COOPERATION AND COLLUSION:
THE SOCIAL AMBIVALENCE OF LOBBYING IN AMERICA

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Doctor of Philosophy

by
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Social embeddedness\(^1\) and social norms have been shown to matter in a host of situations: the garment industry (Uzzi 1996), corporate finance (Uzzi and Gillespie 2002), North African bazaars (Geertz 1978), rotating credit associations (Anthony 2005), the Sicilian mafia (Gambetta 1993), natural resource management (Ostrom 1990), and cattle ranching (Ellickson 1991), to name a few. Embeddedness and social norms in these situations provide actors with better information and reduce an actor’s exposure to opportunism.

The policy process also can be thought of as a collective action problem for which one solution is the use of trust-based norms of cooperation and reciprocity (Heckathorn 1996; Anthony 2005). Gaps in the formal institutions of government provide ample opportunity for informal interaction (Amenta et al., 1992). As a result, a significant portion of lobbying is informal in nature. Lobbyists provide a variety of informal resources and services, including information, feedback, and “kitchen cabinet” activities (e.g., drafting of legislative and regulatory language).

This research project makes two claims regarding informal lobbying. First, embedded social relationships and trust-based social norms enable and underpin everyday policy interactions among lobbyists and politicians. Second, these same social relationships and norms inhibit participation in the political process by outside actors. This research focuses on the role of trust-based social norms that govern

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\(^1\) By embeddedness, I mean an actor’s position of durable long-lasting social ties to other actors.
informal interactions within networked communities of lobbyists: that such networks of trust are neither all good nor all bad but are ambiguous in that they can improve policy making and fuel collusion. I study a particular policy domain of 392 lobbying organizations over a seven-year time period using quantitative data, network measures, and interviews with lobbyists, activists, and policymakers. In summary, I find that a policy domain can be characterized by a set of durable and ‘thick’ relations that provide benefits in everyday lobbying activity, particularly with regard to joint activity and perceived influence. However, these same embedded relations are often perceived as collusive by outsiders, and outsiders incorporate these perceptions in the policy claims that they make. The study concludes with a note on the influence on risk perceptions and the social ambivalence of lobbying.

2 The discussion focuses primarily on lobbying organizations and their personnel as opposed to independent lobbyists who hold themselves out as the proverbial ‘guns-for-hire.’
BIOGRAPHICAL SKETCH

John C. Scott received a Bachelor of Arts in Economics from Swarthmore College in 1985 and a Juris Doctor from the Dickinson School of Law of the Pennsylvania State University in 1989. Prior to coming to Cornell, he obtained a Master of Arts in Sociology from the University of Maryland, College Park in 2003.

After receiving his license to practice law in the Commonwealth of Pennsylvania, Mr. Scott was an attorney in tax and employee benefits law in private practice as well as in-house for financial service firms. From 1999 through 2003, he worked as Director of Retirement Policy for the American Benefits Council in Washington, D.C., a trade association representing employers and financial service providers.
To Meredith, with love
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As this dissertation nears completion, I think of the old saying about success having many fathers, and the cliché is true in this case. A number of persons and organizations provided assistance and encouragement along the way.

The availability of resources for financing an academic research project can exert a tremendous influence on the final shape of the result, and I was fortunate in receiving substantial financial support. My dissertation research was supported by a National Science Foundation Doctoral Dissertation Improvement Grant program (SES-0602388). I also received two important seed grants from the Center for the Study of Economy and Society at Cornell University that proved very helpful in securing basic equipment and materials. The Graduate School at Cornell, the American Sociological Association, the American Political Science Association, and the Graduate School of Business at the University of Chicago also provided funding for travel to academic conferences.

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CHAPTER 1: INTRODUCTION

Americans continue to suffer from a notoriously short attention span. They get mad as hell with reasonable frequency, but quickly return to their families and sitcoms. Meanwhile, the corporate lobbies stay right where they are, outlasting all the populist hysteria.

- Eric Alterman

Two Stories

Mary, who is a lobbyist working for a trade association that represents large corporate employers, gets a call from Steve, who is on the staff of a congressional committee with jurisdiction over Mary’s issues. “Mary,” says Steve, “as you know, we are working on some 204(h) legislation. We have a draft bill, and I wanted to know if your members could give some feedback.”

The proposed legislation dealt with a sensitive topic for employers who sponsor retirement plans: Section 204(h) of the Employee Retirement Income Security Act, the main legal framework governing pensions and healthcare in the U.S., requires employers to notify employees whenever future pension benefits are reduced. As both Steve and Mary knew, many employers were in the process of reducing pension benefits, and how those reductions would be communicated to employees was a critical point of contention among different players on retirement policy: employers, unions, activists, and financial service providers. Steve’s boss, a liberal Democratic Senator who chairs the committee, wanted to introduce a bill that would increase the amount of information given to workers, including numerical examples of how the benefit cutbacks would specifically affect individual workers.

3 The account is taken from personal observation, but the names of the people, organizations, and issues have been changed in order to preserve confidentiality.
Mary, who had known Steve for some time, said, “Sure, we’d be happy to get you some feedback,” and the two discussed the specific issues covered by the bill, the kind of feedback requested, and the timing of the response. They did not discuss whether Mary could identify Steve as the source of the information, whether Mary could make the specific issues more public beyond her advisory group of member companies (who would be asked to keep the information confidential), or whether Steve would use the feedback from Mary’s organization as an endorsement when the bill is introduced. Rather, Mary assumed, and Steve expected, that Steve’s request would be handled in a certain manner in which confidentiality would be paramount. Both Mary and Steve knew that that bill would not be supported by Mary’s trade association even if Steve accepted the suggestions of Mary’s trade association members.

Why would Steve call Mary if Mary’s trade association would lobby against the bill after its introduction? Why would Mary agree to review a bill that her membership would vehemently oppose?

The second story takes place several weeks after the exchange between Mary and Steve. Steve’s boss introduced the 204(h) bill in the Senate, and Mary is on Capitol Hill with a few other lobbyists to lobby against it. They have an appointment with a Senate aide (not Steve) with regard to the 204(h) bill. Also present are Pat, who represents a small trade association similar to Mary’s and Rob, who represents a large, broad-based trade association. All three associations of Pat, Rob, and Mary have some overlap in terms of their members. Pat, Rob, and Mary previously decided to form a steering committee for a coalition against Steve’s bill. The group is loosely organized, with Mary’s trade association and a few other trade associations taking the lead in setting up appointments with staffers.

