

# CLASS JOURNAL

Fink,Parker R
Granowitz,Heather
Holdmeyer,Lauren Marie
Kachur,Rachel Aike
Kahle,Giselle E

Lewis,Ahnah M
Liakas,Emma Diane
Lucas,Nora Y
Lynn,Ryan McCarron
McGinley,Julie

Pasalis,Walker John Maddox
Pearlman,Kyla Hope
Pion,Silke
Radel,Luke Patrick
Richard,Sydney Ann

Risen,Caleigh Parker
Sambucci,Samuel Anthony Richard
Schraden,Juha Wesley
Sielski,Kylie
Solomon,Ethan Nathaniel

PSC 300

SYRACUSE UNIVERSITY

**MONEY AND**

**POLITICS**

**LOBBYISTS**

**PART 1**

# NEXT WEEK

- **Tuesday: Cydney Johnson, SU Vice President of Community Engagement and Government Relations**
- **Thursday: No class**
  - **Use the time to get started on your class paper**

# MONEY AND POLITICS

- **Who is involved in money and politics, why, and how?**
  - **Bureaucrats and citizens**
  - **Special interests**
  - **Lobbyists**
  - **Politicians and voters**

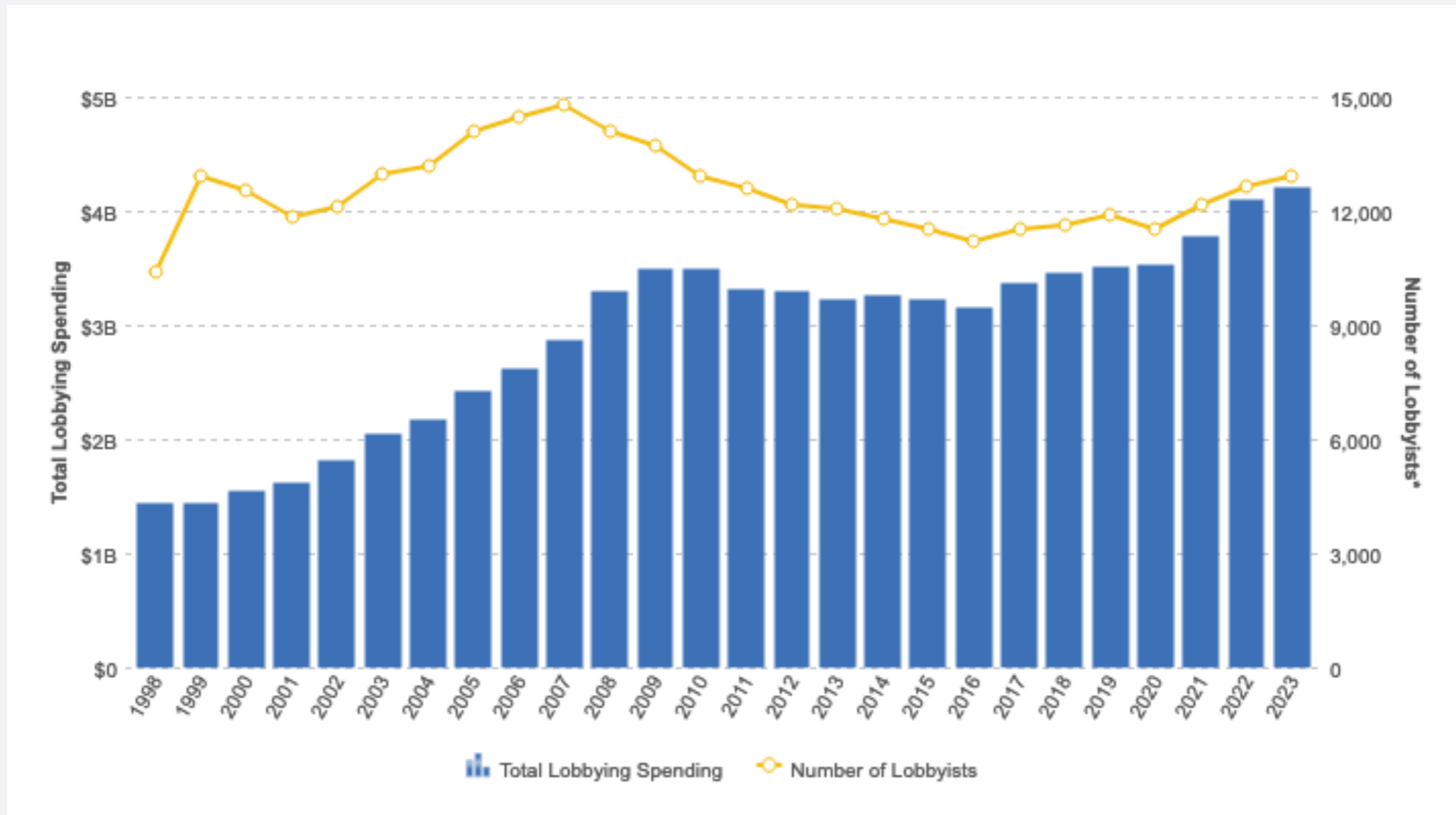
# LOBBYING

- What is lobbying, and who are lobbyists?
- Who lobbies, why, and what for?
- How does lobbying work?
- **Who lobbies successfully?**
- **What are the consequences?**

# WHAT IS LOBBYING?

- **Transfer of *information* in private meetings between interest groups and politicians (or their staff)**
  - **Lobbying costs money (lobbyists need to be paid a salary)**
  - **But no money exchanges hands (no transfer from interest group to politician)**
    - **Although lobbyists do engage in fundraising and make campaign contributions (but we ignore that for today)**

# LOBBYING IN THE U.S.



- Federal lobbying only!
- [opensecrets.org/lobbying](https://www.opensecrets.org/lobbying)

