LOBBYISTS AS MATCHMAKERS IN THE MARKET FOR ACCESS

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Abstract. Lobbyists provide access to policymakers, but little is known about how they allocate their access across various special interests and what role they play as intermediaries. This paper sheds light on these questions by using a unique dataset on lobbying contacts from reports mandated by the Foreign Agent Registration Act. First, we provide evidence that lobbyists with whom a politician has prior connections in Congress as a colleague or an employer have a disproportionately large amount of access to that politician. Second, although lobbyists receive monetary premiums from contacting politicians with whom they are connected, they do not always contact those politicians, depending on their clients' circumstances. The probability and frequency of such contacts increase if the foreign client's country becomes a temporary member in the UN Security Council and has recently increased its volume of arms imported from the US.

1. Introduction

Access to politicians is one of the most important and scarce resources sought after in the lobbying process (Langbein 1986; Hansen 1991; Austen-Smith 1995; Lohmann 1995; Wright 1996; Austen-Smith 1998; Cotton 2012; Kalla and Broockman 2016; Powell and Grimmer 2016). Lobbying firms often intermediate between interest

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groups and politicians, although the majority of the existing literature does not distinguish lobbying firms from special interest groups (e.g., Grossman and Helpman 2001; Cotton 2009, 2012). Although there is a growing literature on lobbyists and lobbying firms, both theoretically (Ainsworth 1993; Stephenson and Jackson 2010; Groll and Ellis 2014; Hirsch and Montagnes 2015) and empirically (Blanes i Vidal, Draca, and Fons-Rosen 2012; Bertrand, Bombardini, and Trebbi 2014), little is known about how they allocate political access to special interests, mainly due to the lack of detailed data on lobbying contacts.

We address this question by using lobbying filings mandated by the Foreign Agent Registration Act of 1938 (FARA). Most empirical studies on lobbying are based upon domestic lobbying reports under the Lobbying Disclosure Act of 1995 (LDA), which do not include lobbying contact information. On the other hand, the FARA requires that lobbyists representing foreign entities submit a semi-annual report detailing all lobbying contacts to individuals in the US government, the media, and other institutions, including information on who, when, why, and how those contacts were made. This comprehensive lobbying contact data, along with data on foreign countries and lobbyists' career histories, enables us to systematically study the allocation of political access. Because many well-known lobbying firms representing domestic clients also represent foreign entities under FARA, the conclusions of our study could have general implications for the US lobbying industry. Furthermore, since foreign interests often tend to be indirectly related to the interests of domestic constituents, data on foreign lobbying can provide a unique opportunity to study special interests.

Based on the records of more than 10,000 contacts to 640 members of Congress and their staffers by 93 lobbying firms on behalf of 70 foreign government clients during 2007–2010, we find that access to politicians is concentrated on and granted to a small number of lobbying firms. During the period of our study, members of Congress and their staffers had phone calls or meetings with 2.3 lobbying firms per year on average. Focusing on contacts made directly to members of Congress (as opposed to their staffers), this number falls to 0.99. We also provide anecdotal evidence showing that three lobbying firms hired by the government of South Korea to lobby on the same issue, the Free Trade Agreement with the US, contacted different sets of politicians with very little overlap.

We then show that a lobbyist's connections to a politician - which we define as formed in previous Congresses as a colleague (if the lobbyist is an ex-Congressperson or ex-Senator) or as a staffer (i.e., the lobbyist is an ex-staffer of the politician) -

are significantly correlated with access to the politician. First, they are associated with an increase in both the quantity and the quality of contacts to that politician. These patterns are most apparent among those having a leadership role or serving on the House Foreign Affairs (HFA) or the Senate Foreign Relations (SFR) committee. Second, lobbying firms receive a semi-annual premium of 4.6%, or $12,849, per contacted politician when the politician is connected to one of the lobbyists in the firm, in addition to a 0.8 to 1% fee increase per any contacted politician. Our estimates of the lobbying fee premium associated with connections are comparable to the existing estimates (Blanes i Vidal, Draca, and Fons-Rosen, 2012; Bertrand, Bombardini, and Trebbi, 2014), although those studies do not use contact information.

Our key finding is that when a lobbying firm has multiple clients, its lobbyists tend to contact a different set of policymakers on behalf of each client, depending on the client's attributes and its lobbying issues. Although connections are a good indicator for a contact to a politician by a lobbyist, the extent to which the lobbyist contacts his/her connected politicians greatly varies by the identity of the client. By exploiting the variations in the identity of clients within a lobbyist, we find that lobbyists are more likely to contact their connected politicians when the foreign client gains a temporary membership in the United Nations Security Council or has imported a large volumes of arms from the US. These results are consistent with a conjecture that contacts to connected politicians are not random, and they reflect a heightened likelihood that their outcomes are fruitful to either or both the client and the politician.

Our paper makes two main contributions. First, to our knowledge, this paper is the first to use comprehensive data on lobbying contacts to study the allocation of political access to special interests. Some studies have relied on interviews with legislators and lobbyists (Wright, 1990; Hojnacki and Kimball, 2001), but the shortcomings to measuring access by using surveys include non-randomness in response rates. Alternatively, revolving-door career histories or campaign contributions have been used to indirectly measure lobbyists' political access (Blanes i Vidal, Draca, and Fons-Rosen, 2012; Bertrand, Bombardini, and Trebbi, 2014). Compared to the existing empirical studies suggesting that interest groups buy access to politicians *directly* by campaign contributions (Herndon 1982; Langbein 1986; Wright 1990; Kalla and Broockman 2016), our study is unique in that we look at the contacts made by lobbyists who allocate their political access to their (multiple) clients.

Second, we document suggestive evidence that lobbyists with political connections play an important matchmaker role in determining which special interests obtain

which policymakers' attention. We find that a lobbyist often contacts different politicians for different clients, and she does not seek the ear of her connected politicians for all of her clients, depending on the client's circumstances. Our findings imply that contacting her connected politicians on behalf of an additional client may *decrease* her total payoff while increasing revenues from that client. This may explain why connections matter in generating lobbying revenues: the ability and willingness to winnow clients for her connected politicians helps the lobbyist maintain and strengthen access to those politicians.

2. Data

2.1. **Foreign Agent Registration Act.** The Foreign Agent Registration Act (FARA) regulates lobbying activities of foreign entities in the United States. FARA was enacted in 1938 in an attempt to prevent the influence of Nazi propaganda on US public opinion (Waters, 1988). Under FARA, any person who represents the interests of a foreign entity or principal by "engaging in political activities, acting as public relations counsel, soliciting money for the foreign principal, dispensing contributions, and representing the principal before any agency or official of the government" is defined as a "foreign agent" (Atieh, 2010). These foreign agents are mandated to be registered and to submit semiannual lobbying disclosure reports.

We study lobbying activities in the FARA reports, as opposed to the more recently-enacted Lobbying Disclosure Act (LDA) reports, for the following three reasons. First, the LDA requires that lobbyists disclose the names of the government bodies they contact, but it does not require them to specify any further details about their lobbying contacts. Unlike the LDA, the reports under FARA list detailed information on lobbying contacts. Each contact record specifies (i) the name of the contacted individual, (ii) the method by which the individual was contacted (phone call, email, in-person meeting, etc.), and (iii) the issues discussed with the contact.[1] Second, foreign lobbying issues, such as foreign aid or US military deployments overseas, are less likely to affect the interests of the general public than domestic lobbying issues. Therefore, foreign lobbying data are useful to study the politics of special interests, which are not often directly related to domestic constituents' interests. Third, non-compliance—such as missing reports or false statements on reports—is punished more stringently by FARA than by LDA. While a violation of the LDA is considered a civil

[1]Figure A1 in the Appendix provides an excerpt from a lobbying report regarding contacts as an example.

offense, violations of the FARA are criminal and penalties for noncompliance for the latter are up to five years' imprisonment and a $5,000-$10,000 fine (Atieh, 2010).

The Justice Department has made the FARA reports public as online image files, and ProPublica and the Sunlight Foundation have transcribed some of the lobbying reports into text files. We transcribed additional lobbying reports to expand the period of study.[2] In doing so, we manually extracted all contact records from the image files of the FARA reports, and for each contact, we identified the contacted individuals and the lobbying issue(s) based on the written description by the contact.

Although we focus on foreign lobbying, the conclusions of our study could have general implications for the US lobbying industry. First, out of 93 unique lobbying firms that represented foreign governments in our data, a large fraction of them (61 firms) represented domestic clients in addition to their foreign clients.[3] Second, out of 27 domestic lobbying firms that reaped at least $10 million per year during the period in question, 12 had at least one foreign government as a client.