Sarah, the Senate staffer, comes into the reception area to meet the lobbyists and usher them into a conference room. After greetings and some chit-chat, Mary, as the
one who set up the appointment, takes the lead: “Sarah, as you know, we are here today to discuss the 204(h) bill that has just been introduced. We have some more detailed information in our leave-behinds,” Mary said, patting the folder in front of her, “but I thought I would take a minute to outline the bill’s main provisions and why the employer community is concerned about it.” Mary mentions that Pat will cover the practical problems of implementing the bill as his membership includes many financial service providers and that Rob will cover the effects on employer-employee relations as well as alternatives. The three lobbyists follow their scripts as they go in turn, which had been decided beforehand in the hallway outside, with Sarah just asking clarifying questions. They also give accurate accounts of the reasons for supporting the bill but then give their take on these arguments. When they finish their brief presentations, Mary closes by asking for the support of Sarah’s boss when the bill makes it to the Senate floor for a vote.

At this point, Sarah asks more pointed questions like, “What’s wrong with giving employees more information, particularly when their benefits are being reduced?” “How much more trouble is it to produce a piece of paper that details the effects of a change on individual workers?” The lobbyists expected most of the questions, conceding that some ideas in the bill were good but that industry should be given more flexibility. Other questions are more strategic: “Who is out in front in support?” “Can you find an employer in my boss’s state who can speak to the bill?” The meeting closes with the lobbyists promising to following up on some questions and highlighting the written materials in their ‘leave-behinds’, including both material from individual trade associations and from the coalition fighting the 204(h) bill.

This vignette highlights the following questions: Why do groups work together instead of pushing separate agendas? What were the norms and assigned roles that the lobbyists followed in their meeting with Sarah, and why did they follow them?
The Rest of the Chapter – The two stories just relayed provide both a glimpse into the practice of lobbying as well as some preliminary issues. The next section delves more deeply into the motivating questions and issues for this research. Following the discussion on motivations, I present the argument of this paper, including propositions, with reference to supporting theoretical and research literatures. This introductory chapter then concludes with an outline of the rest of the dissertation.

Motivations

This is a study about lobbying and social norms. Despite a wealth of theorizing and research about each concept, lobbying and norms still raise a number of interesting issues. Lobbying engenders debate about its effects on the political process and on policy development. Sociologists and other social scientists remain concerned about how norms emerge, the content of norms, how widely they are distributed, and how they are enforced. This paper looks at the social norms of lobbying and how such norms work in a general framework of other norms and legal institutions in the political process. From this perspective, there are a number of motivations for this study:

- Why do lobbyists and politicians engage in cooperative behavior?
- How does cooperative behavior in lobbying affect the political process?
- How do social norms in the political world interact with each other?
- Is lobbying distinct from activism?

This section discusses these motivating questions in more detail.

Why do lobbyists and politicians cooperate? The story of Mary and Steve provides an example of cooperation in lobbying, but it might be helpful to ask first, what is lobbying? I will explore this question in more detail in Chapter 2, but an initial discussion here would be useful for the rest of this chapter. While no standard definition of lobbying exists in the academic literature (see the discussion in
Baumgartner and Leech 1998), the dictionary definition of lobbying refers to the attempt to persuade or influence a decision maker (such as a public official) towards a desired decision or outcome. Lobbying can include a number of efforts that are tied to the formal political process, as when a trade organization presents testimony at a hearing, publicly releases a statement in support of (or in opposition to) legislation, or submits an *amicus curiae* brief in a court case. Lobbying also includes a variety of informal activities such as meeting privately with an aide to a member of Congress, gathering with other lobbyists to discuss strategy or swap gossip, monitoring the progress of a bill by reading press reports, sharing technical expertise with policymakers in an informal setting, holding a fundraiser, or talking “off the record” to the media. While much of lobbying is centered on the transmission of information, lobbyists also provide a variety of resources and services for politicians and for each other, including financial resources, technical advice on proposals, summaries of legislation, and “kitchen cabinet” activities like drafting legislative language. But while these activities may occur once or in sporadic fashion, they often concatenate over time such that lobbying is less a specific act or set of actions than a process, containing a number of interrelated mechanisms like brokerage and exchange.

There are numerous opportunities for lobbying. Formal political processes often invite the opinions of individuals and groups such as when a congressional committee holds a hearing. However, formal procedures make up a relatively small part of the day-to-day work of official Washington. The process of government is slow with

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4 Definitions of key terms and their operationalization are problematic in the social sciences. For example, see the discussion of terms that are of interest or related to this study in Portes (1998) on social capital; Hechter and Opp (2001) on social norms; Moody and White (2003) on embeddedness.
5 Merriam-Webster online (www.m-w.com). See also Berry (2004:9001) who defines lobbying as “the effort of organized interests to inform policy makers and persuade them to choose particular policy choices.”
6 Throughout this dissertation, I use the term ‘politician’ broadly to include all political decision-makers, whether they are elected to office or appointed to a bureaucratic position.
many and long periods of time in which action on legislation appears to come to a standstill. Such gaps in the formal institutions of government provide ample opportunity for informal interaction (Amenta, Carruthers, and Zylan 1992).

As shown in the example that began this chapter, informal lobbying is often (but not always) a two-way street of information and services; it is often an exchange. Because of Steve’s request to have Mary’s association review his bill, Mary now knows which way a key legislator wants to go on a policy issue of interest to Mary’s membership. This knowledge is something of value that Mary can use in a number of different ways, and Steve undoubtedly is aware of that fact. However, the exchange can be generalized in that Mary may feel more comfortable in later calling Steve on an unrelated issue. From this exchange, Steve and Mary each receive a benefit.

But such interactions can be risky and costly. These costs are influenced by political institutions that shape the interests and interactions of actors. For example, public comment and criticism occurs late in the process after the politician has taken a public position or action. To reduce the risk of such a negative reaction, politicians informally might seek advance information and services from lobbyists (Milbrath 1963; Chubb 1983). The politician may be seen as biased in favor of special interests, however, if these consultations become public. Steve’s boss the Senator may not want to be publicly associated with the business lobby on this issue, so Steve hopes that Mary will treat their communications as confidential. And while it might appear that lobbyists would have every incentive to cooperate with the politician, there are risks to the lobbyist as well. In the story that opened this chapter, Mary may not want it broadly known that her organization provided review and feedback on a bill that it would ultimately oppose.

Moreover, politicians have decision-making power at several points in the political process, such as when they introduce or vote on a bill. As the focal point of lobbying
before decisions are made, politician may be able to play one lobbyist off against another, or perhaps more likely, politicians will not give a lot of weight to the arguments of lobbyists who are acting alone and/or on their own behalf. Thus, lobbyists – like Mary, Pat, and Rob – will have an incentive to work together to offset their weakness at these decision points, but they may have to compromise their individual positions in order to adopt a consensus position. Joint activity also has logistical costs that flow from planning and coordination. Finally, coalition members may defect, behave opportunistically, or free-ride. For example, Mary, Pat, and Rob may take the lead in setting up meetings with congressional staffers to discuss Steve’s bill, but other members of the coalition may not make similar efforts to make appointments on Capitol Hill.