# WHAT DOES LOBBYING LOOK LIKE?

- **How does lobbying work?**



# WHAT DOES LOBBYING LOOK LIKE?

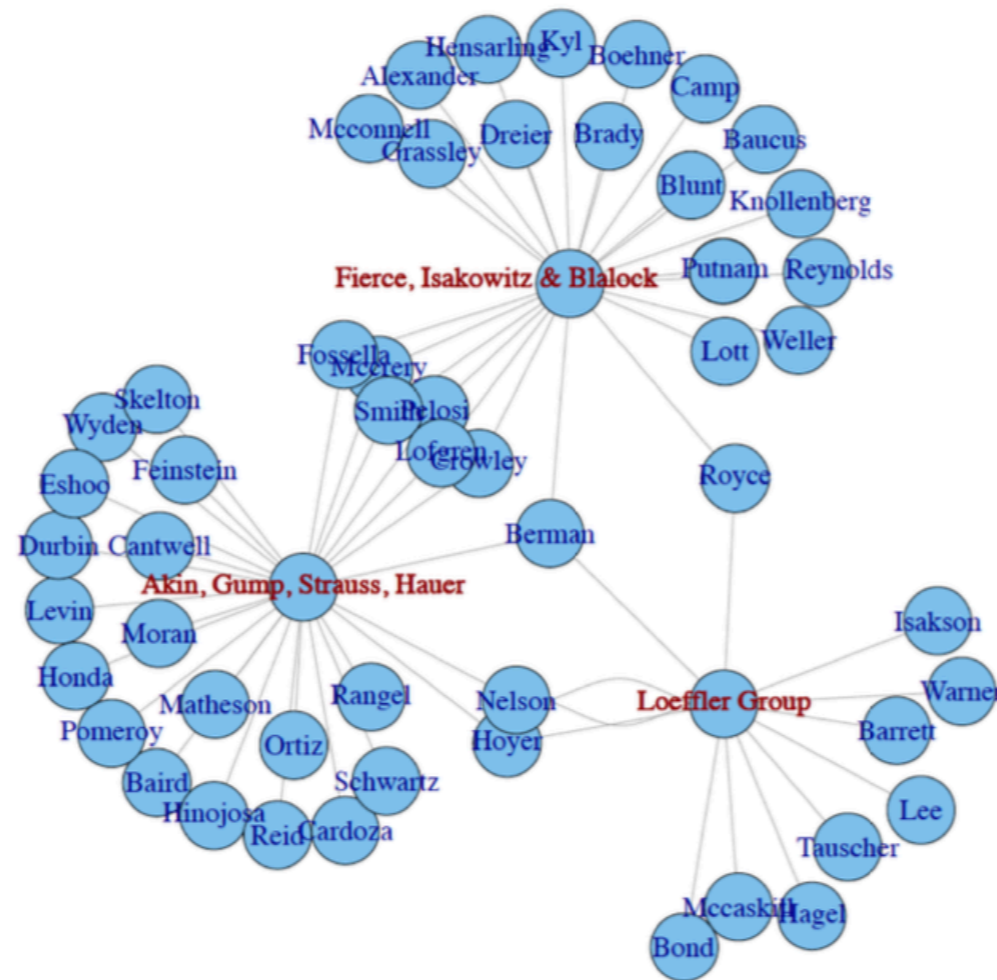
Table 1: Lobbying Activities by Foreign Governments, 2003-2012

<b>Country</b>	<b># Firms<sup>a</sup></b>	<b># Reports<sup>b</sup></b>	<b>Amount (\$)</b>
Colombia	10	27	3,064,223
Panama	14	54	9,956,262
South Korea	17	72	11,652,543
Total	35 <sup>c</sup>	145 <sup>c</sup>	24,673,028

- **Expensive**

# WHAT DOES LOBBYING LOOK LIKE?

Figure 3: Lobbying Contacts By Firms Hired by South Korea (2010)



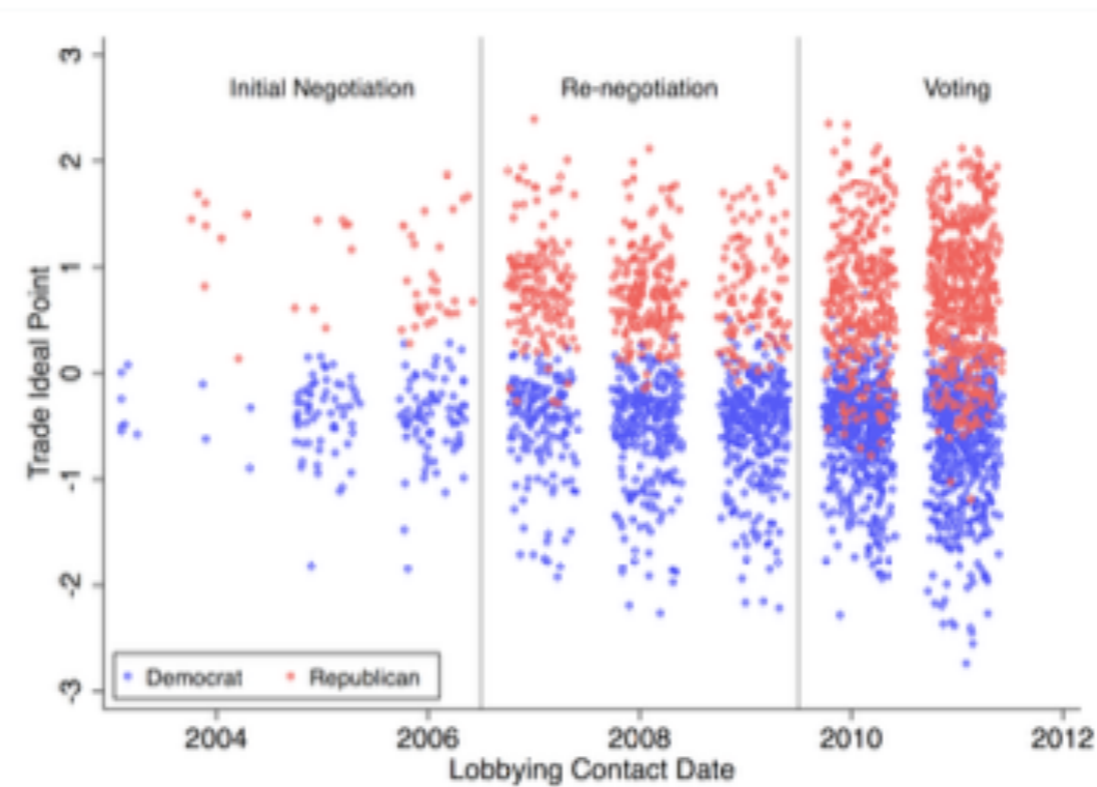
- Lobbyists have “preferred” legislators

# WHAT DOES LOBBYING LOOK LIKE?

- **Lobbying is very prevalent**
  - **538/839 MoCs are contacted (64%)**
  - **4,681 contacts (=meetings, calls)**

# WHAT DOES LOBBYING LOOK LIKE?

Figure 3: Lobbying Contacts Over Time (South Korea)



*Notes:* Each dot indicates a lobbying contact made by lobbying firms representing the South Korean government. The X-axis indicates the lobbying contact date and the Y-axis indicates the trade ideal points of the politicians.