2.2. **Legislative Lobbying by Foreign Governments.** We study the lobbying activities of foreign governments, as opposed to foreign businesses.[4] We focus on lobbying firms' activities regarding legislative issues during 2007 through 2010, covering two Congresses (the 110th and the 111th Congresses).[5] To do so, we analyze all lobbying reports that include congressional contacts via phone calls or in-person meetings. In these reports, we identify 20,606 records of contacts between lobbyists and the US policy community, consisting of contacts to members of Congress (73.5%), the executive branches of the federal government (18.8%), the media (2.9%), and others (4.8%) such as members of think tanks, labor unions, firms, universities, and non-profit organizations. We do not consider sending emails or attending the same fundraising or cultural event as contacts, since they are most likely to be one-sided. In total, there

[2]The lobbying reports can be found at `http://www.fara.gov`; the FARA data project by ProPublica and the Sunlight Foundation is currently discontinued. Initially, they transcribed the foreign lobbying reports from August 2007 through December 2010. We complemented their dataset by adding all reports submitted between January 2007 through July 2007 and some missing reports in the ProPublica-Sunlight Foundation dataset. We identified these missing reports by comparing them with the FARA website reports.

[3]Table A1 in the Appendix provides summary statistics on the lobbying firms in our sample by their registration status with the LDA.

[4]After Congress passed the LDA in 1995, foreign businesses with subsidiaries in the US have been allowed to report their lobbying activities via the LDA, instead of through FARA. As a result, most of the foreign entities that submitted reports under FARA since 1995 are foreign governments.

[5]Although some foreign governments hire in-house lobbyists, their activities seem relatively limited regarding lobbying contacts. In our dataset, 94.3% of lobbying contacts were made by lobbyists in lobbying firms, while the remainder was by in-house lobbyists.

are 676 reports of lobbying activities submitted by 98 lobbying firms on behalf of 70 foreign governments in the data.[6]

Most of our analyses in this paper are at the lobbying firm level, as opposed to the lobbyist level, because (1) the list of the lobbyists representing a particular client is not provided, while the full list of lobbyists registered under the FARA for a given period is available; and (2) the identity of the lobbyist who made a particular contact is not always available. However, among the 11,225 contacts made to members of Congress and their staffers in our data, we have identified the lobbyists who collectively made 43% (4,832) of the contacts. The results of Section 4 are presented both at the firm and the lobbyist level, and the latter is based on these contacts.

A foreign government that hired a lobbying firm to contact members of Congress during the period of study spent on average $2.57 million over the four years, or roughly over half a million dollars per year.[7] This amount does not include fees to other lobbying firms for legal advice, exclusively media or executive lobbying, or in-house lobbying expenditures.[8] On average, the foreign governments that engaged in legislative lobbying hired three lobbying firms to contact 54 members of Congress during the period of study. Frequent lobbying issues, as retrieved from the descriptions on each lobbying contact in the reports, included security or military-related issues such as US military deployment, arms sales, and nuclear nonproliferation; and trade issues, especially regarding a variety of tariff and trade pacts; and foreign aid.

2.3. **Lobbyists' Connections.** We define a lobbyist as having *connections* to a politician if he/she satisfies either of the following conditions: (i) he/she was a staffer of the politician; or (ii) he/she was a same-party colleague of that politician in Congress *and* he/she made campaign contributions to that politician. We then define that a lobbying firm is *connected* to the politician if it hires a lobbyist with connections to that politician.

Our definition can be considered an extension of its counterpart in Blanes i Vidal, Draca, and Fons-Rosen (2012). In that paper, the authors focused only on condition (i) of our definition only. Condition (ii) of the definition is necessary to account

[6]Lobbying firms submit one semiannual report for all foreign clients. The number of physical reports in our sample is 427; by separating the reports at the client level, our total number of reports is 676.

[7]See Table A2 in the Appendix for summary statistics on foreign governments' lobbying activities. In the table, we also provide summary statistics of various country attributes by lobbying participation status.

[8]The foreign governments in our dataset paid their lobbying firms $184 million in total during the four years from 2007 through 2010. The total lobbying expenditure by all foreign governments during the same period, including expenditures by in-house lobbyists, was $821.5 million.

for the 51 out of 1,013 lobbyists in the FARA reports we studied who had served as members of Congress before becoming lobbyists. Because the reelection rate is high in Congress, a significant number of the previous same-party colleagues of some of these politicians-turned-lobbyists were still in Congress during the period of study. For example, some lobbyists in our data are same-party ex-colleagues of as many as 298 of the sitting members of Congress. To focus our analysis, we restrict the definition of connections for these lobbyists by using campaign contributions.[9] Lobbyists, like other individual donors, follow partisan lines when they donate (Drutman, 2010), and interviews with lobbyists indicate that they give campaign contributions to politicians whom they have known for a long time or whom they consider a "friend" (Leech, 2013).[10]

To retrieve information on the career history of lobbyists, we rely on data from Lobbyists.info, which is maintained by Columbia Books and Information Services. For campaign contributions, we use contribution records included in the FARA reports, instead of those collected by the Federal Election Commission. Using the latter records requires matching names between donors and lobbyists, leading to potential mismatches. A lobbying firm in our data has connections to 5.5 members of Congress on average. A firm on average contacted 20.8 different members of Congress per year, among whom 2.2 members (10%) had connections to a lobbyist hired by the firm; the ratio of the number of contacts made to the members of Congress with connections is 5%.[11]

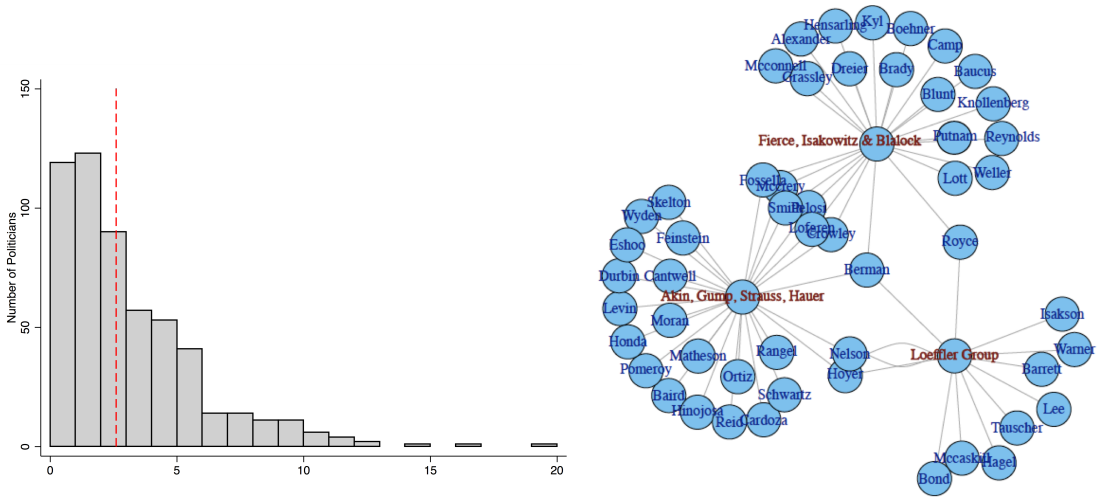
2.4. **Politicians' Portfolio of Lobbyists.** Panel (a) in Figure 1 presents the distribution of the number of lobbying firms to which a given member of Congress gave access during the calendar year 2010. The average number of lobbying firms that had at least one phone call or meeting with a member of Congress is 2.3, with a

[9]We considered two alternative methods to define connections between a politician-turned-lobbyist and a current member of Congress: committee membership and bill co-sponsorship. These alternatives were not appropriate for our data because some of these 51 politicians-turned-lobbyists had taken leadership positions: Dick Gephardt (House Majority Leader in 1989–1995 and House Minority Leader in 1995-2003), Dick Armey (House Majority Leader in 1995–2003), and Dennis Hastert (House Speaker, 1999-2007) to name a few. Those in leadership rarely (co)sponsor bills (Volden and Wiseman, 2014) and they are, by definition, not on a committee.

[10]The average annual amount that all employees of a lobbying firm collectively contributed to a member of Congress during the period of our study, conditional on nonzero contribution, is $1,488. See Bertrand, Bombardini, and Trebbi (2014) for their arguments on using campaign contributions as a proxy for connections.

[11]Table A3 in the Appendix provides more detailed summary statistics on lobbying firms' connections, their contacts to politicians with or without connections, and the extent to which contacts are concentrated on certain politicians.

FIGURE 1. The Scarcity of Access to Politicians



(A) The Number of Firms with Access (B) Contacted Politicians for S. Korea

Notes: The histogram in Panel (a) shows the distribution of the number of lobbying firms to which a given politician gave access during 2010. The unit of observation is a member of Congress. The dotted vertical line indicates the average number of firms that were given access by a member. Panel (b) shows the names of the politicians who were contacted by three lobbying firms (Akin Gump Strauss Hauer; Fierce, Isakowitz & Blalock; Loeffler Group) hired by the government of South Korea to lobby on the Korea-US Free Trade Agreement during the period of study.

maximum of 20 for Senator John Kerry in 2010, then-chairman of the Senate Foreign Relations Committee. Focusing on contacts directly made to a member (as opposed to his/her staffers), the average number of lobbying firms with such access is even smaller (0.99).[12]

This pattern can potentially explain why a foreign government sometimes hires multiple lobbying firms to lobby on the same issue. For example, the government of South Korea hired three lobbying firms, Akin Gump Strauss Hauer, LLP., Fierce, Isakowitz & Blalock, and Loeffler Group, to advance its free trade agreement with the US during the period of our study. Panel (b) in Figure 1 presents the members of Congress who were contacted by these three lobbying firms on behalf of the South Korean government on the trade issue. Although they lobbied on behalf of the same country regarding the same issue during a similar time period, the set of contacted politicians differed, with a small overlap.

