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Predictors of Interest Group Lobbying Decisions

D. E. Apollonio

Abstract

Both popular opinion and existing research suggest that money is the key predictor of interest group lobbying activity. However, this new research on interest group lobbying argues that the decision to spend money on lobbying is dependent on a range of resources, not just organizational wealth. Using a sample containing organizations that did and did not make lobbying expenditures in the 1998 election cycle, it shows how interest group resources explain differences in lobbying behavior among organizations with similar political goals. Despite the fact that both advocacy groups and labor unions seek electoral goals like getting new legislators into office, advocacy groups are less likely to spend money on lobbying than labor unions. In addition, firms are less likely to spend money on lobbying than trade associations, even though both types of groups primarily seek access to legislators. The availability of interest group resources, such as a committed membership and organizational experience, helps explain these differences in behavior. These findings suggest that fears about the corrupting influence of money on politics may be overstated.

KEYWORDS: Interest Groups, Lobbying

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Popular opinion views interest group lobbying as fundamentally unsavory, and a means by which moneyed groups inappropriately influence government. In contrast, legislators, interest groups, and political scientists view lobbying as a critical component of political representation. These two competing theories most frequently become relevant in discussions of lobbying spending by interest groups. Evidence showing that interest groups spend thousands or millions of dollars on lobbying is often taken as proof that the political system is fundamentally corrupt, because only organizations that are already wealthy can afford to lobby.

However, very little research has shown what leads interest groups to spend money on lobbying in the first place, including the question of whether organizational wealth is a factor. Only a limited number of studies consider the lobbying behavior of organizations, though many attempt to document how much groups spend on campaign contributions (for some exceptions, see Hansen and Mitchell 2000, Hojnacki 1997; Hojnacki and Kimball 1998; Holyoke 2003; Kollman 1998; and Wright 1990). The limited research on lobbying spending is particularly surprising given how much is spent. Before the passage of the 1995 Lobbying Disclosure Act (LDA), which dramatically increased disclosure of lobbying expenditures, lobbying expenditures in the 1986 election cycle were conservatively estimated to be $110 million (Wright 1990), comparable to PAC expenditures of $105 million. After the institution of the 1995 LDA, lobbying expenditures were reported to be almost $2.6 billion in the 1998 election cycle (the first full cycle under the new reporting requirements), compared to $207 million of PAC contributions.[1]

Scholars tend to focus on three explanations for interest group spending on politics: organizational goals, political context and resources. The theory that receives the most attention emphasizes organizational goals. Typically, groups are divided into two types: organizations with access goals and organizations with electoral goals (Sorauf 1992; Herrnson 2000). Access-oriented groups make political contributions in order to build relationships with legislators, in the expectation that those legislators will advocate for the groups' goals (Langbein 1986; Hall and Wayman 1990). In contrast, electorally motivated groups direct their contributions to challengers and candidates for open seats who already support interest group goals, in an effort to change the party in power or the composition of the legislature (Eismeier and Pollack 1988; Gopoian 1984; Humphries 1991; Wilcox 1994). Ample evidence supports the claim that interest group goals affect the contribution levels of political action committees (PACs) formed by corporations and labor unions (Eismeier and Pollack 1988; Endersby and Munger 1992; Epstein 1969; Grier and Munger 1986, 1991, 1993; Grier, Munger, and Roberts 1994; Handler and Mulkern 1982; Masters and Zardoohi 1988).

A second explanation of organizational spending views interest groups as strategic actors that modify their behavior in response to political or environmental context (Jacobson and Kernell 1981; Hansen 1991). Organizations may change the nature or level of their political spending as a reaction to an inauspicious issue environment (Eismeier and Pollack 1986, 1988; Handler and Mulkern 1982), the party holding a political majority (Rudolph 1999; Cox and Magar 1999), legislators' committee assignments (Grier and Munger 1991, 1993; Munger 1989), perceptions of member power (Grentzke 1989) and changes in party positions (Jacobson and Kernell 1981). Interest groups may also change their spending in response to actions of organizations that are active on the same issues (Conybeare and Squire 1994; Gray and Lowery 1997; Hart 2001; Masters and Keim 1985).