- Lobbying starts early and persists throughout the process

# WHAT DOES LOBBYING LOOK LIKE?

- **Lobbying starts early and persists throughout the process**
  - **Most influential legislators (leadership, international trade committee): contacted first, contacted most often**
  - **Later in process: Much more widespread lobbying**

# WHAT DOES LOBBYING LOOK LIKE?

- **Who lobbyists talk to is strategic**
  - **Early in process: lobbying of free trade supporters**
  - **Later on: opponents of free trade more heavily contacted**

# WHY IS LOBBYING NECESSARY?

- **Hundreds of bills make their way through a parliament at a given point in time**
  - **Diverse issues: health care, budget, defense, tax system, housing policy, etc.**
  - **Politicians are not experts on everything, but legislation needs to be technically sound**

# EXAMPLE HEALTH CARE

1 / 906

**One Hundred Eleventh Congress  
of the  
United States of America**

**AT THE SECOND SESSION**

*Begun and held at the City of Washington on Tuesday,  
the fifth day of January, two thousand and ten*

**An Act**

Entitled The Patient Protection and Affordable Care Act.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*



# EXAMPLE HEALTH CARE

- **Healthcare regulation: Who is affected by it?**

# EXAMPLE HEALTH CARE

- **Healthcare regulation: Who is affected by it?**
  - **Patients**
    - Those who have insurance, those who do not have insurance, those who have chronic diseases, those who are young and healthy, etc.
  - **Healthcare professionals**
    - Doctors, nurses, in rural areas, in urban areas, in rich areas, in poor areas, etc.
  - **Insurance companies**
    - Large, small, operating in different states, etc.
  - **Hospitals**
    - Large, small, in rural areas, in urban areas, in rich areas, in poor areas, etc.
  - **Employers**
    - Large, small, different industries (tech, restaurants, etc).

# EXAMPLE HEALTH CARE

- **Healthcare regulation: Who is affected by it?**
  - Patients
  - Healthcare professionals
  - Insurance companies
  - Hospitals
  - Employers
- **To write and pass technically sound policy, politicians need to understand it**
- **Meet with and get information from these groups: Lobbying**

# EXPERTISE

- **One view: Lobbyists provide *expertise***
- **Provide information to lawmakers that helps them write well-crafted legislation**

# EXPERTISE

- **Complexity of regulation**
  - e.g. government regulation needs to be written such that companies can comply
    - e.g. to increase efficiency of cars, what gas mileage can realistically be met?
  - e.g. all provisions in law need to be financed at correct level, incl. downstream consequences
    - e.g. if we mandate that insurance companies accept all patients, how do we make sure that this can be financed?

# WHY IS LOBBYING NECESSARY?

- **So why is anyone upset about lobbying?**

# EXAMPLE HEALTH CARE

- **Healthcare regulation: Who is affected by it?**
  - **Patients**
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  - **Hospitals**
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  - **Employers**
    - Large, small, different industries (tech, restaurants, etc).
- **These have all very different interests!**

# TRADE-OFF

- **A health insurance lobbyist may have expertise that helps politicians write a better health care bill**
- **But also has an incentive to only provide the information that is helpful to health insurers' business interest**
  - **Maybe to make the law better overall it is necessary to hurt the business interest of some groups!**



# TRADE-OFF

- **Trade-off**
  - **Information**
    - **Makes the law more technically sound**
  - **Biased (one-sided) information**
    - **Might make the law more favorable to certain interests**

# CONNECTIONS

- **Another view: lobbyists do not only provide technical expertise**
  - **Maybe they are simply employed because they have personal *connections* with some legislators and can influence them, no matter the subject**

# EXPERTISE VS. CONNECTIONS

*American Economic Review* 2012, 102(7): 3731–3748  
<http://dx.doi.org/10.1257/aer.102.7.3731>

## Revolving Door Lobbyists<sup>†</sup>

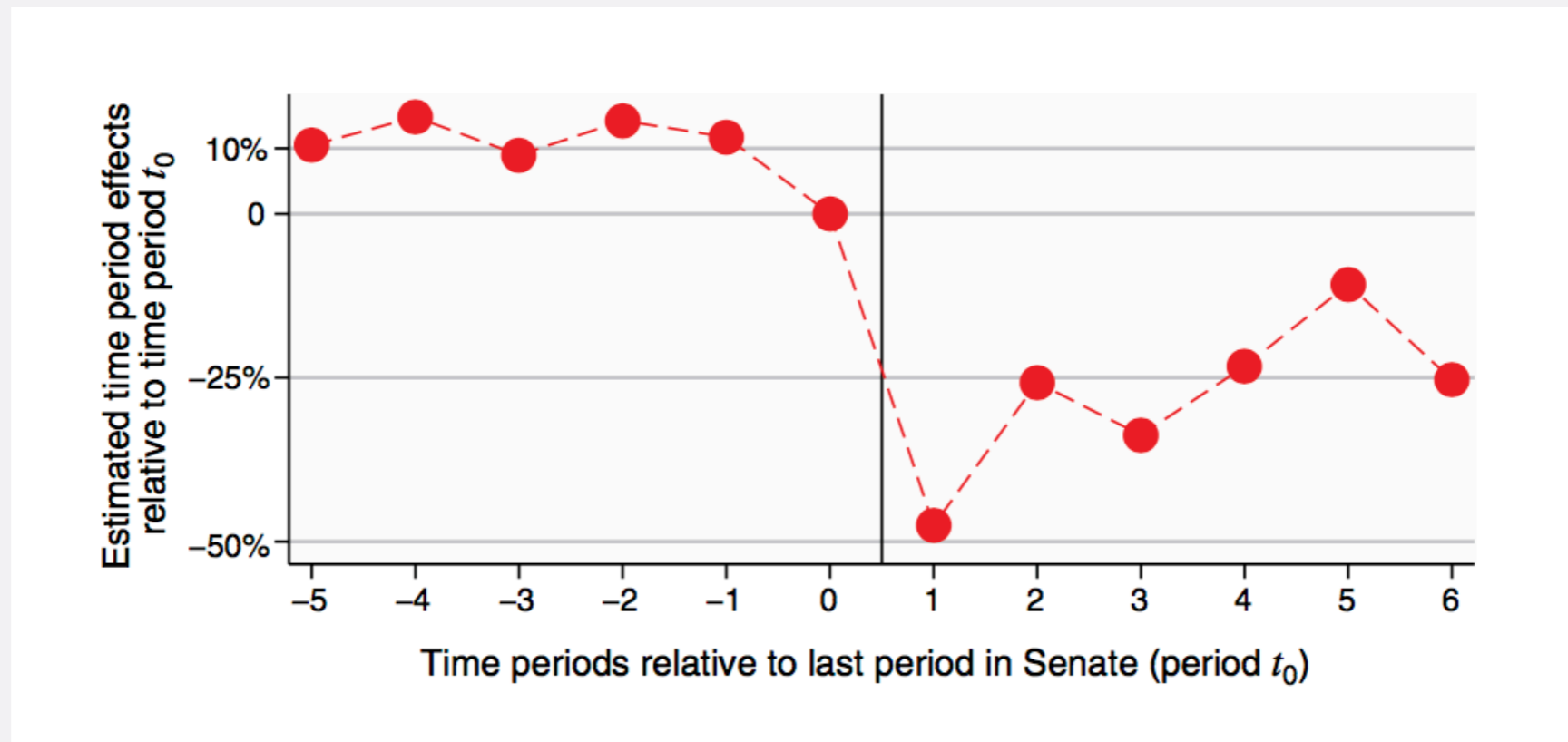
By JORDI BLANES I VIDAL, MIRKO DRACA, AND CHRISTIAN FONS-ROSEN\*

