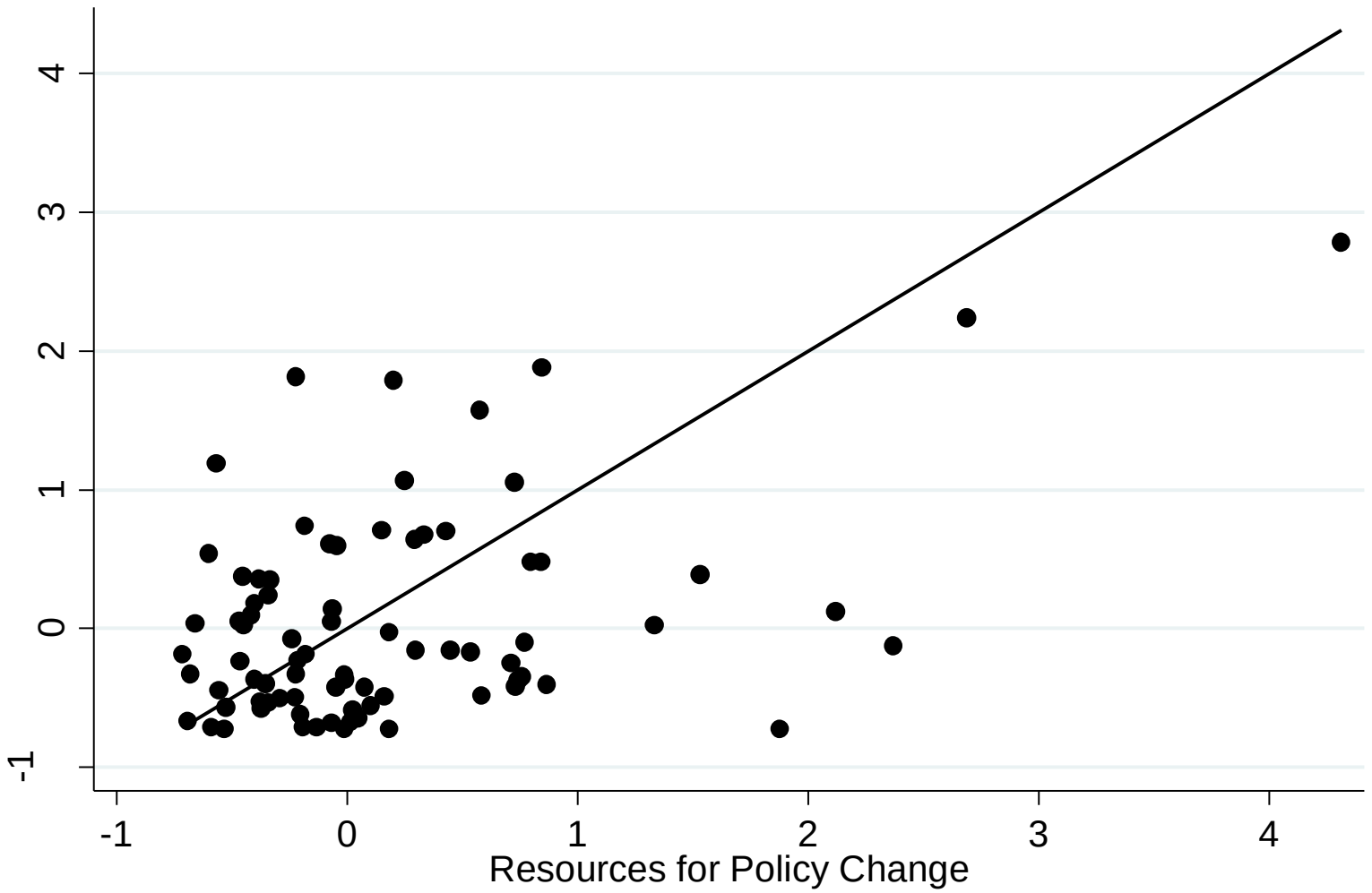
Advocate resource index

N = 1243 non-governmental advocates

Distribution of Resources per Side



Resources for Change vs. Status Quo



45-degree line superimposed on graph

