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**ARTICLE:** CORPORATE CAMPAIGN CONTRIBUTIONS, REPEAT GIVING, AND THE REWARDS TO  
LEGISLATOR REPUTATION \*

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**SUMMARY:**

... One of the reasons for the lack of empirical work is the difficulty of developing a convincing proxy for clarity and consistency of a politician's positions and relating this proxy to some measure of "success." ... The approach outlined above suggests that the frequency with which PACs continue to contribute to the same legislator over multiple electoral cycles provides a proxy for the extent of reputational development. ... Seniority is our proxy for the extent of repeat dealing, hence opportunities for reputation building, that a legislator has been able to undertake with PACs. ... Consistent with reputation building, the correlations of seniority and our proxy for reputational development are positive and statistically significant. ... The dependent variable that proxies for the reputational development of legislator  $i$  in period  $t$  is the percentage of repeat PAC givers to that legislator ( $\text{Repeat}[it]$ ). ... When we substitute the change in a legislator's adjusted ADA score for repeat giving in the regressions in Table 2 (not reported here), Log of House Seniority has a negative and statistically significant coefficient. ... Each specification of the PAC contribution equation includes committee seniority, so the effects of repeat giving are estimated holding seniority constant. ... In addition, since there may be a concern that seniority could be another proxy for a legislator's power, we control for seniority in the PAC contribution regressions and thereby isolate the independent effect of repeat giving on the level of contributions. ...

**HIGHLIGHT:** Are politicians who follow a strategy of reputational development rewarded with high levels of corporate campaign contributions? Reputational clarity could help to reduce uncertainty about a candidate and lead to greater campaign contributions from favored interests. Alternatively, such clarity could alienate those who disagree and prevent the politician from obtaining contributions from groups on both sides of an issue. We outline an approach that considers conditions under which a politician would or would not prefer reputational development and policy-stance

#### *D. Alternative Hypotheses and Robustness*

Each specification of the PAC contribution equation includes committee seniority, so the effects of repeat giving are estimated holding seniority constant. Under the alternative hypothesis of expertise building rather than reputation building, higher levels of contributions would be the reward for greater expertise, as proxied by seniority, not for greater reputation, as proxied by repeat giving. The coefficients on committee seniority are not statistically significant in the fixed-effects regressions, but they are statistically significant and positive in the specifications without fixed effects. These results thus provide mixed support for the expertise-building hypothesis.

Each specification also includes the committee chair and leadership position indicators, so the effects of repeat giving are estimated holding constant the proxies for institutional power. The coefficients on the committee chair and leadership position indicators are positive and statistically significant in all specifications. The more powerful legislators thus can raise more PAC money than their less powerful brethren in the House.<sup>53</sup> In addition, since there may be a concern that seniority could be another proxy for a legislator's power, we control for seniority in the PAC contribution regressions and thereby isolate the independent effect of repeat giving on the level of contributions.

To control for another aspect of power that could affect contribution patterns, we include an indicator for whether the legislator was a member of the majority party in the House (but do not report the results in Table 3). When we include a majority party status indicator that equals one in each period for which a legislator is in the majority party and zero otherwise, this variable is positive and statistically significant. Consistent with the study by [\*64] Gary Cox and Eric Magar,<sup>54</sup> there appears to be a fundraising benefit for members of the party that controls the House. The inclusion of this variable, however, has no effect on the other estimates, except for party affiliation, which becomes statistically insignificant.<sup>55</sup>

The strength of the challenger, as measured by the amount of his or her contributions, is related to higher contributions for the incumbent. Given the simultaneity problems associated with this variable, one must be cautious in interpreting the coefficient.<sup>56</sup> Including this proxy for demand for contributions by the incumbent in columns 2 and 4, however, has almost no effect on the magnitudes or levels of statistical significance of the other variables.<sup>57</sup> The coefficient on the legislator's percentage of the vote in the previous election is negative but statistically significant in only the specifications without fixed effects.

Although the level of PAC contributions may be affected by expertise building, institutional power, and the responses of an incumbent to a strong challenger, the positive relationship between repeat giving and the level of PAC contributions is robust to the inclusion of proxies for these other factors.

#### V. CONCLUSION

This paper addresses a long-standing theoretical controversy about whether legislators prefer to develop clear reputations concerning their policy positions. We develop a theory that allows us to distinguish between the reputation-building and alternative hypotheses by examining the pattern of interest group campaign contributions to legislators. The committee system of Congress offers the potential for repeated interactions, reputation building, and long-term relationships between interest groups and members of the relevant committees. As length of service on a committee grows, a legislator has more opportunities, if he or she so chooses, to reduce uncertainty about his or her policy stances. The percentage of repeat givers to a legislator provides a proxy for the extent of reputational development.

We find that the percentage of repeat givers to a legislator increases with seniority on his or her committee assignments. These results support a model [\*65] in which legislators use their committee memberships as ways to engage in repeat dealing with special-interest groups and thereby develop reputations for reliability in supporting particular policy positions. The percentage of repeat givers declines when the probability of termination of the legislator-PAC relationship rises. In other words, when a legislator is likely to leave office, the reputation building

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