- How can we tell whether lobbying is about *expertise or connections*?
  - One way: Many lobbyists used to work as aides for e.g. Senators
  - When they are lobbyists and “their” former Senator is still in office, they have connections
  - When that Senator leaves office, they stop having connections

# EXPERTISE VS. CONNECTIONS

- Lobbyists have to register and declare how much revenue they have
- What happens when “their” Senator leaves office?
  - If it’s about connections, groups should not hire them anymore: revenue declines, should be less likely to remain a lobbyist
  - If it’s about expertise, groups should continue to hire them: no decline in revenue, should remain in lobbying profession

# EXPERTISE VS. CONNECTIONS



- **When “their” Senator leaves office, lobbyists...**
  - **Have 23 percent lower revenue (~\$182,000 per year)**
  - **Have a 27 percent lower probability of working as a lobbyist**

# EXPERTISE VS. CONNECTIONS

- **Evidence that connections are important**
  - **Does not mean that expertise does not matter**
  - **Only looked at lobbyists who were Congressional staffers before**
  - **Most lobbyists were not staffers, maybe they are the one's who provide the expertise**

# EXPERTISE VS. CONNECTIONS

*American Economic Review* 2014, 104(12): 3885–3920  
<http://dx.doi.org/10.1257/aer.104.12.3885>

## Is It Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process<sup>†</sup>

By MARIANNE BERTRAND, MATILDE BOMBARDINI, AND FRANCESCO TREBBI\*

- **Lobbyists/politicians have to disclose their meetings, and state which bills they talked about**
- **Can figure out if a lobbyist is an expert on a certain matter (e.g. if all meetings are about health care)**

# EXPERTISE VS. CONNECTIONS

- **A lot of lobbyists work through connections**
  - **They do not have a clear focus and meet with legislators on bills about all kinds of things**
  - **When a Senator moves from e.g. the health care committee to the finance committee, the lobbyists move with them**



# EXPERTISE VS. CONNECTIONS

- **But: many lobbyists provide expertise**
  - They do have a clear focus and meet with legislators only on bills related to one field
  - Although these lobbyists are less well paid...

# LOBBYISTS AND POLITICIANS

- **Lobbyists:**
  - Provide information to politicians
  - But: Information may be partial, benefit a certain group
  - Some lobbyists simply try to influence legislation to benefit a certain group, without adding expertise
- Which effect wins out in any given lobbyist-legislator interaction is a priori not clear

# LOBBYING MARKETPLACE

- **Politicians can meet with all stakeholders**
  - **e.g. healthcare**
    - **Patients**
    - **Healthcare professionals**
    - **Insurance companies**
    - **Hospitals**
    - **Employers**