Finally, some research considers how group resources affect organizational behavior. Organizational resources are relevant to some kinds of organizational decision-making, particularly regarding the ways that organizations maintain themselves (Baumgartner and Leech 1998; Rozell and Wilcox 1998; Berry 1997; Schlozman and Tierney 1986; Walker 1991; Wright 1996), but very few studies test the relationship between resources and political spending. Studies that consider interest group resources typically restrict the discussion to the relationship between *financial* resources and the level of political spending (Masters and Keim 1985; Wilcox 1989), or to a proxy for financial resources such as the employees or members of an organization who have been solicited for funds (Conybeare and Squire 1994; Delaney et al. 1988; Masters and Keim 1985). Consistent with popular theories about wealth and political corruption, these studies presume that financial wealth translates directly to political spending.

Much of this research fails to consider the extent to which non-financial resources influence strategic behavior. Organizations may have large memberships, special legal status, or useful knowledge, and these kinds of resources may be substitutes for money. It may be more effective for an organization to use members to generate grassroots activity (by having members send letters or make phone calls to representatives) or to draw on specialized knowledge (by testifying at congressional hearings or government panels) than it would be to hire lobbyists. In short, organizations that control non-financial resources may not need to rely on money to gain political influence.

Previous studies of lobbying have addressed this point by considering how non-financial resources affect lobbying tactics. For example, membership resources shape the capacity for grassroots advocacy (Austen-Smith and Wright 1994; Hojackni and Kimball 1999; Wright 1990). Research also suggests that access to coalitions in Washington influences organizational behavior (Berry 1977, 1997; Hojackni 1997; Hula 1995; Ornstein and Elder 1978; Schlozman and Tierney 1986). Collectively, the literature on lobbying illustrates that organizational political behavior is not simply a product of financial wealth but a function of the mix of resources available to an organization.

Theory and expectations

This paper reviews the decision to spend money on lobbying by examining the effect of three different kinds of resources: (1) wealth, (2) membership and (3) experience. In addition, it considers interest group goals as a factor in explaining lobbying spending.

As existing research suggests, the wealthiest organizations should spend the most on lobbying. However, if organizations possess other kinds of resources, such as members or political experience, they may spend less money on lobbying. For advocacy groups, membership is a key resource for gaining credibility among legislators (Wright 1996) and mobilizing grassroots support (Hojackni and Kimball 1999). Groups such as the National Rifle Association (NRA) and the Sierra Club both lobby and mobilize members of their organization during electoral campaigns by sending political mail and newsletters, and contacting members by telephone (Magleby 2002). For these groups, there is a trade-off between spending money on contacting legislators and mobilizing members. The less these organizations spend on communication to inform and excite members, the less support they receive (Delaney et al. 1988). As a result, membership organizations should be less likely to make lobbying expenditures than non-membership groups, which cannot rely on grassroots support.

The type of interest group membership should also affect the decision to hire lobbyists. Membership in an organization can be voluntary or involuntary. Labor union membership is primarily involuntary, because individuals do not usually have a choice to join a union if they pursue certain occupations. Membership dues for labor unions are traditionally deducted automatically from individual paychecks, and these involuntary contributions also make it fairly easy for labor unions to raise money (Wilson 1995). In contrast, membership in a citizen advocacy group is primarily voluntary because individuals choose to join, usually out of a desire to support policy goals.[2] Advocacy groups must solicit dues from existing and potential members who decide for themselves at regular intervals whether or not to support the organization (Wilson 1995). Voluntary membership groups should be less likely to spend money on lobbying because these organizations emphasize mobilizing members. In addition, advocacy groups, when they choose to lobby, may spend less, because many advocacy groups claim nonprofit status, meaning that the amount they can spend on lobbying is limited by tax law.[3]

Organizations without members, primarily firms, have different incentives. Unlike advocacy groups, labor unions, and trade and professional organizations, which are often nonprofit organizations, firms pursue profits by selling products to customers, and their customers do not view themselves as part of the firm. With a few exceptions, the political activities of a firm are irrelevant to the question of whether or not customers buy their products. Most of the time, businesses wish to be left alone politically (Rosenthal 2001), and as a result firms have a limited commitment to lobbying.