Given the costs and risks for all parties, why do politicians risk the wrath of the public by seeking feedback on proposals? Why do competing lobbyists cooperate with each other?

The research literature provides some directions. One set of models that attempt to explain lobbyist activities include the “Iron Triangle” or subgovernment model, which claims that many policy areas are dominated by small sets of political actors working in impermeable, long-term relationships (Freeman 1965; Cater 1964). The subgovernment model might have been valid in an era when institutional relationships were more simple, but the model fell into disfavor, however, because of the recognition that policies resulted from an environment in which political relationships were more permeable, numerous, and transient than the iron triangle concept allowed (Lowi 1969; Heclo 1978; Heinz, Laumann, Nelson, and Salisbury 1993; Hula 1999). Another framework – the “issue network” – views interest groups as independent actors who move in and out of loose issue-based networks and without the presence of
core players around which stable networks would attach (Heclo 1978; Heinz et al. 1993).

Some political scientists have recognized the value of stable relationships in policymaking. For example, lobbying groups that have a long tenure or track record are often successful with bureaucratic lobbying because such a group will likely be of use to the agency in the future (Costain 1978). Informal social relationships in lobbying exist and can serve useful ends (Chubb 1983; Milbrath 1963). However, the political science literature has not explored the mechanisms and implications of social relationships and social norms among lobbyists.

Lobbying also could be conceived as a bargaining situation in which actors exchange political resources (e.g., Becker 1983). Economists, particularly in the public choice school, view the lobbying process as a market exchange in which lobbyists (representing firms and industries) receive policy outcomes in exchange for payments to policymakers (Stigler 1971; Peltzman 1976). In addition, Krugman (1998) has articulated a ‘crony capitalism’ view that argues for the intermeshed interests of political and economic actors that lead to extreme moral hazard and adverse selection.

However, I argue that cooperative exchanges among lobbyists and politicians make sense because they are underwritten by trust and trust-related norms that flow from close-knit relationships. Such close relations take the form of enduring interactions both among lobbyists and between lobbyists and policymakers. Close-knit relations and associated social norms provide actors with concrete benefits such

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7 In contrast, a number of organized interests are known best for their outsider reputations as either dissidents or non-specialists. “These groups appear to contribute little of direct value to specific policy decisions because the costs of making their proposed policy changes are very high” (Browne 1989).

8 One model is a lottery in which the probability of success for the lobbyist is a function of the lobbyist’s expenditures relative to total expenditures, and another is an auction model in which the highest expenditure wins the policy ‘prize’ given policy makers’ preferences (Fang 2002; Besley and Coate 2001; Tullock 1975, 1980).
as more credible and fine-grained information, and they reduce the costs to exchange by, for example, lowering an actor’s exposure to opportunism.

If politicians can get better and faster feedback on proposals through those relationships that underpin informal lobbying, then the final policy product – legislation and regulation – is likely to be better in the aggregate. In the story that opened this chapter, Steve’s bill will be improved by input from people in Mary’s trade association, who will look for technical flaws and suggest revisions. The suggestions are not offered to improve the bill’s chances of passage, but if the bill were enacted, Mary’s members at least would want the law to be workable in a ‘technical’ sense. In addition, there is less likelihood that the law will need corrections from subsequent legislation or regulation, which makes Steve and his boss look better. Durable relationships among policy actors leads to a second motivating issue:

How does cooperative behavior in lobbying affect the political process? Writing in 1897, Raymond Bridgman of The Atlantic Monthly relates the following exchange:

When Henry M. Whitney was examined in 1890, at the West End investigation, by the House committee of the Massachusetts legislature, he was asked the following question: “Do you state, then, that your corporation, as an applicant for legislation here at the State House, finds such a condition of things that a regular body of men, known commonly as the lobby, stands between the legislature and applicants for legislation, and that, in order to avoid having opposition in the legislature, it is necessary to retain them?” To which he replied: “That was my view of the case entirely.” Mr. Whitney testified further that he believed that the employment of those men was necessary in order to give his corporation that fair standing before the legislature which it ought to have and that if he could have presented his arguments to either the Senate or House he should not have felt obliged to employ the lobby. (Bridgman 1897: 156)

This quotation illustrates an issue that is central to this study: That is, does the very function of lobbying inhibit participation in the political process? This concern
was more implicit than explicit in our ‘Mary and Steve’ story. Mary and Steve are insiders in a community of lobbyists and politicians characterized by durable and long-lasting ties. This community is set off from others by the social norms by which they abide, and the strength of the community – its solidarity – reflects the level of commitment to the norms particular to the group of insiders.9

In contrast, the outsiders are those actors who are not a part of the community and who do not have the relationships that underpin interactions within that community. ‘Outsider’ can mean the broad public, the media, and/or other political actors. For example, the term ‘outsider’ could include social activists who are concerned about the same issues as the insider lobbyists but lack the relationships that exist among insider-lobbyists and politicians.

If close-knit relationships are likely to influence the actions of insiders in the political process, what are the implications for political outsiders who are trying to change policy? For example, Bacharach and Baratz (1962) raised the issue of the ‘second face’ of power, which is the ability to set the agenda and specifically to keep items off a policy agenda. Informal lobbying with its emphasis on trust-based interactions, and the inability of outsiders to reach this inner circle of interaction, would suggest that the public is effectively blocked from getting issues of broad importance on the political agenda except in rare cases. In the ‘Mary and Steve’ story, such outsiders are not mentioned, but the confidentiality of their exchange reflects the shadow of the outsider.

In addition, Olson (1982) argued that collusion among special interest groups leads to less efficiency in the economy, more divisive politics, and greater complexity in government. The concern here is that beyond achieving simple efficiency in the

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9 This issue is related to, but still distinct from, the issue of the role of business unity in influencing policy, which is often explored in research involving interlocking directorates (see Mizruchi 1992).
policy process and enhancing information transfer that can improve legislation, groups of like-minded lobbyists and politicians will actively work together to promote their own shared, narrow interest at the expense of the public interest. Unlike the prior paragraph that noted the appearance of barriers for outsiders, lobbyists are actively and jointly working to harm outsiders. Thus, close-knit relations among lobbyists and politicians may lead to real collusion that benefits only a small segment of the population.