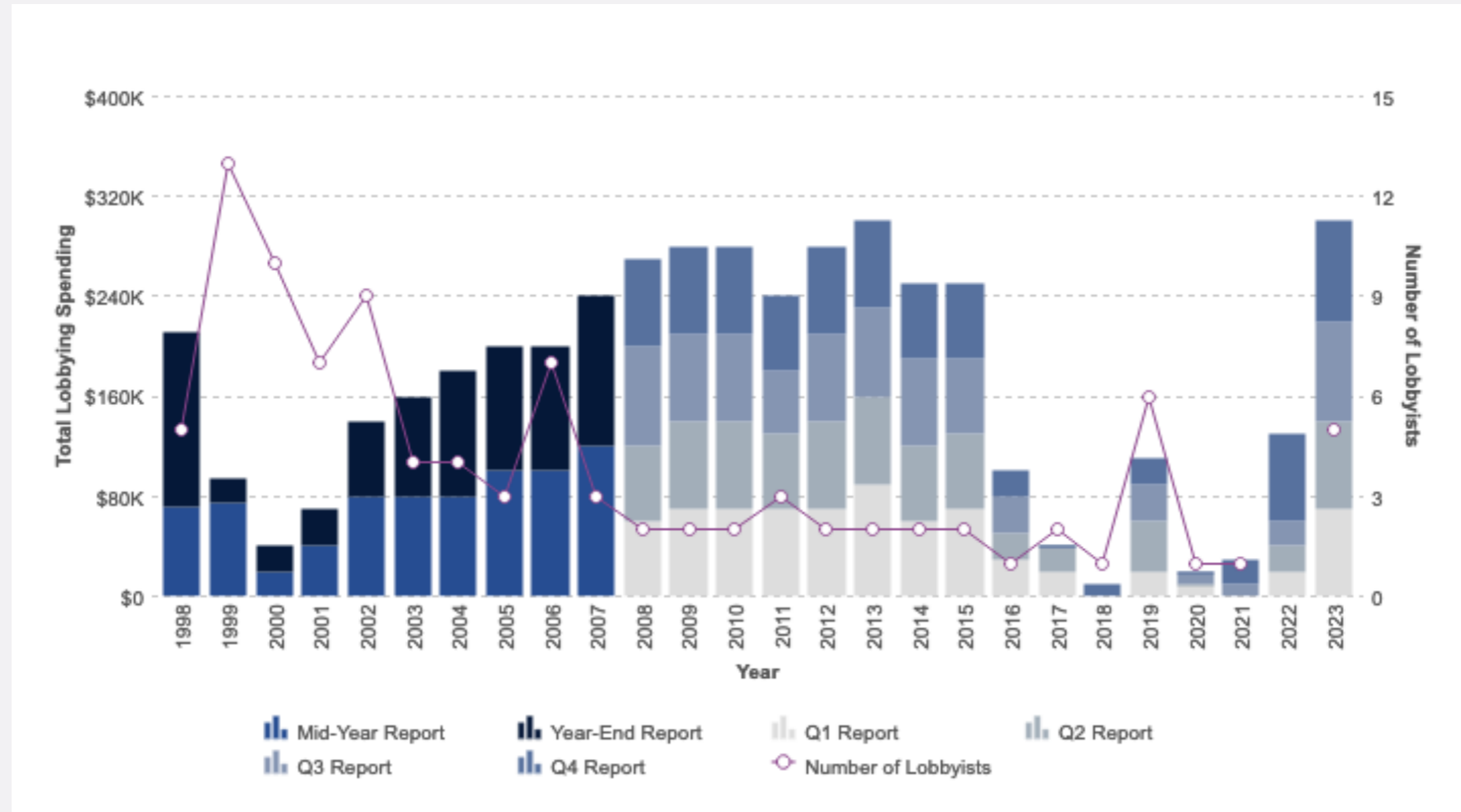
# LOBBYING MARKETPLACE

- **Politicians meet with lobbyists from multiple groups**
  - **Health insurance industry lobbyist provides one-sided information**
  - **Hospital industry lobbyist provides one-sided information, but different side**
  - **So do lobbyists for all the other groups**
  - **Some provide expertise, others not**
- **Politicians can hear all points and then write a law weighing the different points, but with a better understanding than before**

# LOBBYING

- **What is lobbying, and who are lobbyists?**
- **Who lobbies, why, and what for?**
- **How does lobbying work?**
- **Who lobbies successfully?**
- **What are the consequences?**

# WHO LOBBIES?



- [opensecrets.org/federal-lobbying](https://www.opensecrets.org/federal-lobbying)

# WHO LOBBIES?

## Lobbyists representing Syracuse University, 2023 i

[Export to CSV](#)




[Reset Filters](#)

Filter by Revolving Door Profiles:

All

Filter by Former Members of Congress:

All

Lobbying Firm Hired	Total Amount*	Client	Lobbyist
<a href="#">Cornerstone Government Affairs</a>	\$150,000	Syracuse University	<a href="#">Christian Lee</a> 
<a href="#">Hill East Group</a>	\$10,000	Syracuse University	<a href="#">Brad Gentile</a> 
<a href="#">Hill East Group</a>	\$10,000	Syracuse University	<a href="#">John Katko</a> 
<a href="#">Hill East Group</a>	\$10,000	Syracuse University	<a href="#">Erin O'Connor Elliott</a>
<a href="#">Syracuse University</a>	\$140,000		<a href="#">Laura Geer Kolton</a>

# WHO LOBBIES?

## Issues Lobbied By Syracuse University, 2023

[Export to CSV](#)

Issue	Specific Issues
Fed Budget & Appropriations	2
Science & Technology	1
Veterans Affairs	1
Education	1



# WHO LOBBIES?

[Read Report](#)

Advocated for FY24 congressionally directed spending priorities for the University.

[Read Report](#)

Support for inclusion of Syracuse University focused Congressional Directed spending requests in Fiscal Year 2024 Appropriations bills

[Read Report](#)

We provided input to inform Artificial Intelligence (AI) policy development.

[Read Report](#)

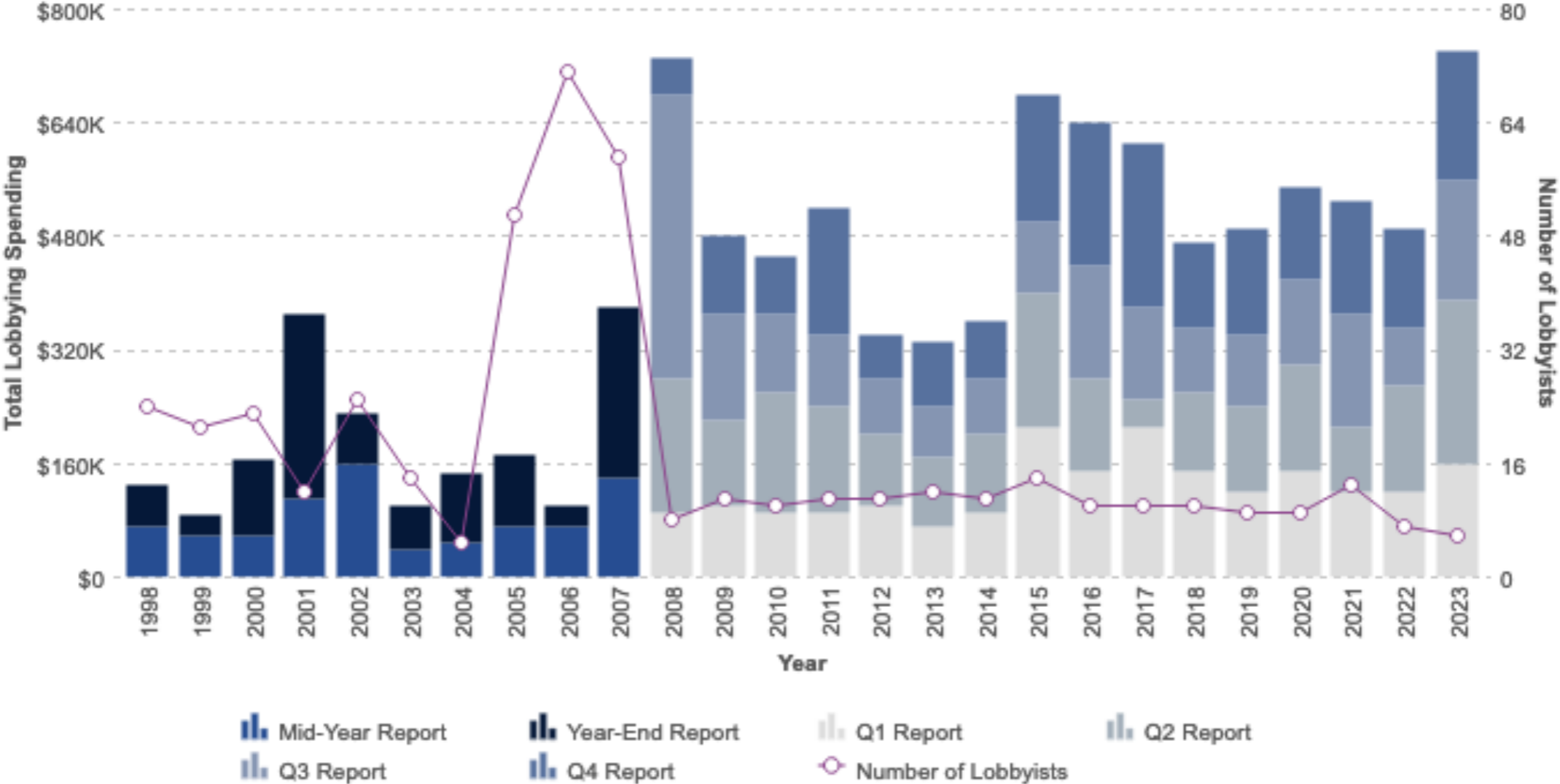
Support for O2O legislation - Seeking support to include an Onward to Opportunity amendment to the National Defense Authorization Act