The third type of resource is organizational experience. Over time, organizations build political relationships, learn new tactics, and improve their political abilities. Some organizations, such as the American Federation of Labor (now the AFL-CIO), have been active in politics for over a hundred years. Others, like Microsoft, are relative newcomers. Organizations tend to pursue multiple strategies to secure political goals as they age and learn (March and Olsen 1984). As a result, older groups should be more likely to hire lobbyists.

Data and methods

Recent changes in disclosure law regarding lobbying activities offer the ability both to measure lobbying expenditures and to distinguish between in-house and contract lobbying expenditures. Hired lobbyists are often viewed as engaging in a single type of activity. However, groups may purchase at least two major kinds of lobbying[4]: groups can hire their own lobbyists (in-house lobbying), or they can engage the services of a lobbying firm to lobby on their behalf (contract lobbying). In-house lobbying by an organization is a commitment that is less responsive to political context, like whether an important bill is under consideration in a given year, because employees cannot be hired and fired on a month-by-month basis. In contrast, contract lobbying is done by outside firms, which work for a variety of organizations whose needs vary over time, in part due to the fact that some issues appear only rarely on the Congressional agenda. Reviewing reports filed under the 1995 LDA reveals that many organizations contract for lobbying with outside firms in one year, but do not renew these contracts in the next.

Under the Lobbying Disclosure Act of 1995, groups must disclose how expenditures were made. The 1998 election cycle was the first complete election cycle that contains detailed information on organizational expenditures by type of lobbying. This paper reviews the activity of a sample of organizations active in politics at the national level in the 1998 election cycle drawn from *Washington Representatives*[5], which catalogs all interest groups involved in national politics. The ten-percent simple random sample of 1,066 organizations included firms and associations (trade associations, voluntary organizations, professional groups, public interest groups, or labor unions), with each group making up approximately forty-five percent of the data, and governments making up the remaining ten percent.[6] Detailed information on organizational background, resources, and political expenditures was drawn from a range of organizational directories and campaign finance databases.[7]

Organizational revenues serve as the measure for interest group wealth in this analysis. The variable measuring ***revenues*** should be positively correlated with the decision to make lobbying expenditures. In addition, measures of organizational size may be correlated with the decision to spend on lobbying. ***Employee size*** represents the real or potential pool of donors from which a group can seek contributions (Conybeare and Squire 1994), and for a firm, the individuals that might be affected by a particular policy. The number of employees also serves as measure of membership size for associations.[8]

In this analysis, advocacy groups and labor unions are identified as membership groups, and firms are identified as non-membership groups. Since membership activity can substitute for paid lobbying, the variables ***advocacy group*** and ***labor union*** should be negatively correlated with the decision to spend money on lobbying. ***Firms***, however, should be more likely to make lobbying expenditures, and to prefer contract lobbyists. Firms, advocacy groups, labor unions, and trade associations were identified based on their Standard Industrial Classification (SIC) codes, the general accepted measure indicating the type of economic activity that organizations engage in, whether they are for-profit or non-profit.[9] Trade and professional organizations, in addition to social service associations such as civic and fraternal groups, typically occupy theoretical territory somewhere between firms and membership organizations in the discussion of organizational behavior. *As a result*, *trade and professional groups are always used as the reference group in the following analysis*.

Experience was measured by calculating the ***age*** of the organization. Data on organizational age is available from a range of sources, including *Associations Unlimited* and the Securities and Exchange Commission. Interest groups in the sample spanned a wide range of ages, from five years to over 150 years. The size of the interest group ***population*** in the same issue area (which was derived by counting the number of organizations with the same SIC code) served as a control for political context. Individual organizations may make decisions about whether or not to participate based on their expectations about similarly situated organizations (Olson 1965). Some research suggests that groups participate less as the population increases (Conybeare and Squire 1994, Masters and Keim 1985), and other research suggests the opposite effect (Gray and Lowery 1997).

Data for the dependent variable, lobbying expenditures, comes from the Center for Responsive Politics' (CRP) database on all lobbying expenditures reported in the 1998 election cycle under the new reporting restrictions. Comparison data on hard money and soft money spending were taken from Federal Election Commission and CRP databases.