How do social norms interact and change? I have so far highlighted the importance of relations that are supported by social norms, but norms can be dynamic within the close-knit community. In our story, Mary’s position as trade association lobbyist places her at the intersection of several different lines of relationships—relationships that connect politicians, other lobbyists, clients, the press, and the public. Figure 1.1 provides a simplified view of these different relationships.

![Figure 1.1: The Structure of Relationships for Lobbyists](image)

Figure 1.1: The Structure of Relationships for Lobbyists
Because of her position within this network of groups, Mary may be subjected to different or conflicting norms that attach themselves to the different positions. For example, as a representative of her trade association members, Mary might owe a duty of zealous loyalty to her members, but as a member of a coalition of lobbyists, Mary might feel that he has to compromise or soften some aspect of her members’ position in order to project a united front. In such positions, norms may be more or less ‘costly’ to use relative to other norms.

In addition, the tension stemming from lobbying in democracy leads to the issue of norm ambiguity and conflict. If trust and trust-based expectations matter within, and indeed demarcate the boundaries of, the insider community, they may conflict with norms that are not insider-specific when insider relationships (i.e., among lobbyists and politicians) collide with outside pressures.

Many have noted that public policy is marked by long periods of gradual and incremental change that are occasionally punctuated by bursts of large-scale change (Jones and Baumgartner 2005). The sources of what is known as ‘punctuated equilibrium’ are not well known and are likely varied. However, I suggest that one source of change occurs when durable relationships come under exogenous pressure that invalidate those trust-based social norms that support the lobbyist relationships. When scandal or crisis erupts, politicians forego established ‘folkways’ and react quickly; when the pressure lessens, old patterns re-emerge.

These questions point to a related idea of the instrumentality of norms. That is, how are norms used, if at all, by contending parties in the political sphere? Social activists in seeking to change policy may draw upon more generalized norms such as transparency in democracy in order to frame insider relationships, which control policy, as corrupt or collusive.
A focus on the instrumental use of norms may shed additional light on the structure and strength of within-group social norms and relations. More generally, to what extent do norms of a group mark or make group solidarity? If the norms of the group define solidarity, what is the implication of conflicts with extra-group norms? Are conflicting norms a zero-sum game in which one must alternate between two conflicting norms such that counter-norms have little effect when group solidarity is strongest?\textsuperscript{10} Do conflicting norms affect the cost of sanctions?

Is lobbying different from activism? Finally, the insider-outsider dichotomy leads to a fourth issue of sociological interest in political actors. Unlike political science, there is a dearth of research on lobbying in sociology, but there is an impressive body of research on social movements. While this might be a good division of labor with political science, it does not help get to the question of how and when insider and outsider politics intersect, thus presenting an incomplete picture of the political system.

Some scholars are debating whether social movement actors are really any different from other types of interest groups, including Washington lobbyists (Burstein 1998, 1999; Goldstone 2004).\textsuperscript{11} Burstein asserts that scholars should not distinguish between social movements and other interest groups (1998: 7-9). Each characteristic that distinguishes social movements from other political groups exists on a continuum – for example, between routine and unconventional tactics. But those continua are never defined precisely, and it is not clear how groups should be placed on the continua. Rather, treating social movements like other interest groups can be beneficial since we can apply the same theory of collective action to both social movements and other political organizations (Burstein, 1999: 8-9).

\textsuperscript{10} I am grateful to Nicolas Eilbaum for a personal exchange that helped clarify my thinking on the interplay between norms and group solidarity.

\textsuperscript{11} See Baumgartner and Leech (1998) regarding difficulties in defining interest groups (pp. 25-30).
Moreover, social movements are closely intertwined with normal political processes (Goldstone 2003). For example, protest is not the touchstone that it once was in social movement research. “Protest actions have certain advantages over and complementarities with political action that make protest both an alternative and a valuable supplement to the latter” (Goldstone, 2003: 9). Even the use of violence is not a reliable indicator of outsider status as research has shown a curvilinear process in which social movements without any resources or with full acceptance within the polity do not engage in violence; only those groups in states with intermediate levels of repression and political access engage in violent protest (Goldstone, 2003).

Goldstone does not argue that social movements are indistinguishable from institutionalized groups but that the relationship is more complex than is usually acknowledged. The implication seems to be that social movements can generate institutional groups (such as interest groups and parties) and institutions (such as democracy) (Goldstone, 2003: 2-3, 9).

Thus, by approaching issues of identity and norms, I hope through this research to contribute to the debate of whether lobbyists and social movement groups are really equivalent interest groups or whether significant differences between such groups actually exist. Having explored these motivating themes in some detail, in the next section, I provide the theoretical framework for this research and associated propositions.

**Social Networks and Norms of Lobbying**

The format of this section incorporates theory and narrative in order to produce propositions. There are five propositions that are summarized as follows:

- Consistently working on the same set of issues leads to close-knit or cohesive ties among actors.
- Actors in close-knit relationships are likely to engage in joint activity.
• Organizations in close-knit communities are likely to have more influence.
• A policy domain characterized by close-knit relations is likely to uphold social norms that maximize group welfare.
• The salience of the group-specific norms makes them targets of socially distant outsiders.

The diverse nature of this argument is reflected in the diverse sources, data, and methods of this research. I plan to use a mixed methodology in addressing these propositions. Focusing on one policy domain (retirement policy), the data will consist of longitudinal social network and attribution datasets that are supplemented by in-depth interviews and other qualitative information. Sources for the data include, among others, lobbyist disclosure reports, archived websites, and secondary sources. The methodology will use social network analysis, quantitative statistical analysis, and interpretation of qualitative evidence. Chapter 3 and a technical appendix will lay out in more detail how the arguments, set forth below, will be operationalized.

In addition, my arguments regarding group norms in policy and politics are not meant to supplant the role of ideology and policy interests or lift such norms to an overarching position in the political process. In the pages that follow, I lay out reasons why I think group norms assist cooperation but also heighten conflict. An interesting question then becomes how group norms work within ideologies and policy preferences. While I do not propose to provide a full answer here, I would suggest that group norms work or interact with preferences. For example, I contend that lobbyists are subject to both cooperative and competitive pressures (lobbyists such as Mary, Pat, and Rob who work for similar trade associations that compete for members). Despite shared interests, competitive pressures may compel them to work apart from each other. Group norms may tip the scales back toward cooperative activity such as coalitions. As another example that is discussed later in the chapter,
social movement groups make claims in opposition to corporate lobbyists, but the claims may be framed in terms of the opposing lobbyists rather than solely on the issues.