[Read Report](#)

Issues regarding implementation of Public Law No. 117-167 CHIPS and Science Act.

# WHO LOBBIES?

## Annual Lobbying by Sierra Club



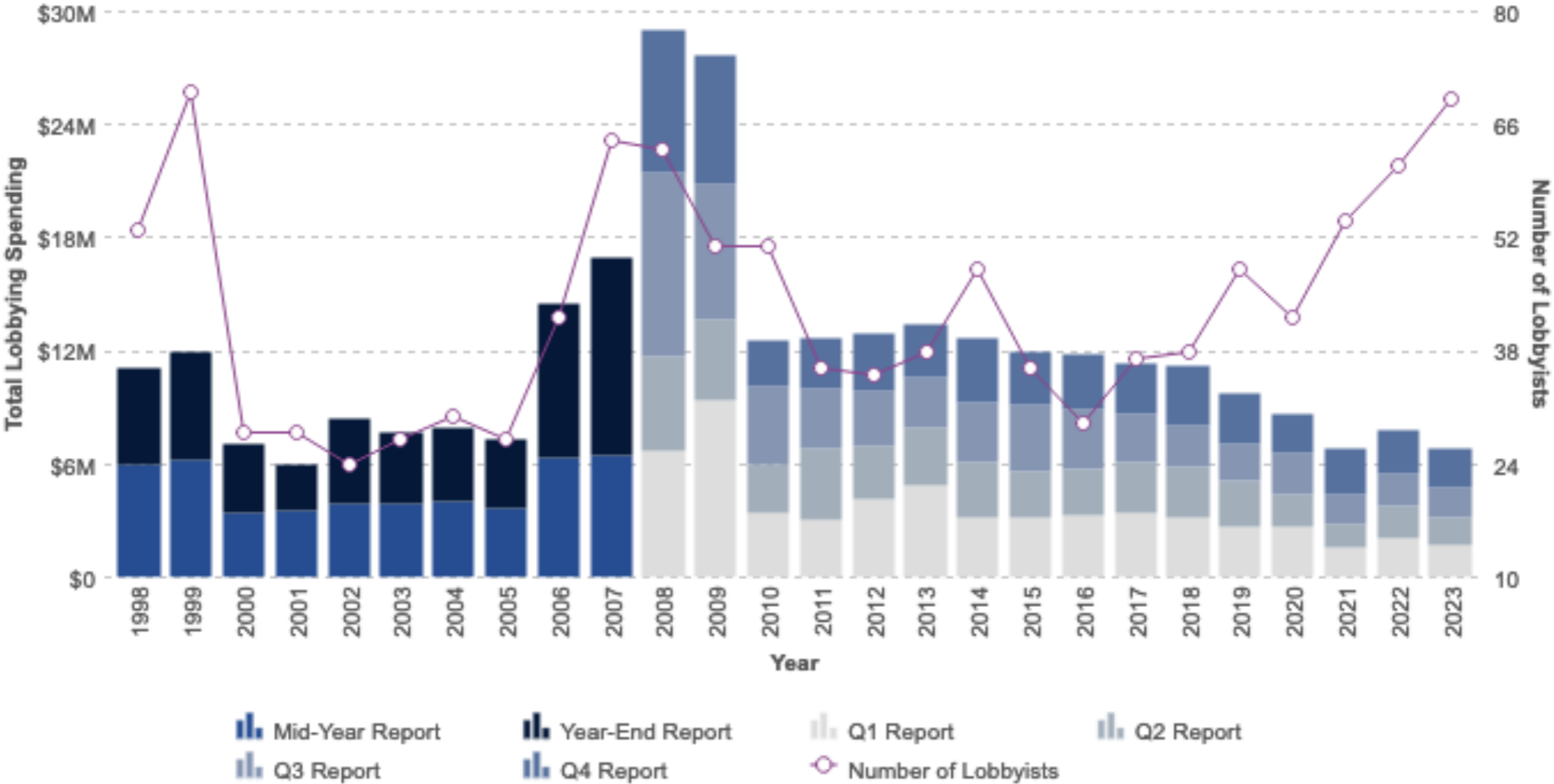
# WHO LOBBIES?