N = 80 issues; Pearson's r = 0.44

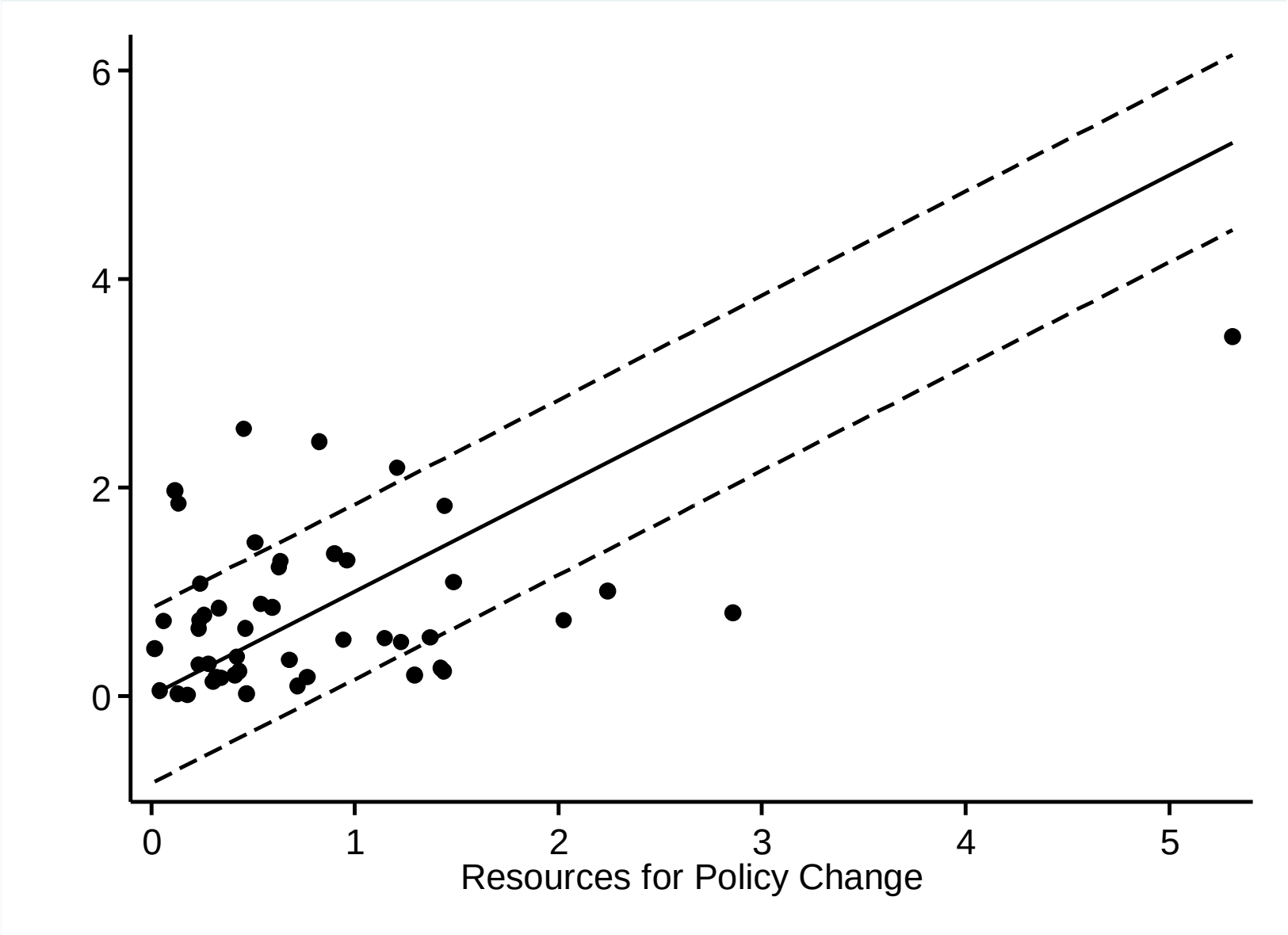
Correlations with Policy Success

Number of members in the side (size)	.10
Number of Fortune Power 25 Members	-.02
Resource Index Score	.08