[12]See Table A6 in the Appendix for more summary statistics on how members of Congress allocated their access across lobbying firms. We also show the allocation patterns by various subsets of members, such as those who are in the leadership or serve on the House Foreign Affairs or the Senate Foreign Relations Committees.

The results in Column (1) of Table 1 indicate that members in the leadership or those serving on the House Foreign Affairs (HFA) or the Senate Foreign Relations (SFR) committee tended to maintain a larger pool of lobbying firms for contacts than other members.[13] A similar pattern is found for members who served in Congress for a long period of time (more than 16 years). This may have been driven by the demand side; the more influence a politician has to push or halt a political agenda, the more beneficial it is to acquire access to that politician. Further, these members tended to rely more on lobbyists with connections to them for contacts. Column (2) in the table shows that they have a higher ratio of contacts with connections than other members do; when focusing on the *direct* contacts (Column (3)) to the members as opposed to their staffers, this pattern further intensifies. Given that the average ratio of (direct) contacts by connected firms is 0.06 (0.05), the magnitude of the estimated coefficients in Columns (2) and (3) is very large.

3. Connections and Contacts

3.1. **Connections and Contact Patterns.** We show that our measure of connections is correlated with an increase in the likelihood and the intensity of lobbying contacts to politicians, where we measure the intensity of contacts by both the number of lobbying contacts via phone calls or meetings and the ratio of lobbying contacts made directly with a politician (as opposed to with his/her staffer). To examine the relationship between contacts and connections, we consider all possible pairs of a lobbying firm and a member of Congress for each year, controlling for politician, firm, and year fixed effects as well as (time-varying) firm and politician attributes. Table 2 shows the linear regression results where the dependent variables indicate (1) whether there was a contact, (2) the number of contacts, (3) whether there was a direct contact with a politician, and (4) whether there was a contact via a meeting as opposed to a phone call. We find that connections are a strong predictor for contacts, especially for those who are part of the leadership or on the committees that cover foreign relations issues. For example, the results of Column (2) of Table 2 indicate that connections are associated with an increase in the number of contacts by 0.35 with the 95% confidence interval being [0.19,0.53] for any given firm-politician-year pair, and the magnitude of this increase is very large given that the average number

[13]The leadership positions include House Speaker, Assistant to the Speaker, President pro tempore, Majority/Minority Leader, and Majority/Minority Whip, Chief Deputy Whip, Party Committee Chairman, Conference Committee Chairman, and Party Caucus Chairman and Vice-Chairman.

Table 1. Politicians' Portfolio of Lobbyists: Regressions

	Number of Firms	Ratio of Connected Contacts	
	(1)	(2)	(3)
Leadership/Foreign[a]	2.123***	0.029	0.177***
	(0.348)	(0.016)	(0.062)
Tenure	0.680***	0.077***	0.102
	(0.218)	(0.016)	(0.058)
Economy/Security [b]	0.180	0.013	0.016
	(0.157)	(0.011)	(0.032)
Running for tight reelection[c]	-0.094	-0.007	-0.028
	(0.135)	(0.014)	(0.020)
House	-1.242***	-0.007	0.047
	(0.266)	(0.014)	(0.045)
Democrat	0.055	-0.017	-0.110**
	(0.157)	(0.012)	(0.046)
Year fixed effects	Yes	Yes	Yes
Number of observations	2166	1647	1055
R^2	0.203	0.050	0.192

Notes: This table reports OLS estimates. The unit of observation is a politician-year pair. Standard errors, in parentheses, are adjusted for clustering within politicians. Asterisks indicate the statistical significance at the 1% (***) and the 5% (**) levels. The dependent variables are: (1) the total number of lobbying firms that had a phone conversation or a meeting with a politician or his/her staff during the year; (2) the ratio of contacts made by lobbying firms with connections to a politician to all contacts to that politician; and (3) the ratio of the average number of *direct* contacts per connected lobbying firm and per non-connected firm. a. 1 if the member holds a leadership position or serves on the House Foreign Affairs or the Senate Foreign Relations committee. b. 1. if the member serves on the House Armed Services, House Budget, House Energy and Commerce, House Homeland Security, House Ways and Means, Senate Budget, Senate Finance, and Senate Homeland Security and Government Affairs committee. c. 1 if the member runs for a reelection during the year and his/her vote share in the most recent general election was below 60%.

of contacts is 0.09.[14] For a politician in the leadership or on the HFA/SFR committee, such an increase is amplified by 0.86 with the 95% confidence interval being [0.30,1.41].

In sum, the results in Table 2 show that lobbyists are more likely to contact their connected politicians rather than others. It is important to note that these results do not show a causal relationship between connections and contacts. For example, a foreign government interested in a trade issue may hire a lobbyist who has expertise and experience in the issue, and such a lobbyist is likely to have worked as a staffer for a member serving on a related congressional committee. In this scenario, the lobbyist

[14]More detailed summary statistics on contacts for all firm-politician-year pairs and those with connections only can be found in Table A4 in the Appendix.

TABLE 2. Contact Patterns of Connected Lobbyists

	Any Contacts (1)	Number of Contacts (2)	Any Direct Contacts (3)	Any Meetings (4)
Connected	0.073***	0.351***	0.036***	0.042***
	(0.016)	(0.070)	(0.009)	(0.012)
Connected × Leadership/foreign[a]	0.120***	0.858***	0.049*	0.075**
	(0.032)	(0.268)	(0.026)	(0.029)
Connected × Trade	0.005	-0.128	-0.0005	0.036
	(0.033)	(0.240)	(0.032)	(0.037)
Connected × Security	0.089	0.027	0.024	0.048
	(0.066)	(0.173)	(0.043)	(0.039)
Connected × Budget/appropriations	-0.022	-0.317**	0.0006	0.007
	(0.039)	(0.149)	(0.010)	(0.025)
Firm and politician controls[b]	Yes	Yes	Yes	Yes
Firm, politician, and year FEs	Yes	Yes	Yes	Yes
R^2	0.004	0.007	0.002	0.003

Notes: This table reports OLS estimates. The unit of observation is a firm-politician-year pair, and the number of observations is 135,872, including 620 unique politicians and 93 unique lobbying firms. Standard errors, in parentheses, are adjusted for two-way clustering within firms and within politicians. Asterisks indicate the statistical significance at the 1% (***) and 5% (**) levels. The dependent variables are: (1) a dummy variable that takes 1 if there was any lobbying contact between a pair; (2) the total number of phone calls and meetings with a politician or his/her staffers; (3) a dummy variable that takes 1 if there was any lobbying contact directly made to a politician; and (4) a dummy variable that takes 1 if there was any meeting. *a.* We interact the connection indicator variable with the member's leadership position or certain congressional committee membership. We categorize House Energy and Commerce, House Ways and Means, and Senate Finance committees as those covering trade issues; and House Armed Services, House Homeland Security, and Senate Homeland Security and Governmental Affairs committees as those covering security issues. *b.* For (time-varying) firm controls, we include the total number of FAR-registered lobbyists of the firm during the year; and for politician controls, we include all variables that are interacted with the connection variable.

is more likely to contact his ex-employer in Congress simply because of the lobbying issue, not necessarily because of his connections. Although the results in Table A5 show that connections are correlated with lobbying contacts even after controlling for lobbying issues and politicians' committee assignments, our results still do not establish a causal relationship. However, the robust correlation between contacts and connections is an empirical pattern that previously has not been shown due to the lack of data.

3.2. **Connections and Lobbying Fee.** Having shown that lobbying contacts with connections tend to be of a higher intensity or quality regarding the number of contacts and direct communications with politicians than those without connections, we

Table 3. Lobbying Fee Regressions

Dependent variable: (log) lobbying fee	(1)	(2)	(3)	(4)
Number of contacted politicians				
All	0.010***	0.008***		0.014**
	(0.003)	(0.003)		(0.006)
Leadership/foreign			0.022	
			(0.027)	
Not leadership/foreign			0.007	
			(0.005)	
Number of contacted & connected politicians				
All		0.046**		0.140
		(0.024)		(0.151)
Leadership/foreign			0.117**	
			(0.035)	
Not leadership/foreign			-0.013	
			(0.038)	
Number of lobbyists	0.070***	0.069***		
	(0.021)	(0.021)		
(Number of lobbyists)^2/100	-0.108***	-0.113***		
	(0.038)	(0.037)		
Lobbying firm fixed effects	No	No	Yes	Yes
Other controls†	Yes	Yes	Yes	Yes
Number of observations	644	644	644	124
R^2	0.416	0.419	0.639	0.904

Notes: This table reports OLS estimates. The unit of observation is a semiannual lobbying report. There are 676 reports in the data, and 32 of them are dropped in the regressions because the lobbying firms did not report the lobbying fee amount (usually because the related lobbying activities were pro bono cases). In column (4), we use the reports from the lobbying firms with one connected lobbyist for a robustness check. Standard errors are clustered at the firm level, and are presented in parentheses. The asterisks indicate the statistical significance at the 1% (***) and the 5% (**) levels. †: We control for dummy variables of the foreign government, the year and the month of the report, and lobbying issues covered by the report. We also control for non-legislative contacts by including two dummy variables that indicates whether or not there was any contact with the executive branch, such as the White House, or the US media.

further show that these two types of contacts command different fees in Table 3. The unit of analysis is a semiannual lobbying report, and the dependent variable is the log of the lobbying fee. All regressions reported in the table include dummies for report filing year and month, lobbying issue category, and foreign government.