**The Relational Nature of Policy Domains** – The first argument, stated as a proposition at the end of this section, is that durable relationships arise from lobbyists that work on the same or similar set of issues over time: Mary and Steve’s personal relationship of exchange is emblematic of the larger domain of retirement policy. To get to this argument, I start from an exchange perspective. Social behavior is an exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons (Homans 1961). In general, the more often a particular action is rewarded, the more likely the person is to perform that rewarded action. For example, our congressional aide Steve is more likely to ask others for advice if he has been rewarded in the past with useful advice. On the other side, lobbyist Mary is more likely to give advice and give it more frequently if she has been rewarded with approval in the past. Moreover, the action is more likely to be repeated when the time between behavior and reward is short; long intervals between reward and action would result in a lower likelihood of repetition. Moreover, when a particular stimulus leads to a reward, a person is likely to perform the same or similar action when stimuli are applied that are similar to those in the past. Thus, a process of generalization occurs in which actors tend to extend behavior to similar circumstances. There is also an affectual component to exchange that exists apart from other benefits and that make the exchange relationship an expressive object that is valuable in its own right. Repeated interaction works through emotional processes to foster a sense that the exchange partners are part of something larger, an entity that the actors will take account of and nurture in future interactions (Lawler and Yoon 1996).
As we progress from dyadic exchange to multiple exchange relationships, social network analysis becomes relevant. A relational perspective stressing social network analysis may be useful in getting at social reality in “dynamic, continuous, and processual terms” (Emirbayer 1997: 281).

The embeddedness perspective in network analysis “stresses the role of concrete personal relations and structures (or ‘networks’) of such relations in generating trust and discouraging malfeasance” (Granovetter 1985: 490). “‘Embeddedness’ refers to the fact that economic action and outcomes, like all social action and outcomes, are affected by actors’ dyadic (pair-wise) relations and by the structure of the overall network of relations.” (Granovetter 1992: 34). In terms of dyadic or relational embeddedness, reciprocating ties are generally asymmetric, differing in content and intensity, but ties are usually reciprocated in a generalized way (Wellman 1988). Ties link network members indirectly as well as directly such that any tie between two actors must be defined within the context of the overall network.

Relational embeddedness typically has direct effects on individual action and leads to trust. Information from a trusted source is cheaper, richer, more detailed, and known to be accurate precisely because continuing relations often become overlaid with social content that carries strong expectations of trust and abstention from opportunism (Granovetter 1985). Embedded exchanges make expectations more predictable and reduce monitoring costs; ‘thick’ information exchange of tacit and

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12 Social network theory and analysis has a long tradition in political research. For example, the resource mobilization approach uses the patterned links among interest groups to show the structure of coalitions, cleavages, and competitive relations among such groups and how political actors are linked to resources (Wellman 1988; Knoke 1990). Political process theory also draws upon network models in order to understand mobilization and claim-making (Tilly 1978).

13 “Instead of society, I thus use the term relational setting….As such, it is a relational matrix, similar to a social network” (Somers 1994: 72).

14 Moody and White (2003) commented that the nature of embeddedness, particularly its duality of relational and structural, lends a certain imprecision in its usage in the research literature.

15 “In practice, many ties are with network members whom one does not like and with whom one would not voluntarily form a twosome. Such ties are involuntary in that they come as part of the network membership package” (Wellman 1988: 41).
proprietary know-how; and joint problem-solving arrangements that stress flexibility and feedback (Uzzi 1997).

The cooperative relationship between Mary and Steve involves such thick information such as technical revisions to legislative text, and it includes tacit know-how in the form of how the information is conveyed: They did not have to reach an agreement, for example, on whether Steve could use the name of Mary’s trade association as an endorsement because Steve knew that Mary would not provide the feedback if her group were perceived as endorsing the bill.

In contrast, structural embeddedness typically has more subtle and less direct effects on action. Multiple independent paths that link pairs of structurally cohesive actors help information flow among organizations in a way that facilitates politically similar activity (Moody and White 2003). Structural embeddedness, which arises from sharing one or more foci of activity with others, is less under the control of individuals and is more stable than the dyad (Feld 1997).

In this study, I use the term “close-knit” in place of the more familiar “embedded” when describing relationships among lobbyists. Either terms is meant to distinguish long-term and durable relations from those that can be characterized as arms’ length in nature. I prefer the term “close-knit” because it resonates better with the idea of group-wide relations that are thick with tacit knowledge and information transfer. However, the reader who is more comfortable with the embeddedness literature should view the terms as interchangeable.

In this study, the involuntary nature of ties in lobbying is a function of government institutions that create jurisdictional divisions by policy area. Issues in one policy

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16 “In saying this I draw on the principle that to the extent that a dyad’s mutual contacts are connected to one another, there is more efficient information spread about what members of the pair are doing, and thus better ability to shape that behavior. Such cohesive groups are better not only at spreading information, but also at generating normative, symbolic, and cultural structures that affect our behavior” (Granovetter 1992: 35).
domain (e.g., tax policy) generally are considered and debated in relative isolation from other areas of policy (e.g., defense). So, lobbyists and policymakers are likely to specialize in a policy area or areas and have repeated contact with each other.

Beyond relational and structural effects, embeddedness establishes markers of collectivities. Bourdieu stated that the relationships that provide social capital “are more or less really enacted and so maintained and reinforced, in exchanges” (1985: 249). Exchange that is endlessly reproduced encourages and produces mutual knowledge and recognition: “Exchange transforms the things exchanged into signs of recognition and, through the mutual recognition and the recognition of group membership which it implies, reproduces the group” (1985: 250). Thus, those lobbyists and politicians – like Mary, Pat, Rob, Sarah, and Steve – who are part of the trust-based exchange network know each other, repeat their interactions, and reinforce the identity of their policy domain.

Building on these different theoretical threads, I argue that a policy domain is characterized by durable and informal relationships of the participating lobbying organizations, but the strength of the relationship is a property of the group rather than the constituent organizations (Moody and White 2003). Lobbying organizations will vary in terms of their specific strength of ties to each other, but the group has a unique level of cohesion (i.e., structural embeddedness) that should persist over time.

Moreover, relationships arise out of shared interests such that an increasing number of shared interests contributing to an increasing level of group-wide relationships. Thus, if Mary’s coalition partners have a number of issues on their monthly agenda for discussion rather than just a couple, their ongoing relationships are

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17 This is not to say that jurisdictions do not overlap; they do. Moreover, different policy making actors and entities often compete for jurisdiction over issues. And as will be discussed in Chapter 4, some of the jurisdictional overlap is institutionally designed. As a general matter, however, policy work is often done through division of labor.
likely to be stronger. Markovsky and Lawler (1994) identify ‘reachability’ as an essential idea to group embeddedness, that is, we should be able to trace a path from any group member to any other member. As new relations develop out of shared interests, multiple and independent paths between two lobbyists can be traced through the group (Moody and White 2003: 106).