- **Who spends how much on lobbying?**



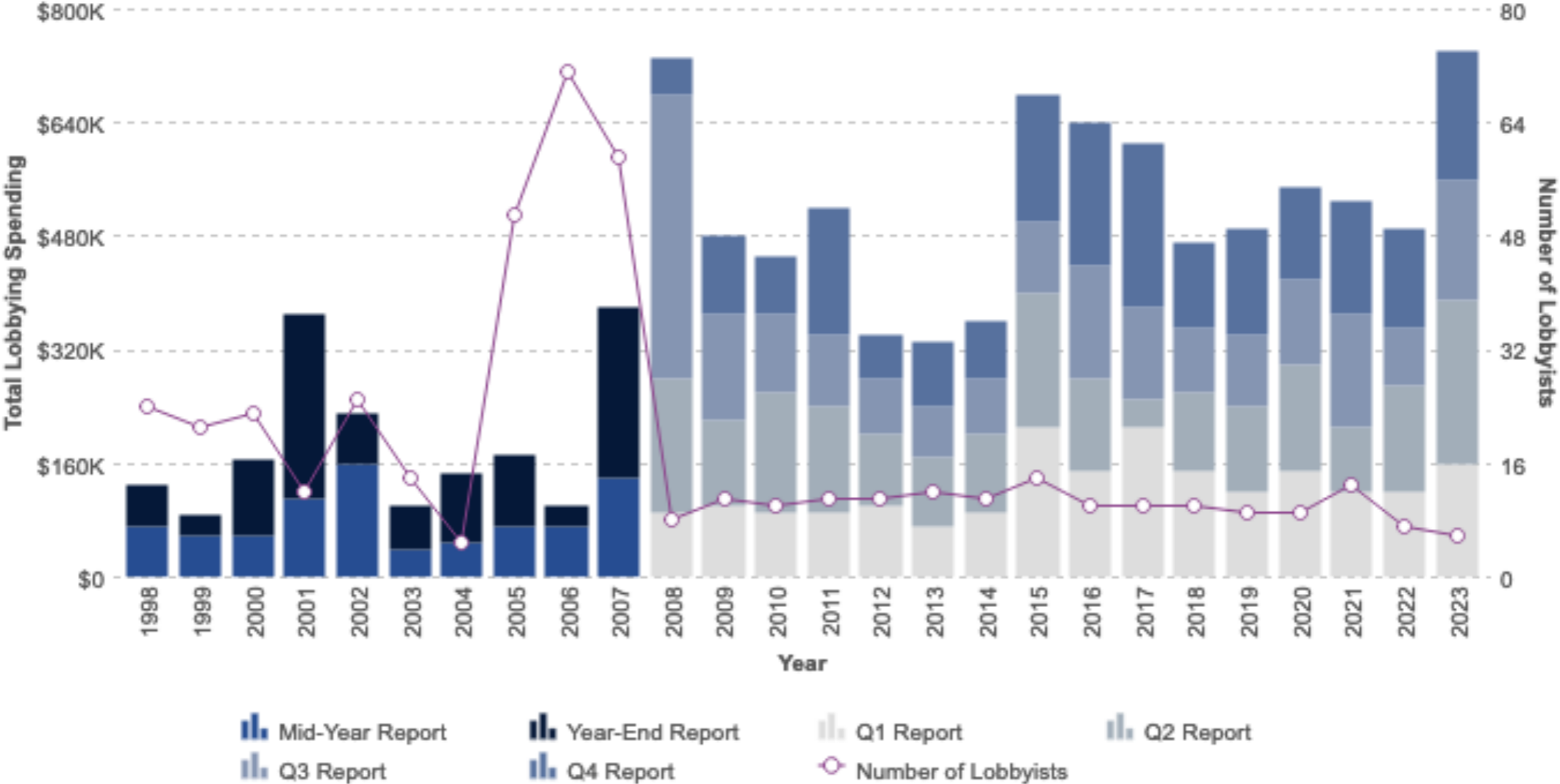
# WHO LOBBIES?

**Annual Lobbying by Exxon Mobil**



# WHO LOBBIES?

## Annual Lobbying by Sierra Club



# WHO LOBBIES?

Select year:

2023

## Industries

[Export to CSV](#)

Industry	Total
Pharmaceuticals/Health Products	\$378,585,382
Electronics Mfg & Equip	\$238,393,263
Insurance	\$157,439,292
Securities & Investment	\$143,562,294
Air Transport	\$136,485,862
Hospitals/Nursing Homes	\$131,012,728
Oil & Gas	\$128,691,836
Electric Utilities	\$126,856,895
Health Services/HMOs	\$126,810,968
Misc Manufacturing & Distributing	\$119,682,825
Business Associations	\$119,182,303

# WHO LOBBIES?

Select year:

2023

## Top Spenders

[Export to CSV](#)

Lobbying Client	Total Spent
US Chamber of Commerce	\$69,580,000
National Assn of Realtors	\$52,395,289
American Hospital Assn	\$30,238,230
Blue Cross/Blue Shield	\$28,589,340
Pharmaceutical Research & Manufacturers of America	\$27,628,000
American Medical Assn	\$21,215,000
Amazon.com	\$19,840,000
Business Roundtable	\$19,740,000
Meta	\$19,300,000
CTIA	\$17,180,000
AARP	\$16,520,000
American Chemistry Council	\$15,800,000
Pharmaceutical Care Management Assn	\$15,434,955
NCTA The Internet & Television Assn	\$14,560,000
Boeing Co	\$14,490,000



# REMEMBER OUR LIST...

- **Healthcare regulation: Who is affected by it?**
  - **Patients**
  - **Healthcare professionals**
  - **Insurance companies**
  - **Hospitals**
  - **Employers**

# LOBBYING DURING ACA DEBATE

2009

## Top Spenders

[Export to CSV](#)

Lobbying Client	Total Spent
US Chamber of Commerce	\$144,606,000
Exxon Mobil	\$27,610,000
Pharmaceutical Research & Manufacturers of America	\$27,180,520
General Electric	\$26,400,000
Pfizer Inc	\$25,819,268
Blue Cross/Blue Shield	\$23,330,439
AARP	\$21,010,000
Chevron Corp	\$20,815,000
American Medical Assn	\$20,720,000
American Hospital Assn	\$19,537,676

# WHO LOBBIES?

- **Not every constituent group lobbies equally**
- **Who lobbies more? What determines who lobbies more?**

# WHO IS SUCCESSFUL?

- **Some groups are able to systematically spend more money on lobbying**
- **Does this mean that their voice is heard more?**

# WHO IS SUCCESSFUL?

- **Baumgartner et al (2009)**
- **98 policy issues before Congress for 8 years**
  - **Why lobbies on those issues?**
  - **What are they lobbying for?**
  - **What ends up happening to policy?**