Everything else equal, we find that contacting one additional member of Congress is associated with a 0.8 to 1% increase in the lobbying fee across all specifications. We further find that if the contacted politician is connected to the firm, then the lobbying fee increases by 4.6% in addition to the 0.8% increase for the contact to

that politician, as in specification (2). The difference in the lobbying fee increase with and without connections, 4.6%, is both statistically significant and large in its extent. Given that an average semiannual lobbying fee in the sample is $279,335, an additional premium for contacting a connected member of Congress, as opposed to contacting a member without connections, amounts to $12,849 every six months. Furthermore, if the connected member is part of the leadership or the committees covering foreign relations issues (the HFA and the SFR committees), the additional premium is about 12%, as in specification (3), implying a semiannual premium of $33,520 per politician contacted.

It is difficult to distinguish the effects of connections from the effects of other qualities of lobbyists. Lobbyists with connections to politicians via previous work experience in Congress could be more talented, have more expertise regarding certain policy issues, or be better informed about the legislative labyrinth. By exploiting our contact data, however, we can compare a scenario in which a lobbyist contacts a politician with whom she has no previous work connections in Congress and an alternative scenario in which the same lobbyist contacts a politician with whom she has connections. We find that the latter scenario is associated with a much higher fee.[15]

Even with the lobbying contact data, our estimates of the lobbying fee premium on contacts with connections, as opposed to those without connections, may be biased if there exist unobserved attributes of a lobbying contract that are correlated with contact patterns. Note that we have controlled for all observed attributes, including contacts to the executive branch and the media, lobbying issues, and fixed effects for lobbying firm and foreign government, respectively.[16] Furthermore, we find that our estimates of the lobbying fee premium associated with connections are comparable to the counterpart estimates of Blanes i Vidal, Draca, and Fons-Rosen (2012) and Bertrand, Bombardini, and Trebbi (2014), and Appendix A.5 provides a detailed discussion on the comparison of our estimates to those in the extant literature.

[15]Lobbying firms do not always specify which lobbyist(s) worked for which clients. This could weaken the validity of comparing the two scenarios if contacting the politicians with connections is simply correlated with the amount of lobbying activity. For this reason, we run specification (2) with firm fixed effects, using the lobbying firms with only one lobbyist who has connections to members of Congress. The results are presented in column (4) of Table 3, and they are consistent with the findings based on the full sample.

[16]One limitation in our contact data is that detailed information about the issue(s) with a contact, beyond a brief description (e.g. Foreign Trade Agreement with Colombia), is not observed. If specific lobbying issues are correlated with employing a lobbyist to contact his connected politicians and these issues are highly valued by a client, then our estimate could be biased upward.

Our findings, which are based on the observed lobbying contacts, corroborate and advance the findings in the existing literature. With the data limitations, the attributes of employed lobbyists have been used to unpack lobbying fees, without accounting for their actual activities. We show that when connections are utilized in contacts, there exists a large market premium. This premium could be associated with our findings that lobbyists tend to increase the number of contacts they make and are more likely to make direct contacts with connected politicians (Table 2).

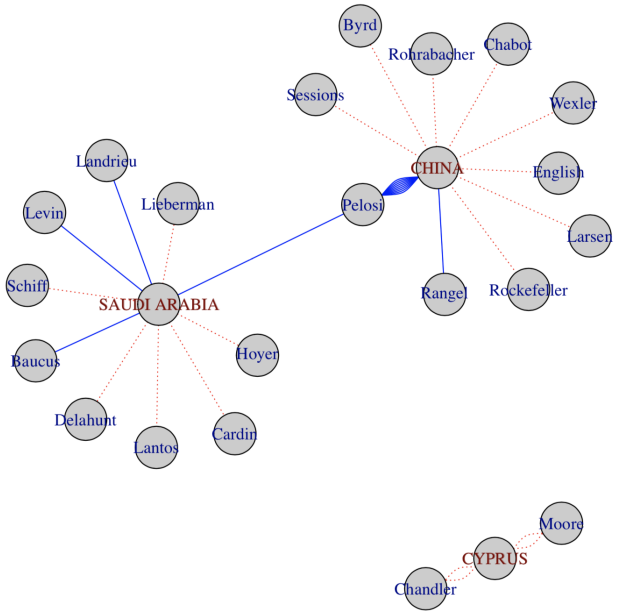
4. Lobbyists as Matchmakers

4.1. **Different Contacts for Different Clients.** We begin with an example of the contacts made by a large lobbying firm, Squire Patton Boggs, in 2007 on behalf of its three foreign clients: China, Cyprus, and Saudi Arabia. In Figure 3, each line indicates a phone call to or a meeting with a politician or his/her staff. If the contacted politician has connections with one of the lobbyists in the firm as an ex-staffer or as an ex-colleague in Congress, then the line is solid and blue.

We find three notable features in the data on contacts. First, when a lobbying firm has multiple clients, the set of policymakers contacted on behalf of a particular client tends to vary with the identity of the client. This pattern is also observed at the individual lobbyist level. Figure A2 in the Appendix, for example, depicts the contacts made by Robert L. Livingston - a prominent lobbyist at the eponymous firm, The Livingston Group, in 2008 on behalf of Egypt, Libya, and Turkey - and we find that his contacts significantly varied by the clients. In Table A9, we document evidence that such variation can be partially explained by lobbyists' matching their clients to members in Congress and officials in the executive branch whose policy expertise or jurisdiction overlaps with the client's lobbying issue. For example, for trade issues, contacts to the members of the House Ways and Means or Senate Finance committees accounted for 13% of all contacts on these issues, while this ratio drops to 5% for security issues.

Second, contacts are made disproportionately to the connected politicians. The fraction of contacts made to members with connections, 14 (44%) out of 32 total contacts, is higher than the fraction of all politicians who were connected to the firm in Congress, 45 (8%) out of 535. Furthermore, Representative Nancy Pelosi was the only member of Congress who were contacted for more than one client by Squire Patton Boggs, and she was connected to multiple lobbyists at the firm. Table A8 shows evidence that these patterns statistically hold for other lobbying firms as well.

FIGURE 3. Lobbying Contacts by Squire Patton Boggs

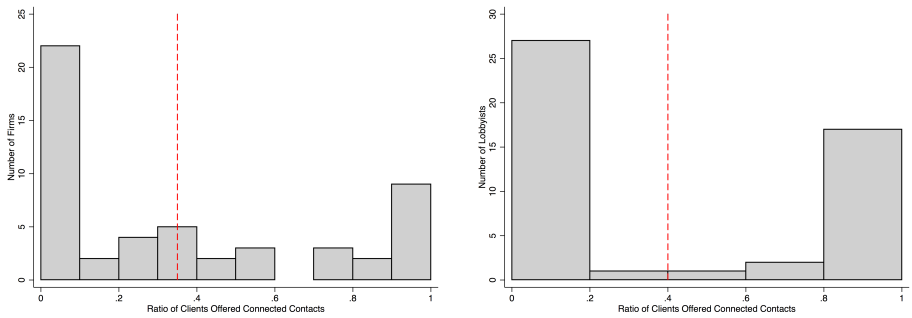


Notes: This figure shows all incidences of a phone call or a meeting with a politician or his/her staffers that a lobbying firm, Squire Patton Boggs, had on behalf of its three foreign clients, China, Cyprus, and Saudi Arabia in 2007. Each contacted politician is denoted as a circle with his/her last name. Any line (either dotted or solid) between a politician and a client indicates such a contact with the politician on behalf of the client, and a blue solid line indicates that the contacted politician was connected to one of the firm's lobbyists.

Lastly, although connections are positively related to contacts, the frequency of contacts to connected politicians varies by clients. In other words, connected politicians are not contacted for *every* client and some clients obtain access to many politicians with connections while others do not. For example, half of the contacts were made to the firm's connected politicians on behalf of China, while none of the contacts on behalf of Cyprus were associated with connections.

This last empirical pattern in Figure 3 motivates the histograms in Figure 4. For each lobbying firm, we calculate the ratio of the number of foreign clients on whose behalf a firm made contacts to its connected politicians to the total number of its clients during the period of study. The distribution of these ratios over the firms is Panel (a) of the figure, and the distribution of similar ratios at the *lobbyist* level is Panel (b). The 52 lobbying firms with at least one connection to a member of Congress contacted their connected politicians on behalf of 33% of their foreign clients, on

FIGURE 4. Ratio of Clients with Contacts to Connected Politicians



(A) Firm-level (B) Lobbyist-level

Notes: The histogram in Panel (a) shows the distribution of the ratio of the number of foreign clients on whose behalf a firm made contacts to its connected politicians to the total number of its clients during the period of study, where the unit of observation is firm-year. The histogram in Panel (b) shows a similar distribution at the lobbyist level, as opposed to the firm level. The vertical dashed lines indicate the mean value of each distribution.

average.[17] The corresponding fraction for lobbyists is 40%, among the 48 lobbyists with connections whose contacts were identified.