To explain which groups spent money on lobbying, the analysis is divided into two parts. The first part considers whether the group chose to hire lobbyists at all, and more specifically, whether organizations retained in-house lobbyists or contract lobbyists. The second part identifies the level of lobbying expenditures using OLS regression for groups that had hired in-house lobbyists.[10] The level of spending on contract lobbying is not discussed in this paper.[11]

Characteristics of lobbying expenditures

Overall, interest groups of almost every type spent dramatically more on lobbying than they did on campaign contributions. Table 1 shows the distribution of political spending by type of organization. Consistent with expectations about the importance of interest group goals, the kinds of organizations most likely to care about access to legislators were also the organizations that made lobbying the largest share of their political spending. Firms, trade associations, and professional groups all directed more than three-quarters of their political spending on lobbying, rather than on contributions to candidates or political parties. In contrast, labor unions and, to a lesser extent, advocacy groups concentrated a larger share of their resources on campaign contributions, and a smaller share on lobbying.

Table 1. Distribution of average political spending, by organizational type

	Lobbying		*Hard Money*		*Soft Money*	
Firms	$283,000	85%	$27,000	8%	$21,000	7%
Trade Associations	$440,000	90%	$37,000	8%	$10,000	2%
Professional Groups	$143,000	75%	$46,000	24%	$600	1%
Labor Unions	$413,000	34%	$694,000	57%	$115,000	9%
Advocacy Groups	$222,000	63%	$127,000	36%	$4,000	1%

N=1066. Source: 1998 election cycle lobbying expenditure data from the Center for Responsive Politics (CRP) website; classification of groups drawn from author compilation of organizational characteristics drawn from a variety of sources listed in the text. Data exclude governments and social service agencies.

These descriptive data suggest the importance of interest group goals in affecting lobbying behavior. They also point to the relatively large share of political spending represented by lobbying, relative to other forms of political spending. Despite the traditional research focus on hard money contributions by political action committees to measure interest group activity, the overwhelming majority of groups direct their most of their money toward lobbying, rather than campaign contributions.

More than half of the organizations considered spent money on some form of lobbying, but the percentage of participating groups changes dramatically by organizational type. Firms were most likely to make lobbying expenditures, with 57% spending, while only a third of advocacy groups made lobbying expenditures. As expected, contract lobbying was far more popular than in-house lobbying. However, the emphasis on contract over in-house lobbying was not consistent across all kinds of groups. In Table 2, organizations are listed by type, ranging from those most commonly engaging in lobbying spending to those that were least commonly observed lobbying; in order, these are firms, trade associations, professional groups, labor unions, and advocacy groups.

Table 2. Characteristics of the lobbying population, 1997-1998

All organizations	*Percentage lobbying*	*Percentage hiring in-house lobbyists*	*Percentage hiring contract lobbyists*
Firms	57%	13%	55%
Trade Associations	55%	31%	46%
Professional Groups	46%	21%	35%
Labor Unions	40%	40%	20%
Advocacy Groups	33%	17%	24%
All organizations	*51%*	*16%*	*46%*

Participants only	*Mean lobbying spending*	*Mean in-house lobbying spending*	*Mean contract lobbying spending*
Firms	$497,521	$1,268,857	$211,840
Trade Associations	$806,315	$1,111,055	$216,616
Professional Groups	$309,591	$466,301	$127,857
Labor Unions	$1,031,250	$1,002,500	$57,500
Advocacy Groups	$680,531	$1,110,617	$146,483
All organizations	*$489,050*	*$1,013,702*	*$182,605*

N=1066. Source: 1998 election cycle lobbying expenditure data from the Center for Responsive Politics (CRP) website; classification of groups drawn from author compilation of organizational characteristics drawn from a variety of sources listed in the text. Data exclude governments and social service agencies.