# WHO IS SUCCESSFUL?

TABLE 10.1 **Average Resources by Group Type**

Group type	Percentage registered to lobby	Percentage with hired lobbyist	Average number of covered officials	Average spending on lobbying	Average PAC spending	<i>N</i>
Business corporations	70	79	.91	\$1,051,985	\$965,132	181
Trade associations	73	69	.56	\$1,274,502	\$439,204	275
Professional associations	67	44	.18	\$973,333	\$884,844	141
Unions	87	45	.14	\$475,559	\$4,265,099	77
Citizen groups	61	25	.24	\$177,814	\$187,354	329
All others	20	28	.07	\$34,485	\$55.168	241
All groups	59	47	.36	\$628,632	\$662,042	1,244

# WHO IS SUCCESSFUL?

- **On the 98 policy issues**
  - **No correlation between spending on lobbyists and success (=policy moves in their direction)**

# WHO IS SUCCESSFUL?

- **Reason: Lobbying on both sides, often cancel each other out**
  - **It's rarely about corporate vs. citizen interests**
  - **Instead: some corporations support, others oppose, same with citizens groups**
  - **+ Politicians who want to be reelected cannot deviate too much from what their voters want**
- **At least in their sample of issues**



# SUMMING UP...

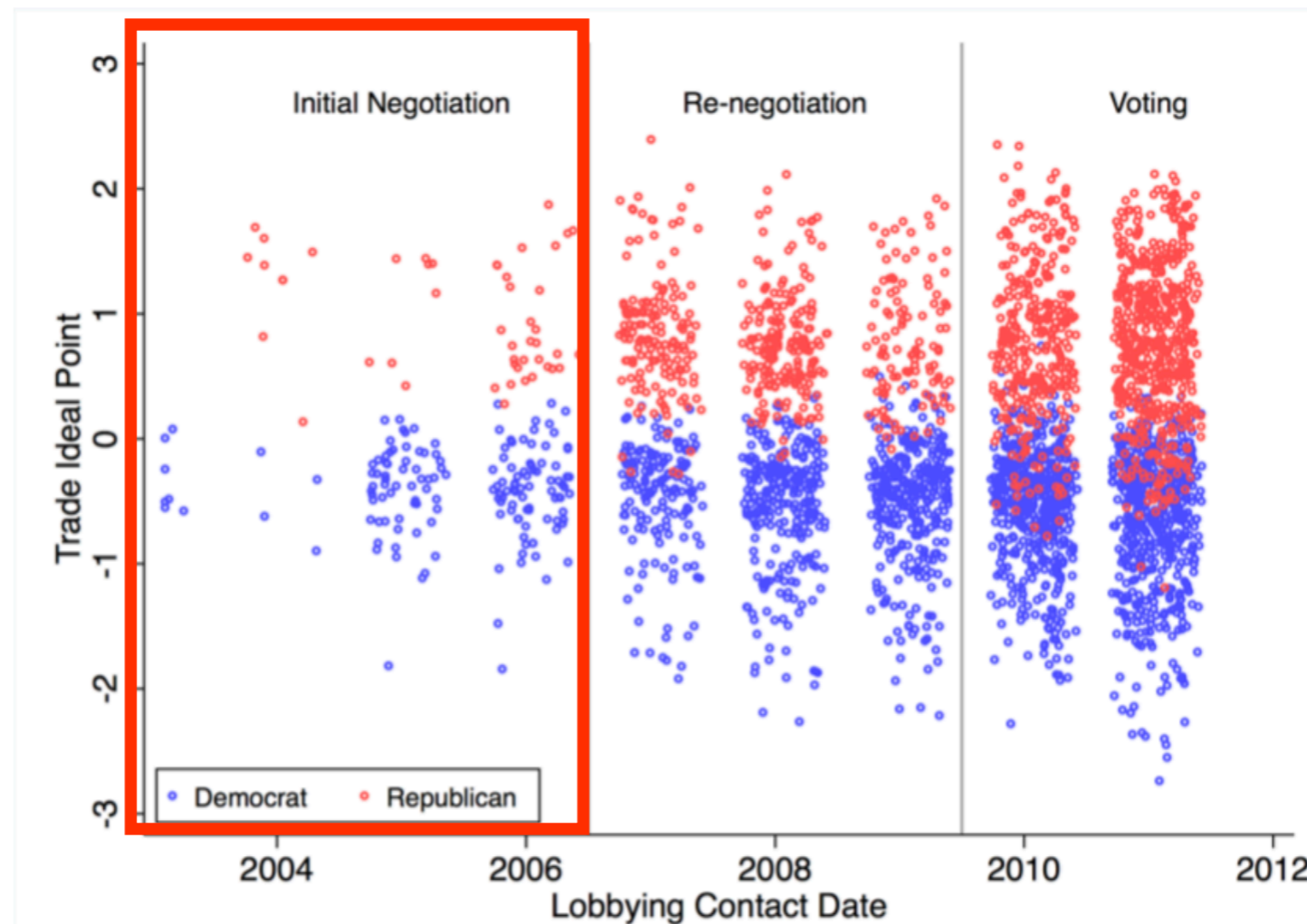
- **Evidence to suggest that...**
  - **Lobbying does provide expertise**
  - **Lobbying also seems to pull legislation into the direction of those who do the lobbying**
  - **Inequality in who is represented by lobbyists**
  - **On many issues, both sides of issue can mobilize enough to cancel each other out**

# WHO IS SUCCESSFUL?

- **Research frontier**
  - **Problem: Only looks at policy issues that *made it to Congress***
  - **Many proposals/ideas/issues never make it there**

# WHAT DOES LOBBYING LOOK LIKE?

Figure 4: Lobbying Contacts Over Time (South Korea)



- Congress has no role in negotiations early on, but gets lobbied already (esp. more important MoCs)

# WHO IS SUCCESSFUL?

- **Research frontier**
  - **Hard to observe/measure potential bills that never make it on the agenda of Congress**
  - **So difficult to study influence of lobbying**

# SUMMING UP...

- **Evidence to suggest that...**
  - **Lobbying does provide expertise**
  - **Lobbying also seems to pull legislation into the direction of those who do the lobbying**
  - **Inequality in who is represented by lobbyists**
  - **On many issues, both sides of issue can mobilize enough to cancel each other out**
  - **However, large selection bias by studying only issues that make it to Congress**