4.2. **When Do Lobbyists Contact Their Connected Politicians?** To investigate the conditions under which lobbyists contact their connected politicians, we construct datasets, at both the lobbying firm and lobbyist levels, where the unit of observation is lobbying firm (lobbyist) $\times$ client country $\times$ year. By considering all potential pairs between lobbying firms (lobbyist) and foreign countries registered in the FARA regardless of the actual lobbying contracts, we address the potential sample selection issues. Table 4 presents the estimation results where the dependent variables ($y_{\ell ct}$) are (i) whether or not there was a contact to a connected politician by lobbying firm (lobbyist) ℓ on behalf of foreign client c during year t (for Columns (1) and (2)) and (ii) the number of contacts made to the lobbying firm (lobbyist)'s connected politicians (for Columns (3) and (4)). Specifically, we consider the following model:

$$y_{\ell,c,t} = f(\mathbf{X}_{c,t}, \phi_\ell, \psi_t, \epsilon_{\ell,c,t}),$$

where $\mathbf{X}_{c,t}$ indicates a vector of (time-varying) client attributes, ϕ_ℓ lobbying firm (lobbyist) fixed effects, ψ_t year fixed effects, and $\epsilon_{\ell,c,t}$ an idiosyncratic shock. As for

[17]Among the 52 firms with connections, the average number of unique foreign clients is 4.8 during the period of study, and only 7 firms had one client.

TABLE 4. When Do Lobbyists Contact Their Connected Politicians?

	Contacted or not (Logit)		Num. of contacts (Tobit)	
	Firm	Lobbyist	Firm	Lobbyist
	(1)	(2)	(3)	(4)
Temporary UN Security Council seat	0.612**	2.295***	2.613**	43.27***
	(0.300)	(0.427)	(1.237)	(9.723)
Logarithm of arms transfer from the US	0.112**	0.355***	0.485**	6.167***
	(0.0514)	(0.113)	(0.211)	(2.236)
Military conflict	0.384	0.142	1.985**	1.923
	(0.240)	(0.442)	(0.966)	(8.160)
National elections	-0.176	-0.281	-0.595	-6.546
	(0.228)	(0.419)	(0.890)	(7.660)
US media coverage increase	0.070	0.132	0.274	5.024
	(0.243)	(0.417)	(0.959)	(7.584)
Time-invariant country attributes†	Yes	Yes	Yes	Yes
Fixed effects for				
Year	Yes	Yes	Yes	Yes
Lobbying firm	Yes	No	Yes	No
Lobbyist	No	Yes	No	Yes
Number of observations	5,644	3,128	10,132	7,752

Notes: This table presents Logit and Tobit estimates. The unit of observation is a pair of a lobbying firm (lobbyist) and a client country per year. Standard errors are in the parentheses. Asterisks indicate the statistical significance at the 1% (***) and 5% (**) levels. † : Project IV score (to measure polity), GDP per capita, the size of trade with the US, the size of the US AID in 2005.

$f(\cdot)$, we conduct a Logit estimation for Columns (1) and (2) and a Tobit estimation for Columns (3) and (4).

Our hypothesis is that contacts to connected politicians are not made randomly, and they reflect a heightened likelihood that their outcomes are fruitful to either or both the client and the politician. To capture this idea, $\mathbf{X}_{c,t}$ includes the following client country attributes, as well as other attributes such as Polity IV score, GDP per capita, size of trade with the US, and amount of the US AID: (1) the temporary membership in the United Nations Security Council (UNSC) during the year, (2) measure of the total annual transfers of major weapons from the US to the country in the previous year, based on the arms transfers database of the Stockholm International Peace Research Institute (SIPRI), (3) whether there was a militarized conflict that either started or ended during the year, using the Militarized Interstate Disputes data (Palmer et al., 2015), (4) occurrences of national executive and/or legislative elections as recorded in the National Elections Across Democracy and Autocracy dataset (Hyde and Marinov 2012), and (5) a large (15% or more) increase in the number of all news

articles on foreign relations issues regarding the country in *The New York Times* per year compared to the previous year, based on the LexisNexis database.[18]

The results in Table 4 indicate that lobbyists (or lobbying firms) were more likely to contact their connected politicians when their foreign clients had temporary membership in the UNSC and had imported a large volumes of arms from the United States. A militarized conflict also tended to increase the contacts to the connected politicians, although the estimated relationship is less robust. Having national elections in a client country or receiving more US media attention than the previous year did not have a statistically significant relationship with the number of contacts to connected politicians.

These findings are broadly consistent with our hypothesis. First, politicians may gain more from those with membership in the UNSC than from those without. Studies suggest that countries with this membership receive more foreign aid and favorable treatments from the World Bank (Kuziemko and Werker, 2006; Dreher, Sturm, and Veerland, 2009). Given these countries' importance in world affairs and the US' interest in obtaining their support, communication with these countries could be more beneficial to a politician than with other countries. Knowing this, these countries could be more active in seeking access to US politicians as well.

Second, foreign countries with large amounts of arms transfers from the US may particularly benefit from interactions with members of Congress. Under the Arms Export Control Act, Congress has the authority to enact legislation to block or modify foreign arms sales, as proposed by the President, at any time (Kerr 2017). Foreign countries may request purchase of a list of arms, and this request can be denied by the US government (Kan 2014); congressional objection is often the reason for denial.[19]

4.3. **Discussions.** Politicians incur benefits and costs when they grant access to lobbyists and their clients. Scholars have argued that interest groups provide valuable information to politicians, which is an important factor in granting access (Hansen 1991; Austen-Smith and Wright 1994; Grossman and Helpman 2001). Furthermore, lobbyists could improve the quality of that information (Groll and Ellis 2014, 2017). However, granting access involves both time (Cotton 2016) and, possibly, reputation costs (Werner 2015; McDonnell and Werner 2016). Regarding the latter, close ties to certain clients or lobbyists could damage the reputation of a politician and accordingly

[18]See Table A2 in the Appendix for the summary statistics on these variables.

[19]For example, the Congress denied the request of Pakistan to purchase US aircrafts in 2016 (Kerr 2017).

harm her electoral prospects. There is ample anecdotal evidence that politicians are attacked by their opponents regarding their possible ties to repressive foreign regimes. For example, in the 2014 Virginia Senate race, Ed Gillespie, who had founded a prominent lobbying firm, was questioned about the firm's record of representing certain foreign clients.[20]

Our analyses show that lobbyists match different clients to a different sets of politicians depending on the clients' characteristics. These findings are consistent with the idea that politicians trust the ability of their connected lobbyists to selectively choose interest groups to present to them. In a recent paper, Hirsch and Montagnes (2015) argue that a lobbyist's ability to investigate and screen clients according to the political merits of their request is valued.

Note that although our findings are consistent with this idea, they do not necessarily paint a full picture of lobbyists being *active* matchmakers where (1) a client, with a high willingness to pay for access to a particular politician, can be denied that access by a lobbyist (with connections to that politician) or (2) clients with limited information about whom to contact are guided by lobbyists. First, the politician, not the lobbyist, may have denied access to the client represented by the lobbyist. Second, it is difficult for a researcher to determine, a priori, that a given client has a high willingness to pay for access or the extent to which a client knows the set of politicians with whom it is beneficial to interact. These two situations provide both direction for and challenges for future studies.

5. Conclusion

Using unique lobbying contact data constructed from foreign lobbying reports, we document that politicians grant access to only a limited set of lobbying firms and we show that both the quantity and the quality of access that lobbying firms secure from politicians vary by the extent of their political connections. We find that lobbying firms contact different sets of politicians depending on their clients' circumstances, and that lobbying firms do not always contact their connected politicians, although contacts to connected politicians are valued highly in the market. We then provide empirical evidence that the likelihood of lobbyists contacting their connected politicians depends on the attributes of lobbying clients, such as UNSC temporary membership and volumes of arms transfers from the US.

[20]Nancy Madsen, "Warner says Gillespie's firm lobbied for brutal dictator," *Richmond Times-Dispatch*, October 24, 2014.

These findings may provide a micro-foundation of why connections matter in lobbying. Recent papers document that connections to politicians are a major source of lobbyists' revenues (Blanes i Vidal, Draca, and Fons-Rosen 2012; Bertrand, Bombardini, and Trebbi 2014). However, it is not clear why connections to politicians increase lobbying revenues. Bertrand, Bombardini, and Trebbi (2014) speculate that "connected lobbyists are likely to bring to the table a complementary resource, perhaps reputation, credibility, or political savvy, in the transmission of information." Our empirical findings suggest that politicians are more likely to grant access to lobbyists with whom they have connections, and this propensity is related to the "selective" matching service that connected lobbyists provide. Connected lobbying firms tailor sets of contacted politicians depending on the characteristics of foreign clients. This ability to selectively use their connections may increase trust from their connected politicians and the premium associated with contacts to connected politicians in lobbying revenues may reflect their ability to provide better matchmaking services (Hirsch and Montagnes 2015).