Again, these results are consistent with expectations that suggest that access goals lead groups to lobby. Paid lobbying is a means to contact sitting legislators, rather than a strategy that can advance electoral goals. As anticipated, a higher percentage of firms hired contract lobbyists than any other kind of organization; over half of the firms in the sample had hired contract lobbyists. However, firms were also the least likely to engage in-house lobbyists; only about one in ten (13%) did so. Labor unions showed the opposite pattern, with 40% retaining in-house lobbyists, and only 20% retaining contract lobbyists.

Turning to the level of lobbying spending, although more firms hired lobbyists than any other kind of organization, firms that did make lobbying expenditures spent less than almost any other kind of organization, with an average spending level of less than a half-million dollars among participating firms. Only professional groups, with average spending of approximately $310,000 among participants, spent a lower amount. Participating labor unions spent the most, an average of over one million dollars apiece in the 1998 election cycle.

The average spending by groups that engaged in in-house lobbying was more than five times higher than the average spending of groups that engaged in contract lobbying. In addition, with the exception of professional groups, the level of in-house lobbying spending was relatively constant across participating organizations. Groups that engaged in-house lobbyists spent an average of over a million dollars each. Contract lobbying expenses varied, but were less than the amount spent on in-house lobbying expenses for every type of interest group. The scope of these expenditures ranged from less than $60,000 for labor unions to over $215,000 for professional groups.

Building on the descriptive data, a logit regression was used to test whether the decision to lobby reflected differences in organizational resources such as wealth, membership, and political experience, as well as a measure of political context.[12] Although the sample size is small, the model correctly classified two-thirds of cases. Given existing theoretical claims and the descriptive data, it seemed likely that advocacy groups would be less likely to lobby than other kinds of organizations. As anticipated, the decision to make lobbying expenditures depended primarily on membership characteristics. Advocacy groups were significantly less likely to make lobbying expenditures than other types of organizations.

Labor unions, however, were just as likely to make lobbying expenditures as a baseline trade or professional organization. This result is inconsistent with research suggesting that organizational goals affect whether or not groups lobby. As discussed above, this finding suggests that organizational resources, such as the voluntary nature of membership in an advocacy group, are also relevant to interest group decision-making. Members that can be easily mobilized offer the best alternative to paid lobbyists.[13] The findings in Table 2 revealed that a high percentage (40%) of labor unions hired in-house lobbyists, relative to advocacy groups (17%). Labor unions, thanks to a less ideological relationship with their membership, may have a need for in-house lobbyists, unlike many advocacy organizations. One theory, discussed above, predicts that organizational behavior can be explained by whether or not groups pursue electoral goals, and assumes as a result that labor unions and advocacy groups will engage in similar activities. However, these groups' different memberships appear to be at least as much of a factor in predicting their behavior.

Advocacy groups are far less likely to hire lobbyists than other kinds of organizations. However, it also appears that firms are less likely to use in-house lobbyists than comparable trade and professional organizations. Based on the logit coefficients in the model, the baseline trade and professional organization in the sample had a 43% probability of engaging in-house lobbyists, and firms had a 30% probability of doing so, compared to only 15% of advocacy groups. In contrast, firms were more likely to engage contract lobbyists than other kinds of organizations. Trade and professional organizations had a 47% probability of engaging contract lobbyists, but the probability of a firm doing so was 74%, an increase of over one-half. The preference of firms for contract lobbying and against in-house lobbying was obscured in the analysis of total lobbying spending. It is critical to distinguish the type of lobbying to assess the importance of organizational resources. Once again, interest group goals appear to tell only part of the story. Firms behave like trade and professional organizations in the analysis of overall spending, but needing access to legislators is not the sole factor explaining lobbying behavior.

Hiring in-house lobbyists requires that interest groups make a long-term commitment to their employees and to trying to influence the legislature. This commitment is reflected in the expectation that organizations will be more likely to hire in-house lobbyists as they age. As anticipated, experienced organizations were far more likely to hire in-house lobbyists than inexperienced organizations. An organization that was ten years old had a 27% chance of engaging in-house lobbyists, and an organization with 50 years of history behind it had a 34% probability of using its own in-house lobbyists, an increase of nearly a third. Similarly, an organization with 100 years of experience increased its probability of engaging in-house lobbyists to 44%.