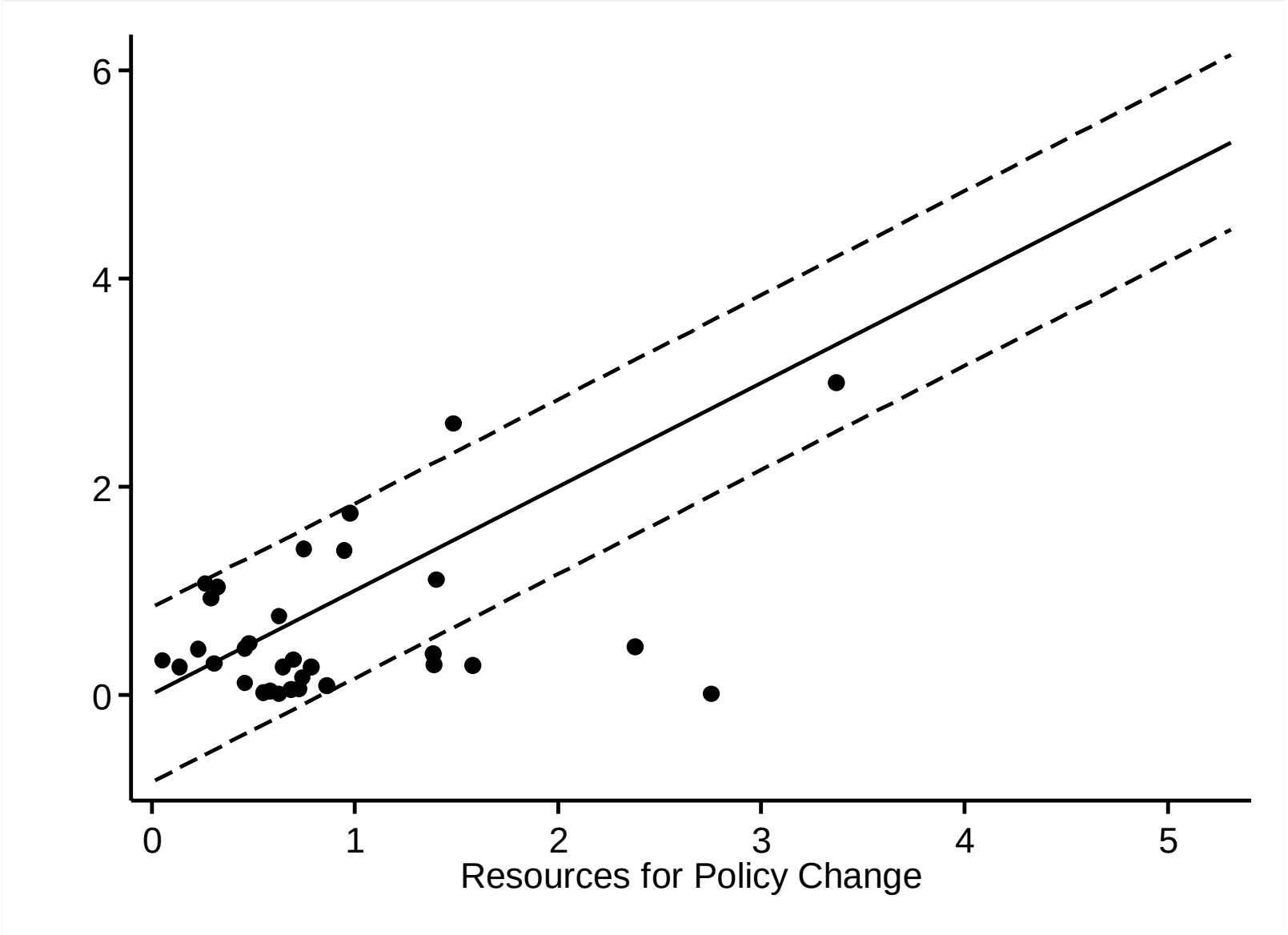
N = 214 sides

None of the correlations is statistically significant

Resources Mobilized in 48 Cases where the Status Quo Remained in Place



Resources Mobilized in 32 Cases where Change Occurred



Government Allies Matter More than Material Resources

Type of Resource	Percent of Issues where the Wealthier Side Won	Number of Issues
High-level Government Allies	78*	23
Number of Covered Officials	63*	35
Mid-Level Government Allies	60*	48
Business Financial Resources Index	53	34
Lobbying Expenditures	52	58
Association Financial Resources Index	50	58
Campaign Contributions	50	58
Membership	50	58

$P < .01$

Cell entries show the percent of the issues in which the side with the greatest control of that resource achieved its policy goal. N's vary because cases are included only if at least one of the sides controlled the resource in question, there was no tie, and there was an opposing side.

An Ordinal Logit Model of Success in Protecting The Status Quo

Independent Variables	Policy success after two years	Policy success after four years
Comparative resource advantage for status quo	1.24**	.64#
	(.50)	(.39)
Mid-level government allies defending status quo	.34#	.28#
	(.20)	(.16)
Executive branch promoting policy change	-3.10**	-1.61*
	(.89)	(.65)
Members of Congress promoting policy change	.22	.51
	(.73)	(.59)
Organized interests promoting change	.37	.32
	(1.00)	(.82)
Other obstacles to status quo position	-.52	-.65
	(.47)	(.42)
N	63	63
R2	.29	.16

Interpreting the Coefficients

A. Protecting the Status Quo:

Resource Advantage	Likelihood of Success
20th percentile	.76
80th percentile	.94

Administration actively seeking change?	
Yes	.29
No	.88