Future research may further explore the relationship between institutional features in Congress and the value of connections in lobbying. One notable feature is that members in the leadership or serving on certain committees have disproportionate power in setting agendas and promoting legislation (Shepsle and Weingast 1987; Taylor 1998; Cox and McCubbins 2005; Knight 2005; Volden and Wiseman 2014). We find that these members tend to rely more on their connected lobbyists than others, and this finding could be important in assessing the influence of special interests on agenda setting and policymaking in general.

Another important trend in Congress is that the number of staff and civil servants supporting legislative research has been reduced over the last decades (Baumgartner and Jones 2015; LaPira and Thomas 2016). In addition, the workloads of members of Congress have significantly increased over time (Curry 2015) while fundraising pressures also have been increasing (Lee 2016). These trends may be associated with the changes in the role of connected lobbyists over time, and this may provide a new avenue in studying the welfare implications of regulating lobbyists with prior connections.

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Appendix A. Appendix

A.1. **An Example of a FARA Report.** Below is an excerpt from the report for the six-month period ending December 31, 2008, by Akin Gump Strauss Hauer & Feld, LLP. During this period, the embassy of the United Arab Emirates was one of its clients, and this page reports detailed information on the contacts made by a lobbyist of the firm, Hal S. Shapiro on behalf of the embassy.

Figure A1. A FARA Supplemental Statement: Contacts

Name of Registered Individual: Hal S. Shapiro

Name of Client: Embassy of United Arab Emirates			
Activity/Contact (name, title and office/agency)	**Type of Activity/ Method of contact**	**Topic**	**Date**
Rep. H. Berman, Chairman, House Committee on Foreign Affairs	Meeting	US-UAE relations, status of pending arms sale, international nuclear fuel bank regional issues	7/31/08
Alan Makovsky - Senior Staff, House Committee on Foreign Affairs	Meeting	US-UAE relations, status of pending arms sale, international nuclear fuel bank regional issues	7/31/08
Alan Makovsky - Senior Staff, House Committee on Foreign Affairs	Phone call and email message	Status of pending arms sale and satellite sale	8/5/08
Alan Makovsky - Senior Staff, House Committee on Foreign Affairs	Email message	Status of pending arms sale and satellite sale	8/6/08
Alan Makovsky - Senior Staff, House Committee on Foreign Affairs	Email message	Status of pending arms sale	9/8/08
Alan Makovsky - Senior Staff, House Committee on Foreign Affairs	Email message	Status of pending arms sale	9/19/08
Rep. C. Rangel, Chairman, House Ways & Means Committee	Meeting	Regional issues, bilateral relationship, international nuclear fuel bank	9/23/08
Tim Reif, Majority Chef Trade Counsel, House Ways & Means Committee	Meeting	Regional issues, bilateral relationship, international nuclear fuel bank	9/23/08
Jennifer McCadney, Majority Trade Staff, House Ways & Means Subcommittee on Trade	Meeting	Regional issues, bilateral relationship, international nuclear fuel bank	9/23/08
Tim Reif, Majority Chief Trade Counsel, House Ways & Means Committee	Email message	Meeting request on regional issues	11/11/08

A.2. **Domestic versus Foreign Lobbying.** Among the 93 lobbying firms in our data, 61 firms represented domestic clients in addition to their foreign clients (i.e., the

Table A1. Lobbying Firm Characteristics by the LDA Registration

	LDA & FARA		FARA Only	
	Mean	SD	Mean	SD
Annual revenue[a] ($thousand)	740.0	933.9	597.9	864.2
Number of government clients[a]	2.72	2.48	1.43	0.87
Number of contacted members	53.09	64.46	38.15	44.74
Number of connected members[b]	6.43	14.87	0.69	1.51
FARA registration year	2002.3	8.87	2004.9	5.51
Number of lobbyists				
All	9.48	8.30	3.75	4.24
With identified career history[c]	4.44	3.78	1.56	2.14
Former member of Congress	0.51	0.94	0.21	0.55
Executive branch experience	1.54	1.46	0.44	0.79
Congress experience	2.39	2.35	0.86	1.55
Number of observations	61		32	

Notes: As for time-varying variables, the summary statistics are over the average value of each variable across multiple filings for each lobbying firm. a. For these two variables, we consider the lobbying reports included in this paper only. Therefore, the total annual revenues and the total number of foreign government clients are larger than the counterparts included here. b. Connections are measured by previous work relationships in Congress as a member or a staffer. c. For each lobbyist hired by a firm, we match the career history records available at www.lobbyists.info.

firms were registered by both the LDA and FARA). Table A1 shows that, compared to firms registered by FARA only, these firms tended to reap larger yearly revenues, to have more foreign clients, to contact a larger set of politicians, and to employ both more lobbyists in number and more high-profile lobbyists, such as former members of Congress or those who worked in the legislative and/or executive branches.

We restrict our attention to the 162 countries for which 2005 GDP information is available. Within those countries, 70 that hired a lobbying firm to contact members of Congress and 92 had no congressional lobbying records, based on the lobbying filings of 2007 through 2010. Table A2 presents the summary statistics of foreign countries on their lobbying activities as well as their characteristics. We find that, compared to the foreign countries whose governments did not hire a lobbyist to contact members of Congress, the governments in our dataset tended to have more military conflicts, be temporary members in the UN Security Council, buy more arms from the US,

Table A2. Foreign Governments

	Hired lobbying firms		Did not hire lobbying firms	
	Mean	SD	Mean	SD
Lobbying spending ($million)	2.57	3.52	0	-
Number of firms hired	3.03	2.65	0	-
Number of Congress members contacted	54.36	75.29	0	-
Lobbying issues[a]				
Security	0.74	-	-	-
Trade/budget	0.82	-	-	-
Administrative/other	0.90	-	-	-
Total number of military conflicts[b]	1.84	3.10	0.89	2.21
Total number of national elections[c]	1.18	0.71	1.17	0.67
Years as a temporary member in the UN Security Council	0.33	0.67	0.18	0.55
Average yearly size of arms transfer from the US[d]	80.2	168.98	18.4	86.94
Average yearly number of *The New York Times* articles[e]	207	355	96	173
Fraction of UN votes in agreement with the US[f]	0.15	0.10	0.17	0.13
US ambassador fist year[g]	1926.1	61.83	1936.4	60.21
2005 Polity IV score[h]	3.04	6.62	3.87	6.49
2005 GDP per capita ($thousand)	8.41	12.6	10.44	16.8
2005 Trade with the US ($billion)	29.8	79.3	4.8	10.6
2005 USAID recipient	0.74	-	0.69	-
2005 USAID ($million)	278.1	1,298	49.6	127.0

Notes: a. We categorize lobbying issues into security, trade/budget, and administrative/other based on the written description of lobbying issues for each contact. b. Total number of militarized conflicts that either started or ended during the period of study, 2007-2010 (Palmer et al., 2015). c. Total number of elections for a national executive figure (e.g., a president), and for a national legislative body during the period of study (Hyde and Marinov, 2012). d. Average yearly SIPRI Trend Indicator Values in millions of arms exports from the US e. Number of all news articles about the international relations of a given country in *The New York Times* per year, based on the LexisNexis database. f. Lijphart's index of agreement between the country and the US, which equals 1 if a country always agrees with the US, 0 if it always opposes the US vote. If one country votes 'yes' and the other abstains, the vote is coded as 0.5 (Voeten, 2013). g. First year that a foreign country had a US ambassador (Bayer, 2006). h. A Polity IV score of 10 reflects a full democracy and a score of -10 reflects a full autocracy (Marshall, Jaggers, and Gurr, 2010).

receive more US media attention, be less democratic, exhibit a lower per capita GDP, and be a US foreign aid recipient.

A.3. **Contacts and Connections of Lobbying Firms.** Table A3 provides summary statistics on lobbying firm and contact attributes based on the 93 lobbying firms in our data, where the unit of observation is a firm-year. The table also shows that the extent to which lobbying firms concentrate their contacts to certain members of

Table A3. Contacts and Connections of Lobbying Firms

	Mean	SD
Annual revenue ($thousand)	802	941
FARA registration year	2002	8.5
Number of government clients	1.7	1.5
Number of connected politicians	5.5	14.8
Number of lobbyists	8.5	8.3
Contacts per year		
Number of contacted politicians	20.8	33.3
Number of contacted politicians with connections	2.2	5.7
Ratio of contacts to connected politicians	0.05	0.13
HHI index over contacted politicians	0.31	0.32
HHI index over directly contacted politicians	0.23	0.25
Number of firms/observations	93/250	

Notes: A *contact* is defined as a phone call or meeting with a member of Congress or his/her staffer, while a *direct contact* is confined to a contact with the member. The *HHI index* (Herfindahl index)) of a lobbying firm is constructed by summing the squared value of the ratio of that firm's (direct) contacts to a member to the total number of contacts by the firm, and it ranges from 0 (no concentration over politicians) to 1 (contacting only one politician).