Non-financial resources are clearly not the only factor affecting lobbying spending, but these results suggest that such resources have an important influence on interest group decisions. Both the popular expectation that underlying wealth drives lobbying spending and the research expectation that lobbying spending is driven by organizational goals are incomplete. Proposed legislative changes often affect a wide variety of organizations, but despite the fact that millions of interest groups are affected by proposed or actual changes in

Table 3. Predictors of the decision to make lobbying expenditures

	All lobbying	***In-house lobbying***	***Contract lobbying***
	Coefficient (s.e.)	*Coefficient (s.e.)*	*Coefficient (s.e.)*
Revenues (in billions of dollars)	0.053	0.052	0.056
	(0.071)	(0.039)	(0.063)
Employees (in thousands)	-0.004	-0.013	-0.012
	(0.027)	(0.016)	(0.023)
Firm (dummy variable)	0.605	-0.602*	1.21***
	(0.402)	(0.365)	(0.39)
Labor Union (dummy variable)	-1.109	-0.56	-0.392
	(1.24)	(1.272)	(1.243)
Advocacy Group (dummy variable)	-1.332***	-1.535***	-0.905**
	(0.434)	(0.566)	(0.448)
Organizational Age (dummy variable)	0.001	0.009**	-0.004
	(0.004)	(0.004)	(0.004)
Population (in millions of groups)	2.192	-2.527	2.656
	(2.554)	(2.466)	(2.602)
Constant	0.225	-0.599	-0.229
	(0.358)	(0.354)	(0.357)
N	241	241	241
Log Likelihood	-146.71	-146.7	-149.75
Pseudo R^2	.09	.07	.10

Note: Figures are logit regression coefficients (Stata-generated). Dependent variable is whether an organization made lobbying expenditures. * $p<.10$ ** $p<.05$ *** $p<.01$
Source: 1998 election cycle lobbying expenditure data from the Center for Responsive Politics (CRP) website; classification of groups drawn from author compilation of organizational characteristics drawn from a variety of sources listed in the text. Data exclude governments and social service agencies.

the political environment, only a few thousand groups ever attempt to influence legislators by hiring lobbyists. Measures of non-financial resources suggest why certain groups spend money on politics while other groups do not.

Moreover, focusing on non-financial resources helps explain why groups with similar goals behave differently. Organizations with resources such as a committed membership that can be mobilized to contact legislators directly are less likely to hire lobbyists. In contrast, organizations that have more experience are more likely to hire their own lobbyists. Finally, consistent with their relatively limited and occasional interest in politics, firms are most likely to engage contract lobbyists.

The factors that explain the decision to spend money on lobbying may also have an effect on the level of spending, at least for in-house lobbying. As discussed above, two types of resources should be positively correlated with the level of spending on in-house lobbying: capital and membership. An OLS regression considered the factors that affect the level of spending (the dependent variable is spending in dollars) on in-house lobbying, including only organizations that made such lobbying expenditures. The results, which are presented in Table 4, suggest that both wealth and membership influence the level of lobbying spending. As organizational revenues increase, groups spend more on in-house lobbying. For every additional billion dollars in revenue possessed by an organization, it spends slightly more than $60,000 more on in-house lobbying. However, as noted above, the level of underlying financial resources possessed by an interest group does not appear to affect the decision to hire lobbyists.

Surprisingly, advocacy organizations that engaged in-house lobbyists spent significantly more than other kinds of organizations. These participating advocacy groups spent almost $1.5 million more than a comparable trade or professional association. This result is inconsistent with the expectation that advocacy groups would spend less due to the tax restrictions on the level of lobbying spending by nonprofit groups. The most likely explanation for this result is the relevance of organizational goals. Advocacy organizations are seen as having electoral goals because they are more likely to focus on polarizing single issues. The relatively high level of expenditures once groups choose to spend may reflect the difficulty of changing the minds of legislators about controversial issues such as abortion and gun rights. When advocacy groups do commit to paid lobbying, they commit far more resources to the task than organizations that focus on economic issues do. However, although advocacy groups and labor unions share electoral goals, they do not make comparable levels of lobbying expenditures.