Multiplicity of ties might be expressed in terms of the number of issues or they might consist of different kinds of relations. These relations can be shared issues, common membership in a trade association, jointly participating in a coalition, and a host of other social actions. The point is that as a group becomes more close-knit in nature, ties or relations expand along different dimensions.

But multiplicity of relations might only exist at only one point in time: For example, lobbyists might come together once, and only once, to discuss five legislative areas of interest, and then depart. Therefore, time also becomes part of the equation. Steve goes back to Mary again and again for feedback. When we see the same lobbyists working on a number of shared issues over time, we could say that they are occupy a set of positions within a web of close-knit relationships. Therefore, I would expect that those lobbyists who operate in one policy area over time would increasingly develop a stable set of shared interests with other, similarly situated lobbyists relative to lobbyists who do not work consistently in a policy area over time. These points lead to the following proposition:

**The Policy Domain Proposition:** Lobbying organizations that consistently work on a similar set of public policy issues are more likely to have relationships among each other that are close-knit in nature.
Relationships and Coalitions\textsuperscript{18} – The policy domain proposition just discussed argues that close-knit relationships develop over, and are characterized by, shared interests over time. However, shared interests over issues should then translate into joint activity. But while lobbyists tend to work together on policy issues of shared interest, the question is whether shared interest alone generates this joint activity or do close-knit relationships play a role here as well?\textsuperscript{19}

As a prefatory note, I want to acknowledge a possible source of confusion in terms of the relationships discussed here. A coalition is itself a set of relationships that can be close-knit in nature. So I want to distinguish for clarity of discussion relationships that are part of the Policy Domain Proposition and those that are part of coalition participation. When I state that increasing work on a set of issues within a policy domain leads to close-knit ties, I am talking about ties that do not include coalition ties. These ties can include simple awareness of others and informal interactions as well as more formalized ties such as membership in a trade association. The reason I distinguish these ties from ties that constitute coalitions is that joining a coalition is both voluntary and is an important hallmark of political life in Washington (as well as other venues for politics). In addition, coalitional ties are posterior to the other kinds of ties that make up a policy domain. However, the Coalition Proposition discussed here could be viewed as a special case of the Policy Domain Proposition.

Organizations entering into alliances face considerable moral hazard concerns because of the unpredictability of the behavior of partners and the costs from potential opportunistic behavior. Faced with uncertainty about a partner, actors adopt a more

\textsuperscript{18} For this study, coalitions are broadly inclusive of many types of joint activity, for example, from signing one’s name to a group letter all the way to a formally structured coalition with a budget and steering committee.

\textsuperscript{19} I want to distinguish between coalitions and embedded relationships as the two might be but are not necessarily identical. Mary may have long-term and durable relations with certain other lobbyists in the policy domain, but even if they share common interests, they might not form a coalition.
social orientation and resort to existing networks to discover information that lowers search costs and alleviates the risk of opportunist behavior (Gulati 1998). As competition for limited resources is inherent in social systems, particularly in hierarchical networks with asymmetric ties, members must use collaborative or complementary ties to gain those resources (Wellman 1988).

It is well established that the network position of an initial contributor combined with the overall network density can strongly influence the participation of others in the network (Gould 1993). Those organizations that are consistently embedded in a policy domain have superior network positions: They are more central, they broker ideas, and they have more contacts. Lengthy social and communication networks that relay data identify the location and availability of political resources, including potential coalition partners (Knoke 1990). “Mobilization for collective action depends on the timely and trustworthy transmission of information within a domain of interest” (Laumann and Knoke 1987: 206). As a result of these processes, these embedded and central organizations are the ‘focal points’ (Schelling 1960) around which joint activities are formed.

I assume that lobbyists are rational and interested in attaining some gain, $G$, from their lobbying activities. The gain might be legislation that incorporates their interests, income from member dues or client fees, and/or the social capital from enhanced reputation or new relationships that provide information and other resources. I also assume that as lobbyists generally work in specialized areas for years at a time, the model is based on repeated interactions.

In pursuing gain, lobbyists with similar interests have a choice: They can work in a coalition or they can work alone. In this case, there is little difference between making an offer to work together and receiving the offer. Gains from cooperation are labeled, $G_c$, while gains from working alone are labeled, $G_a$. The probability of lobbyist $i$
achieving $G_{ic}$ is denoted by $g_{ic}$, and the probability of achieving $G_{ia}$ is denoted by $g_{ia}$.

The probability of gains is a function of different factors; for cooperation, it is $g_{ic}(R_i + \sum R_j)$, where $i \neq j$, and for working alone it is $g_{ia}(R_i)$. In the case of the cooperation, $R_i$ is the resources of organization $i$ where resources may be financial and/or non-financial in nature; and $R_j$ are the equivalent set of resources for $i$’s partner $j$. This is an additive relationship between $R_i$ and $R_j$.

The decision to work together or work alone, of course, incurs costs, $c$. The costs of cooperation include:

- standard lobbying costs ($c_l$) such as expenses in going to Capital Hill, meeting with clients, preparing written materials and that occur regardless of coalition arrangements;
- coalition costs ($c_c$) such as, for example, scheduling meetings, compromising on individual positions in order to achieve a consensus position, preparing coaltional materials, arranging group meetings with congressional offices; and,
- network costs ($c_n$), which are the costs of maintaining relationships in the policy domain out of which coalition partners are found.

The costs of working alone involve the standard lobbying costs ($c_l$) as well as ‘relationship’ costs ($c_p$), the costs of maintaining relationships between the lobbyist and the politician.

At this point, an illustration of these terms might be helpful to the argument. The lobbyist who would choose to work alone either has some sort of pre-existing relationship with a key member of Congress or she is in such a position that they do not need the help of others. As to the former, it is not unusual these days to see former members of Congress, such as a Dick Armey or Tom Daschle, work as lobbyists because they are trading on the personal relationships that they developed during their
public service. I call these people ‘relationship lobbyists’ because they are using relationships to politicians rather than other resources in order to influence policy. For example, Dick Armey, former Majority Leader in the House of Representatives, might be able to convince a former colleague to insert a small provision into a bill – the proverbial ‘earmark.’ However, such relationships are not cost-free: They must be maintained, such as through ongoing contacts and/or campaign contributions. A lobbyist working alone may also be in a position that she does not need or want help. For example, the AARP is so large that it does not want to compromise on its positions with potential allies.

But this scenario does not represent the reality for the many thousands of lobbyists crowded into the District of Columbia. For them, influence stems from their ability to put together coalitions that, for example, signal broad support (or opposition) to a policy choice or enable more Hill visits than one lobbyist working alone can undertake.