Congress is high in the sense that the Herfindahl index based on the share of a firm's contacts to a member among the firm's yearly contacts is 0.31 on average. Here, the Herfindahl index of lobbying contacts for a given firm i is defined as

$$\sum_j (\text{the number of firm } i\text{'s contacts to politician } j/\text{the total number of firm } i\text{'s contacts})^2.$$

The larger the index, the more the firm exclusively focuses on contacting a small number of members of Congress. The average value of the same index using the contacts directly made to a member, as opposed to his/her staffer, is smaller (0.23).

Considering all possible pairs of a lobbying firm and a member of Congress for each year, we provide summary statistics on contacts in Table A4. This table shows that the ratio of the pairs with at least one contact is 3.8% while the ratio among those with connections is 23.3%; the likelihood that a lobbying contact by a firm to a member exists conditional on connections is six times as high as the likelihood conditional on no connections. It also shows that the average annual number of contacts, both

Table A4. Relationship between Contacts and Connections

	All		Connected	
	Mean	SD	Mean	SD
Any contacts	0.038	0.192	0.233	0.423
Number of contacts, unconditional	0.092	0.753	0.845	2.573
Number of contacts, conditional on any contact	2.401	3.041	3.623	4.283
Any direct contacts	0.016	0.125	0.097	0.297
Any meetings	0.025	0.155	0.151	0.358
Number of observations	135,872		1,376	

Notes: A *contact* is defined as a phone call or meeting with a member of Congress or his/her staffer, while a *direct contact* is confined to a contact with the member. The unit of observation is a firm-politician-year pair, including 620 unique politicians and 93 unique lobbying firms.

conditional and unconditional on having any contacts, and the probability of directly contacting the politician or having a face-to-face meeting with the politician or her staff (as opposed to phone calls) increases with connections.

The results in Table A5 show that connections are correlated with lobbying contacts even after controlling for lobbying issues and politicians' committee assignments. Based on the lobbying issues specified for each contact in the FARA reports, we focus on lobbying contacts on specific issues: trade and security issues. We find that lobbyists increase the probability and the frequency of contacts to their connected politicians, compared to other politicians, regardless of the lobbying issue relevance in terms of the politicians' committee membership.

A.4. **Politicians' Portfolio of Lobbyists.** Table A6 provides summary statistics on how members of the 110th and 111th Congresses allocated their access across lobbying firms per year, and the unit of observation is a politician-year. The table provides the average number of firms to which a politician gave access, the average number of firms that hired a lobbyist with connections to the politician, and the extent to which the access is concentrated on firms with connections. These statistics are taken over all politicians (the second column) as well as over various subsets of them (the third to the last columns), including (1) those in the *Leadership/Foreign* category,

Table A5. Contact Patterns of Connected Lobbyists by Issues

	Trade Issues		Security Issues	
	Any Contacts (1)	Number of Contacts (2)	Any Contacts (3)	Number of Contacts (4)
Connected	0.016**	0.074***	0.031***	0.092***
	(0.008)	(0.028)	(0.008)	(0.028)
Connected × Leadership/foreign[a]	0.018	0.048	0.041**	0.293***
	(0.016)	(0.078)	(0.016)	(0.104)
Connected × Trade	-0.003	0.038	-0.022	-0.141**
	(0.025)	(0.149)	(0.026)	(0.060)
Connected × Security	0.029	0.042	0.020	-0.067
	(0.028)	(0.078)	(0.030)	(0.054)
Connected × Budget/appropriations	-0.013	-0.052	-0.014	-0.056
	(0.014)	(0.040)	(0.015)	(0.098)
Firm and politician controls[b]	Yes	Yes	Yes	Yes
Firm, politician, and year FEs	Yes	Yes	Yes	Yes
R^2	0.001	0.001	0.001	0.003

Notes: This table reports OLS estimates. The unit of observation is a firm-politician-year pair, and the number of observations is 135,872, including 620 unique politicians and 93 unique lobbying firms. Standard errors, in parentheses, are adjusted for two-way clustering within firms and within politicians. Asterisks indicate the statistical significance at the 1% (***) and the 5% (**) levels. The dependent variables in the regressions are: (1) a dummy variable that takes 1 if there was any lobbying contact between a pair; (2) the total number of phone calls and meetings with a politician or his/her staffers; (3) a dummy variable that takes 1 if there was any lobbying contact directly made to a politician; and (4) a dummy variable that takes 1 if there was any meeting. *a*. We interact the connection indicator variable with the member's leadership position or membership in certain congressional committees. We categorize the House Energy and Commerce, House Ways and Means, and Senate Finance committees as those covering trade issues; and the House Armed Services, House Homeland Security, and Senate Homeland Security and Governmental Affairs committees as those covering security issues. *b*. For (time-varying) firm controls, we include the total number of FARA-registered lobbyists of the firm during the year; and for politician controls, we include all variables that are interacted with the connection variable.

who either held a leadership position or served on the House Foreign Affairs Committee or the Senate Foreign Relations Committee; (2) those in the *Economy/Security* category, who served on the House committees on Appropriations, Armed Services, Budget, Energy and Commerce, and Ways and Means, and Senate committees on Appropriations, Budget, and Finance; (3) those who served more than 16 years; and (4) those in the *Electorally Vulnerable* category, who ran for reelection and whose vote share in the most recent general election was below 60%.

Table A6. Politicians' Portfolio of Lobbyists

	All	Leadership /Foreign	Economy /Security	Served 17+ Yrs.	Electorally Vulnerable
Number of firms with access					
Based on contacts	2.3	4.6	2.2	3.3	1.6
Based on direct contacts	0.99	1.8	1.0	1.3	0.74
Connected firms in the market	0.63	1.2	0.65	1.4	0.26
Concentration of contacts					
Ratio of contacts to connected firms	0.06	0.09	0.07	0.12	0.04
Average contacts: Connected firm	3.5	4.9	2.6	3.7	1.8
Average contacts: Not connected firm	2.1	2.3	2.1	2.2	2.1
Concentration of direct contacts					
Ratio of contacts to connected firms	0.05	0.08	0.06	0.11	0.04
Average contacts: Connected firm	1.6	2.0	1.5	1.7	1.1
Average contacts: Not connected firm	1.4	1.4	1.5	1.4	1.6
Number of politicians	620	76	238	120	141
Number of observations	2,174	286	854	584	440

Notes: A *contact* is defined as a phone call or meeting with a member of Congress or his/her staffer, while a *direct contact* is confined to a contact with the Congress member. The *HHI index* (Herfindahl index) of a member is constructed by summing the squared value of the ratio of (direct) contacts to that member by a lobbying firm to the total number of contacts made to the member, and it ranges from 0 (no concentration over lobbying firms) to 1 (giving access to only one firm).

A.5. **Lobbying Fee Premium: Comparison with the Extant Literature.** Our estimates of the lobbying fee premium associated with connections, 4.6% per contacted member and 12% per contacted member in the leadership or serving on the HFA and the SFR committees, are comparable to the counterpart estimates of Blanes i Vidal, Draca, and Fons-Rosen (2012) (hereafter *BDF*) and Bertrand, Bombardini, and Trebbi (2014) (hereafter *BBT*). The former finds that lobbyists connected to US senators suffer a 24% drop in generated revenue on average when their previous employer leaves Congress. The latter finds a premium of 8 to 10% in the fee when at least one lobbyist has connections to a member on a committee covering the issue. Noting that the HFA and SFR committees are the most relevant to foreign government lobbying issues, comparing the estimates of BBT with our estimate of the 12% fee premium for contacting a connected member in the leadership or on these two committees seems appropriate. Given this, our estimate is slightly larger than

theirs, which may reflect that connections are not always utilized for contacts and our definition of connections is narrower than theirs.

Regarding the BDF estimate, we account for two key differences in the definitions of the fee premium. First, the 24% revenue drop includes a potential loss of lobbying clients while our estimate is on the intensive margin only. Based on the 94 unique lobbyists who lost their Senate connections, as identified from the data provided by BDF, we find that the average number of lobbying clients during the 18 months after the exit of the ex-employer senator is 21.7% less than that prior to the exit. We also find that the revenues prior to the exit from the clients who terminated the contract after the exit are not statistically different from those from the clients who did not. Second, the revenue drop noted by BDF is associated with the loss of a lobbyist's *ability* to contact his connected senator; and he may not have always utilized that ability for all of his clients before the senator's exit. We find that out of 433 semiannual lobbying reports involving lobbyists with connections to a current member of Congress in the data, only 176 (41%) record that there was at least one contact to a connected member.

Accounting for these two differences, we perform a "back-of-the-envelope" calculation, based on our lobbying fee premium estimate of 4.6%, as follows. If a senator with whom a lobbyist has connections leaves office, the lobbyist's total revenue will decrease by

$$\underbrace{4.6\% \times 0.41 \times (1 - 0.217)}_{\text{from serving clients}} + \underbrace{100\% \times 0.217}_{\text{from losing clients}} \simeq 23.18.$$

This value is remarkably similar to the estimate by BDF, especially when we consider that the foreign lobbying market can be different from the domestic one.