Table 4. Predictors of the level of in-house lobbying spending

Independent variable	*Coefficient (s.e.)*
Revenues (in billions of dollars)	\$60,489**
	(24,991)
Employees (in thousands)	\$16,533
	(15,759)
Firm (dummy variable)	\$-699,887
	(535,964)
Labor Union (dummy variable)	\$1,358,247
	(1,691,571)
Advocacy Group (dummy variable)	\$1,468,882*
	(839,736)
Organizational Age (in years)	\$1,173
	(4,872)
Population (in millions of groups)	\$-4,408
	(3,602)
Constant	\$1,031,497**
	(439,865)
N	87
R^2	0.22

Note: Figures are OLS regression coefficients (Stata-generated). Dependent variable is how much an organization spent on in-house lobbying. * p<.10 ** p<.05 *** p<.01
Source: 1998 election cycle lobbying expenditure data from the Center for Responsive Politics (CRP) website; classification of groups drawn from author compilation of organizational characteristics drawn from a variety of sources listed in the text. Data exclude governments and social service agencies.

Discussion

Considering non-financial organizational resources effectively predicts some of the lobbying behavior of interest organizations, and helps identify the subset of groups that invest in short- and long-term efforts to influence government. Political threats faced by organizations may inspire them to become involved in politics, but the availability of all kinds of organizational resources suggest why certain organizations that face threats mobilize while other organizations facing the same threats do not. Membership affects the type and level of lobbying activity. Firms are less likely to commit to hire their own lobbying staff, preferring instead to rent expertise by retaining contract lobbyists.

In contrast, although advocacy groups are less likely to make lobbying expenditures than other organizations, when they do, they spend more on in-house lobbying efforts than other kinds of organizations. Most of the lobbying expenditures by advocacy groups are made by wealthy organizations, and their commitment to high levels of spending suggests that they may find it difficult to convince legislators to change their opinions on controversial issues. Although organizations that are active on controversial issues may find it difficult to change the minds of legislators, Wright (1996) notes that effective interest group lobbying often consists of informing legislators about constituent preferences, and convincing them that action on a particular issue would be politically popular. The actions that advocacy groups must take to make this case (such as running opinion surveys and developing grassroots campaigns) are frequently quite expensive.

Confirming the conventional wisdom about wealthy organizations that face no contribution limits, money is an important factor in predicting the level of lobbying spending. While this conclusion may seem obvious[14], this analysis makes an important distinction between the decision to engage in lobbying and the level of expenditures that is not often considered in research on political spending. Organizational wealth, although important, affects the level of interest group spending rather than the decision to lobby in the first place. It appears that non-financial resources provide a substitute for paid lobbying in some circumstances, although the availability of non-financial resources does not necessarily decrease the likelihood that organizations will retain paid lobbyists. Although membership organizations that engage in political activity may be less likely to spend money on lobbying, interest groups with greater experience are more likely to do so.

The results provided here increase the understanding of interest group behavior in a relatively unconstrained political spending environment. Popular literature on interest group lobbying concentrates on the risk of corruption, typically claiming that organizational wealth drives lobbying behavior. Political scientists, in contrast, tend to focus primarily on the relevance of interest group goals to explain lobbying behavior. However, both these common theories of organizational behavior neglect the importance of non-financial resources. Considering non-financial resources offers a much more accurate picture of why some interest groups lobby while other organizations do not. Moreover, recognizing the importance of non-financial resources suggests that concerns about the corrupting influence of money on politics may be overstated. Organizational wealth is not the only factor that leads groups to lobby legislators, and groups that have less money are not necessarily excluded from legislative decision-making.

[1] Lobbying expenditures do not constitute all lobbying activity; and only expenditures than exceed $10,000 annually must be reported, meaning that a fair amount of small scale and grassroots lobbying is not considered. However, most lobbying activity is undertaken by a small subset of lobbyists (Hrebenar 1992; Rosenthal 2001), and in practice many of these lobbyists report contracts of less than $10,000.

[2] Membership might include some material inducements to join, but the decision to leave an advocacy group can usually be made without incurring substantial costs, such as losing a job.

[3] Nonprofit groups can spend up to 20% of their first $500,000 in expenditures on lobbying, after which the percentages that may be devoted to lobbying decrease as expenditures increase.