Returning to the model, the choice to engage in cooperative lobbying or to lobby along might be expressed as the decision tree in Figure 1.2 below. For a lobbyist $i$ to cooperate (C) with other lobbyists, then the benefit from cooperation (multiplied by the probability of successful coalitional work less the coalition costs) must be greater than the benefit from lobbying alone (A) (multiplied by the probability of success less the costs of lobbying alone):

$$G_c * g_{ic} (R_i + \sum R_j) - (c_i + c_c) > G_a * g_{ia} (R_i) - (c_i + c_p)$$

Rearranging terms slightly, I get:

$$G_c * g_{ic} (R_i + \sum R_j) - G_a * g_{ia} (R_i) - c_c + c_p > 0$$
Figure 1.2: Model of the Choice between Coalitional Lobbying (C) versus Lobbying Alone (A)

Just focusing on costs, if the costs of coalition work \( (c_c) \) are very high, then a coalition strategy will be unattractive. If the costs of ‘relationship lobbying’ \( (c_p) \) are high (such the difficulty in establishing a ‘personal’ relationship with a Senator via campaign contributions), then a coalition will be more appealing. The key assumption here is that increasing dense ties within the policy domain decreases, all else being equal, the costs of coalitional work. If an organization is more deeply embedded in a policy domain, joint activity seems more likely. If a lobbyist is deeply embedded within a network of similarly-minded lobbyists, however, sharing information and finding coalition partners would seem easier than if the lobbyist does not have embedded ties.

A question that might be asked at this point is whether embedded relationships are more or less important than shared interests in coalition formation. I would not deny the importance of shared interests; indeed, they are the starting point for any joint
activity. But close-knit relationships are likely to make repeated coalition formation easier, particularly when there are a range of issues and interests levels will vary even among groups that broadly share the same interests or ideologies. Moreover, the repeated formation of coalitions with the same embedded organizations will thrust those organizations into leadership positions, much as what happened to Mary in our opening story. These ideas lead to the second proposition:

**Coalition Proposition:** Organizations tied to other organizations by close-knit, as opposed to arm’s length, ties are more likely both to participate and be leaders in coalitions.

**Influence** – Embeddedness should have an effect on organizational outcomes; in the business context it might be survival or profitability (Uzzi 1997). “Influence occurs when one actor intentionally transmits information to another that alters the latter’s actions from what would have occurred without that information” (Knoke 1990). If embeddedness exists and produces joint activity, embeddedness should then be a source of influence with others. This need not be so, however, as influence is often a function of resources, which can include financial campaign contributions, expertise, or the ability to generate a grassroots campaign in favor of a particular issue.

However, much like the way I suggested above that highly centralized positions created through affiliations of common legislative interests creates focal points for joint activity, superior network positions created through embedded ties create focal points of influence. Those lobbying organizations that are more central in the network have greater access to better information, and as noted above, these positions are reinforced by participation in coalitions of lobbyists. In turn, such central lobbying organizations are able to transmit that superior information to policymakers. This makes the lobbyists more valuable and more influential. Thus, those who have the superior network positions via their embedded ties are more likely to be called for
their opinion and feedback. In short, embeddedness should translate into more influence.

**Influence Proposition:** Lobbying organizations increase the likelihood of their influencing policy when linked to a group network formed around close-knit ties.

**Norms of Cooperation** - Establishing trust and developing a sense of community are mechanisms for producing new institutions that solve collective action problems (Ostrom 1990). Trust forms the basis for repeated play among bounded actors, and it does this through enhancing reliability and credibility. Norms of confidentiality, cooperation, and reciprocity that are based on trust, for example, can stem from the thickness of the relational tie: As trust increases (or decreases), actors in turn modify their ties to make them ‘thicker’ (or thinner) by broadening (or restricting) the flow of information and stimuli over the ties. Trust in this sense is conceptualized as encapsulated interest, in which the one who is trusted values the continuation of the relationship, and the trustee therefore has her own interests in taking the truster’s interests into account (Hardin 2002). Mary knows what Steve needs to get the bill into shape so Steve’s boss can introduce it. Mary wants Steve to look good for his boss because she wants the relationship to continue. Steve trusts Mary because of past interaction, and he knows that she will want their relationship to continue.

Trust underwrites the social norms that generate cooperative behavior. Social norms, which are rules of behavior that govern interactions across the set of relationships, must be shared by other people and partly sustained by their approval.

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20 Similarly, trust also enables political participation and interaction. “Trust, which is so important for entry into the public space (either through conventional action or through protest), is a key concept in the explanation of why certain types of social ties are more important than others for individual participation. Social ties provide individuals with specific meaning structures which significantly affect their perceptions of participation in social movement organizations. In this respect, close friends (especially in the case of organizations without salient public visibility), and participants already involved in the organization at the highest levels of participation, are better able to provide prospective members with trust than other types of ties” (Passy 2003: 41).
and disapproval (Homans 1961; Blau 1964; Elster 1989b). Time and specificity are critical to the development of trust-related social norms. Homans (1961) suggests that as norms are particular to a group, the development of such norms is a function of the past history of the group. Game theory has developed these ideas; in particular, they advance the claim that not only do norms help solve problems of non-cooperation but also that non-cooperative dilemmas help generate specific norms (Ullman-Margolit 1977). Axelrod’s (1984) computer tournaments, for example, showed that tit-for-tat strategies were particularly successful in repeated play.

The group must have the capacity to enforce norms, either by rewarding adherence or punishing deviation (Horne 2001). Enforcement usually takes the form of informal sanctions (Coleman 1990). The self-interest of parties leads them to monitor compliance with norms and report infractions (Ostrom 1990; Ellickson 1991; Saxenian 1994), and repeated interaction enables sanctions such as conditional cooperation (Diekman and Voss 2003) and reputation loss (Ellickson 1991).

21 Sociology has not always been adept at developing coherent theories of social norms. Functionalist schools of thought (Durkheim [1893] 1984; Parsons 1951; Merton 1968) held that social norms serve to promote the survival of the group. While the functionalist approach has many issues associated with its analysis – tautology and the difficulty of translating evolutionary biology to social systems among them – the idea persists that social norms develop and exist because they provide a benefit of some kind. Another approach has been Marxist and other interest group theories that hold that the most powerful groups in society exploit norms in order to further their own interests. Thus, the idea of false consciousness in Marxist thought would hold that social norms encourage proletarians to engage in behavior that does not question or challenge the pro-capitalist social order. The difficulties here are in proof: For example, how does a neutral social norm like reciprocity reflect the dominant capitalist order?