Below, we provide details of (1) how we calculated the loss of lobbying clients after the ex-employer senator exits (21.7%) and (2) how we concluded that the revenues from the two types of clients - those who stayed versus those who left after the

Table A7. Number of Clients: Lobbyists with Senate Connections

	Mean	SD
Number of clients: Pre-exit period	9.90	11.44
Number of clients: Post-exit period	7.97	7.42
Percent change in the number of clients	21.70	12.94

Notes: The unit of observation is a staffer-turned-lobbyist whose connected senator exited office during 1999–2008; the number of observations is 90. *Pre-exit period* (*Post-exit period*) refers to 18 months prior to (after) the exit period.

exit - are similar, using the data from BDF. The data covers the lobbying history of 1,113 congressional staffers turned lobbyists (or revolving-door lobbyists) for each six-month period from 1998 to 2008 (22 periods in total). There are 257 lobbyists who lost their connections during the period due to the exit of their connected politicians from Congress, consisting of 94 lobbyists who lost their Senate connections and 163 lobbyists who lost their House connections. In this analysis, we focus on the lobbyists who lost their Senate connections.

For each lobbyist, we identify the period during which a lobbyist's connected politician exited office. Then we calculate the average number of lobbying clients that the lobbyist represented during the three periods (18 months) before and the three periods after the exit period and the three periods after. We only include lobbyists who were active in the lobbying market both before and after the exit of their connected politicians, and we find that four lobbyists did not have any lobbying records after losing their connections.

Table A7 presents the summary statistics on the average number of clients before and after the exit of their connected politicians. During the three periods before the exit of the connected politicians, revolving-door lobbyists who had connections to senators had, on average, 9.90 lobbying clients, and the number reduced to 7.97 after losing their connections. On average, the number of clients is reduced by 21.7%.

We also look at the average lobbying revenues during the three periods before an exit for two distinct groups of clients for each staffer-turned-lobbyist: those who continued the contract and those who terminated it. Here we calculate the average "weighted" revenues by dividing the total per-period lobbying fees of a lobbying contract by the number of the lobbyists who were employed by the contract, following the definition of BDF. Focusing on the revolving-door lobbyists whose Senate connections were severed and who had both groups of clients (which reduces the sample size to 71 from 90), the average per-period weighted revenue from the clients who terminated a contract after the exit is \$19,645 and the counterpart from the retained clients is \$22,383, with the difference being statistically insignificant (p-*value* = 0.36).

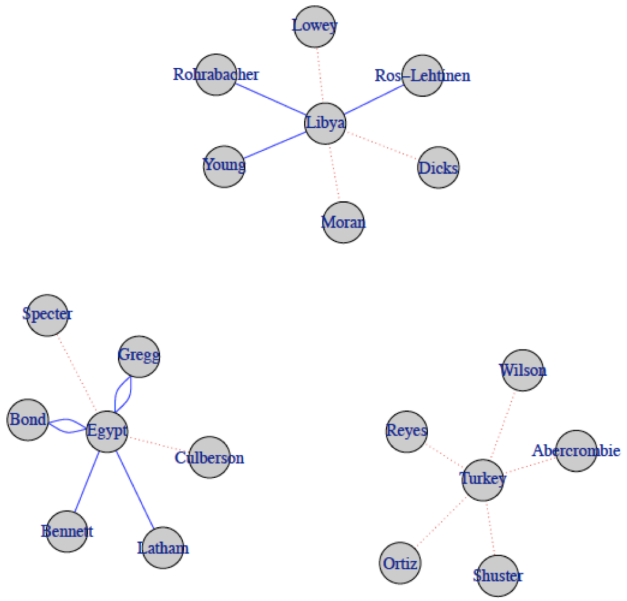
A.6. **Lobbyists' Allocation of Access to Clients.**

A.6.1. *An Example at the Lobbyist Level: Robert L. Livingston.* Figure A2 depicts the face-to-face meetings between Robert L. Livingston, from The Livingston Group, and a member (as opposed to his/her staffers) on behalf of three of his foreign clients - Egypt, Libya, and Turkey - in 2008. It is notable that he met different sets of politicians for each client with no overlaps.

A.6.2. *More Contacts to Politicians with Connections.* We statistically test if the contacts were made disproportionately to the connected members. In the second column of Table A8 (*Data*), we show the ratio of the firm-client-year pairs for which the firm made contacts to its connected politicians on behalf of the client. Out of 355 firm-client-year pairs with any congressional contacts, we find that 33.2% had contacts to connected politicians, and 23.4% had contacts to those in the leadership or serving on the HFA/SFR committees with connections.

In comparison, the third column of Table A8 (*Hypothetical*) presents the hypothetical probability that at least one connected politician was contacted conditional

FIGURE A2. Lobbying Contacts by Robert L. Livingston



Notes: This figure shows the last names of the politicians who met face-to-face with Robert L. Livingston, from a lobbying firm, The Livingston Group, on behalf of his three foreign clients - Egypt, Libya, and Turkey - in 2008. A blue solid line indicates that the contacted politician had connections with Mr. Livingston; while the red dotted line indicates a meeting with the politician but the politician had no connections with him as measured in this paper.

TABLE A8. Probability of Contacting Members with Connections

	Data[a]	Hypothetical[b]	Difference
All	0.332	0.163	0.169***
	(0.025)	(0.015)	(0.029)
Leadership/Foreign	0.234	0.129	0.105***
	(0.022)	(0.013)	(0.026)

Notes: Numbers in parentheses are standard errors. Asterisks (***) are provided for the last column only to indicate statistical significance at the 1% level. The unit of observation is an observed contractual relationship between a firm and its foreign government client in a given year, with the total number of observations being 355. a. We calculate the ratio of firm-client-year pairs where the firm made contacts to its connected politicians on behalf of the client. b. Assuming that the probability of contacting each politician is equal across all politicians, we calculate the probability that at least one connected politician was contacted given the total number of contacted politicians.

on the observed total number of contacted politicians. When calculating this probability, we assume that each politician is equally likely to be contacted. Specifically,

suppose a lobbying firm with connections to N_c politicians contacts M politicians out of N members in Congress. Under our assumption, the probability that at least one connected politician is contacted is $1 - {}_{(N-N_c)}C_M / {}_N C_M$ if $M \leq N - N_c$, or 1 otherwise.

We find that the differences in the probabilities in the two columns are both large and statistically significant at the 1% level. While contact to a connected politician was made for 33.2% of the firm-client-year pairs in the data, the hypothetical probability for contacting a connected politician was 16.3%. This pattern persists for those in the leadership or on the HFA or the SFR committees. Note that if the assumption is true that the probability of contacting each politician is equal regardless of connections, the differences in the probabilities in the two columns would have expected values equal to zero. Therefore, our finding suggests that lobbying firms are more likely to contact connected politicians, as opposed to non-connected politicians.

A.6.3. *More Contacts to Politicians with Relevant Policy Expertise/Jurisdiction.* We find that lobbying firms tend to match a foreign government to a set of policymakers who had relevant expertise in or jurisdiction over the issue on which that client lobbies. We categorize lobbying issues - using key word searches based on the description of the contact issues for each contact record - into budgetary, security, or trade issues.

As can be seen in Panel A in Table A9, the committee membership of the contacted members of Congress varied by lobbying issue. For example, for trade issues, members of the House Ways and Means or Senate Finance committees were more likely to be contacted, while members of the Armed Services or Homeland Security committees were more popular when security issues, such as military actions or arms sales, were lobbied. Lobbying firms contacted the members in leadership positions or committee chairs more frequently for budgetary issues.

Table A9. Contact Patterns by Lobbying Issues

	Lobbying Issues		
	Budget	Security	Trade
Number of Observations	53	135	120
Panel A. Congress			
Leadership or Chairmanship (%)	9.33	7.49	11.40
Budget Committees[a] (%)	8.06	4.56	3.94
Security Committees[b] (%)	3.28	6.16	2.56
Trade Committees[c] (%)	4.86	5.40	12.75
Foreign Affairs Committees[d] (%)	6.24	8.16	5.80
Panel B. Executive Branch			
Budget-related Departments or Agencies[e] (%)	5.29	1.05	1.17
Security-related Departments or Agencies[f] (%)	1.97	4.27	3.35
Trade-related Departments or Agencies[g] (%)	4.65	0.93	6.14
Department of State or the White House (%)	14.60	13.43	14.63

Notes: Unit of observation is a pair of lobbying firm, client country, and lobbying issue. For each observation, we calculate the ratio of contacts to certain members or agencies/departments to all contacts; then we take the average of the ratio over all observations. a. House and Senate Budget or Appropriations. b. House and Senate Armed Services or Homeland Security. c. House Ways and Means, House Financial Services, or Senate Finance. d. House Foreign Affairs or Senate Foreign Relations. e. Departments of Interior or Treasury, US AID, or IRS. f. Departments of Justice, Commerce, Labor, or Agriculture, FDA, US TDA, Export-Import Bank, or OPIC. g. Departments of Defense or Homeland Security, Central Intelligence Agency, or National Security Council.

Similar patterns can be found for contacts to executive agencies, which are documented in Panel B in Table A9. As one would expect, the Department of State is the most popular entity regardless of lobbying issue, while the Department of Defense was more frequently contacted for security issues.