[4] Hrebenar (1992) classifies lobbyists into five different categories: contract, in-house, governmental, citizen, and "hobbyist" lobbyists; classifications that incorporate the nature of the interest group and the type of lobbyist. This paper classifies interest groups by type and excludes unpaid lobbying; the remaining distinction is whether lobbyists work on contract or in-house.

[5] The source of these data, *Washington Representatives*, is appropriate to an analysis of lobbying (Salisbury et al 1987; Schlozman 1984). The ability to identify organizations that lobby was increased by the recent passage of the 1995 LDA; over sixteen percent of the organizations listed in 1997 were identified exclusively through their registration under the act. Half of the organizations listed reported lobbying expenditures in the 1998 election cycle. Although the universe of all organizations would be a superior source from which to draw a sample, sources that claim to provide such information are both incomplete and prohibitively expensive.

[6] Governments were excluded from consideration because the variables used in this analysis, as well as in prior research, cannot be applied to governments.

[7] Background information on corporations was drawn from Securities and Exchange Commission filings, and from public information on firms posted to online business directories. Background information on associations (such as founding date, activities, issue areas, membership, dues, total budget, employees) was drawn from *Associations Unlimited*. In addition, public information provided by the organizations themselves was added when it was available.

[8] The majority of associations hire staff to perform political work, and staff size increases with the size of membership, though there are some economies of scale for larger groups. Attempting to simply count the number of organizational members is problematic. Not all organizations have members, making comparisons across groups difficult, and many organizations report membership figures that include both other organizations and individuals, though these two types of members are not comparable. Groups that have other organizations as members frequently report lower memberships than groups with individual members, though organizational members may have individual members themselves. Finally, membership figures reported by interest groups are frequently inflated.

[9] Advocacy groups were classified by their issue area based on secondary SIC codes, or primary NAICS (North American Industrial Classification System) code. Trade associations were identified by their 4-digit SIC code, as were labor unions and professional organizations.

[10] The two part model is discussed in detail in Manning et al. (1987), which compares it to sample selection models and favors the former. Later research by Leung and Yu (1996), although noting weaknesses in the earlier research, points to the strength of this model under certain conditions, and it appears to be the appropriate choice for these data.

[11] Because contract lobbying can be done on an ad hoc basis, by organizations that may only participate occasionally in politics, the predictor of spending on contract lobbying should be political context rather than organizational resources. Unfortunately, there are very few accepted

measures of what constitutes political context that apply to interest groups themselves rather than to the recipients of hard money contributions, and establishing such a set of measures would be beyond the scope of a single paper. Also, the levels of expenditures reported on contract lobbying are different in character from the levels of expenditures reported for in-house lobbying. Contract lobbyists must report all their income from lobbying, but organizations that engage in in-house lobbying estimate lobbying expenditures if they do not spend all of their time lobbying (implying some ambiguity about the percentage of overhead expenses attributable to lobbying). Variance in the level of expenditures on in-house lobbying is probably much greater than it is for contract lobbying, and even an implicit comparison between spending levels for each type of activity is suspect. When resource variables were tested as predictors of spending on contract lobbying, none were significant.

[12] Complete data were not available for all groups in the sample; in particular, many groups did not provide their founding date, and some provided no revenues. However, the groups included varied widely on the characteristics measured. If there is bias in the sample, it should reflect the inclusion of older organizations, suggesting that the true size of any age effect will be attenuated.

[13] Membership groups and firms may view what they must disclose differently, becausegroups must report lobbying spending, but not spending on education. Membership groups may perceive some of their lobbying to be education, while firms may be more willing to view all of their activities as lobbying. This is consistent with the expectation that advocacy groups will spend less to retain nonprofit status. However, this effect is most likely to lead to membership groups underreporting their *levels* of lobbying expenditures, rather than failing to report that they made expenditures on lobbying at all. As a result, this effect, if it exists, should not bias the results.

[14] As Tversky and Kahneman (1971) note, researchers also tend to accept theoretically intuitive results as proven after only limited study, underestimating the value of replicating prior study results. However, few studies have attempted to explain the relationship between organizational revenues and spending.

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