(All other variables at their means/medians)

An Ordinal Logit Model for Success in Challenging the Status Quo

Independent Variables	Policy success after two years	Policy success after four years
Comparative resource advantage for challengers	.54*	.02
	(.30)	(.22)
Mid-level government allies promoting policy change	.02	.09
	(.08)	(.08)
Executive branch opposition to policy change	-1.88*	-1.01#
	(.84)	(.62)
Members of Congress opposed to policy change	.57	.46
	(.52)	(.47)
Organized interests opposing policy change	.21	-.16
	(.57)	(.52)
Lack of attention	.90	.42
	(.54)	(.48)
Other obstacles to policy change	-.32	.02
	(.25)	(.21)
N	107	107
R2	.09	.04

Interpreting the Coefficients

B. Changing the Status Quo:

Resource Advantage	Likelihood of Success
20th percentile	.17
80th percentile	.32

Administration actively opposed?	
Yes	.06
No	.24

(All other variables at their means/medians)

These models don't work very well

- Comparative resource advantage helps, but is not overwhelming
- Policy success does not go to the wealthiest lobbyists
- They fight within heterogeneous teams
- Government officials themselves play a key role
- The position of the President matters
- Policy stability is the norm, so lobbying comes to a stand-still, protecting the status quo
- However, 42 percent of the cases led to change
- When change occurred it was usually substantial

Our Concerns about Lobbying may be Misplaced

Mobilization of bias is probably a more serious problem for democratic representation than the actions of lobbyists themselves

The bias is not that the wealthy lobbyists defeat the poorer coalitions; we have shown that

Rather, the lobbying community does not reflect Americans' values:

The Concerns of Lobbyists v. the Concerns of the Public

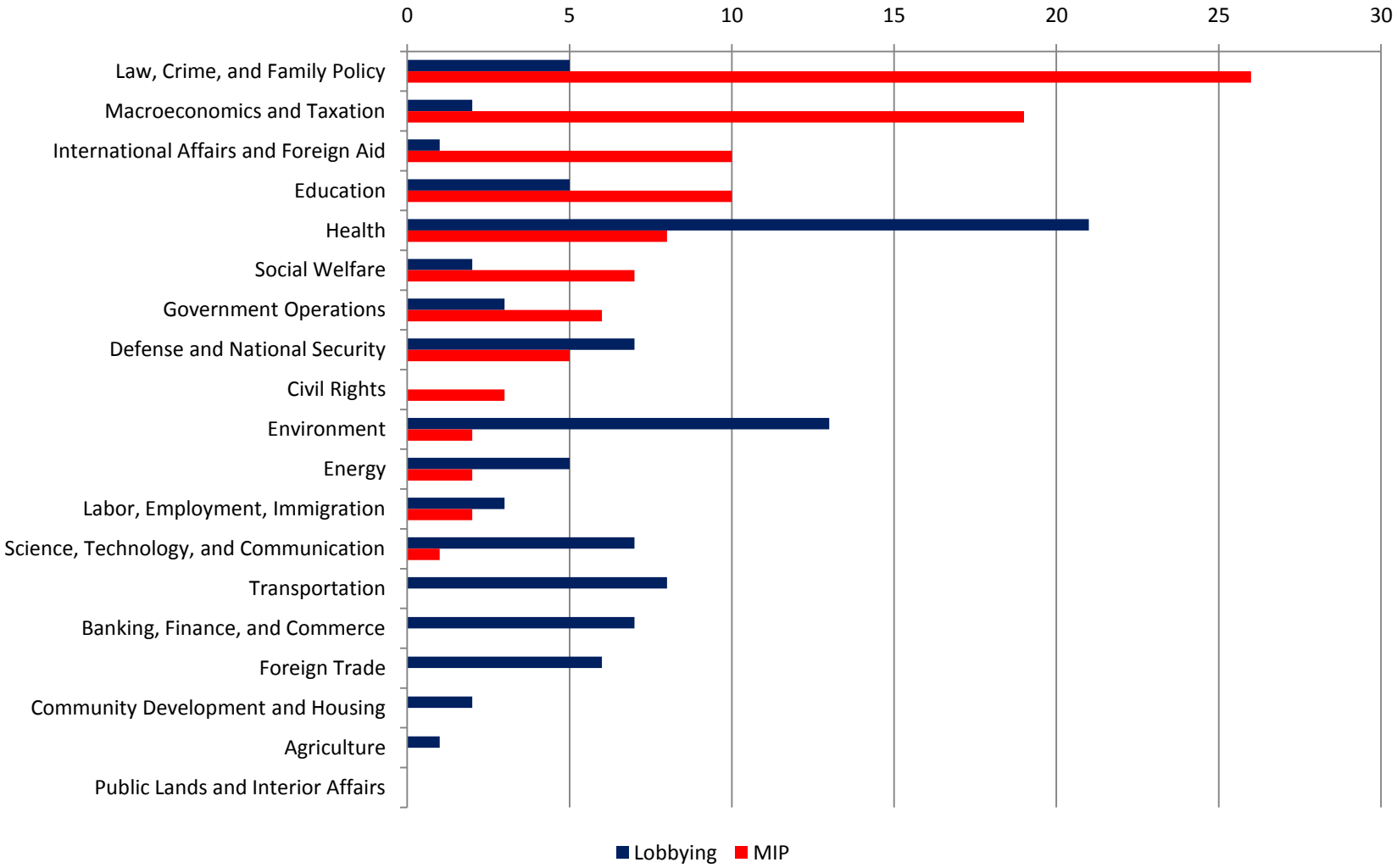


Figure shows the percentage of lobbying by issue area compared to answers to the Gallup question: What is the most important problem facing the country today?

Totally confused?

- Don't buy the argument that change models aren't the same as level models?
- Think the literature's supposition that money buys power is correct, but all previous studies have been flawed by research design, explaining mixed results?

Ask a question now or email me at:

Frankb@unc.edu