22 “In ongoing relations, human beings do not start fresh each day, but carry the baggage of previous interactions into each new one....Structures of relations also result from processes over time and can rarely be understood except as accretions of such processes” (Granovetter 1992: 34).

23 “A norm is a statement made by a number of members of a group, not necessarily by all of them, that the members ought to behave in a certain way in certain circumstances....Our example is an output norm in an industrial group: a statement that no member ought to turn out more than a certain number of pieces of work in an hour or a day. Whereas we call the value put on social approval or on money a generalized reward, a norm remains specific to a particular situation: a different industrial group might value conformity to a different norm. Why the group should find conformity valuable is a question whose answer, again, depends on the past history of the members in a particular factory or industrial community” (Homans 1961: 46).
However, sanctioning can be costly (Heckathorn 1990), and this cost could be higher if solidarity in the group is high (Hechter and Opp 2001). Costs of sanctioning include the risk of retaliation or at least the potential loss of relationship (Hirschman 1970), the loss of time or money, or negative affections, etc. (Horne 2001). In addition, if a group is interdependent, sanctions can have externalities that spill over to members of the actor’s group, and such externalities may affect how other members of the group react, i.e., whether they will monitor for violations of norms or support sanctions (Heckathorn 1990).

While we might expect social norms of cooperation and others to develop within a community marked by embedded relations, this is not necessarily so. Embeddedness does not necessarily lead to trust although I expect that, in general, the two concepts are positively correlated. Recall that under structural – as opposed to relational – embeddedness, ties can be either voluntary as well as involuntary. In the case of the former, trust is a natural outgrowth of embeddedness and reinforces embedded relations. For the latter, trust seems more problematic and more susceptible to opportunism because any threats for misbehavior are lessened by the fact that the parties have to work in the same space. Lobbyists might work together on issues more out of an intersection of interests rather than out of any set of concrete relations. Therefore, the trust we might find in these relationships is likely to be conditional or short-lived because the shared interests are short-term in nature. Of course, initially involuntary relationships can turn into voluntary ones that are marked by trust over time.  

24 “However, punishing one’s friends is costly. Because these costs are likely to be higher the more solidary the group is, certain norms might be less likely to emerge in highly solidary groups” (Hechter and Opp 2001: 399).

25 “A player with a network rich in information benefits has: 1) contacts established in the places where useful bits of information are likely to air, and 2) a reliable flow of information to and from those places. The second criterion is as ambiguous as it is critical. It is a matter of trust, of confidence in the information passed and in the care with which contacts look out for your interests….We use whatever
The problems of cooperation encountered by a group of lobbyists are specific to the group; therefore the social norms solving these problems are specific to the group. They are meant to support the relationships and transactions that occur among these relationships. If joint activity is critical to influence, then norms should support joint activity. Moreover, there is no third party that is available to impose order on lobbyists who do not conform to group norms. Lobbyists are largely self-organizing and self-ruling.  

To expect relational norms of cooperation among embedded lobbyists, some assumptions have to be made. We would expect to see group norms that support embedded relationships develop more fully within a network of embedded actors; that is, where lobbyists are generally interdependent. These group-specific social norms incorporate information about the prior interaction(s), about the other’s expectations. This last point overlaps with another assumption, namely that lobbyists in a policy domain are able to monitor each other. In this study, I am also concerned with the content and operation of social norms in a context of relationships in which repeated play is quite strong.

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26 This is not to say that the law has no role in lobbying malfeasance. The recent Abramoff lobbying scandal, like many before it, has shown that the rule of law does apply to acts of fraud and official corruption when committed by lobbyists. However, these are acts that involve lobbyist-and-client relations or lobbyist-and-politician relations, which have a higher level of regulation than the workaday interactions of lobbyist-and-lobbyist relations, although certain tort actions such as libel, slander, defamation, and breach of contract could be applicable in certain situations. Finally, the shadow of the law does make its appearance later in this chapter when the discussion turns to the conflict of norms and counter-norms.

27 While I would expect that social norms would develop in smaller groups rather than larger groups, I do not think group size is the important criterion. As Olson (1965) notes, keeping the group small is one path to overcoming the collective action problem so we would expect that community-oriented norms are more likely to develop in smaller communities than in larger communities. This is so because we have a limit on the number of relationships that we can maintain. Therefore, embedded relations, and associated social norms, are more likely to be found in smaller networks of embedded relations. The focus here, however, is on a network of embedded relations and not a particular group size.

28 “To generalize the point, if researchers do not analyze the conditionality of a norm, it is unclear just what they are explaining” (Hechter and Opp 2001: 406).
Specific social norms of embedded lobbyists will be directed towards enhancing the welfare of group members as a whole rather than one specific person or actor. If members of the community perceive that the benefits only flow to a select few, those members will have little incentive to follow such norms if they do not benefit and even less incentive to support such norms if the sanctions are costly. It may be relevant to note here that group welfare is concerned with the group of close-knit lobbyists and not the welfare of the general population. As noted above, Olson noted long ago (1982) that lobbyists will have strong incentives to collude in order to benefit their shared special interests at the expense of the broad polity and economy.

Moreover, the maximization of networked relations means that the average gain is net of both ‘deadweight losses’ and transactions costs of using informal social controls. Deadweight losses refer to the opportunity cost of non-cooperative behavior – The $G_e$ of our prior proposition (Ellickson 1991). Enforcing such norms – through information gathering about transgressors and operating sanctions – also incurs costs, and if the costs are sufficiently high, the costs may negate any benefits from cooperation. Thus, we would expect lobbyists to use those social norms that not only enhance group welfare but that also minimize sanctioning costs. As Ellickson (1991) notes, the social norms proposed here not only relate to substantive norms (e.g., one should cooperate) but also procedural norms (With whom can I expect cooperation? When do I complain about non-cooperative behavior? To whom do I complain? What do I get for non-cooperative behavior that damages my interests?).  

As to content, Ellickson makes the further requirement that group-oriented norms deal with what he calls ‘workaday affairs’ or interactions. Ellickson makes this restriction in order to solve problems of potential indeterminacy stemming from foundational rules that enable voluntary exchange and purely distributive norms (1991: 174-176). While, I, too, restrict my hypothesis to routine interactions, the concerns raised by Ellickson have less weight in lobbyist relationships than in the market for beef cattle.
procedural costs may act as a brake on the use of certain group-specific norms relative to others.

**Cooperative Norms Proposition:** Lobbyists whose relations are characterized by close-knit ties are more likely to maintain social norms that maximize group welfare.

**Conflict and Collusion** – The idea discussed above with regard to norm conflict and the cost of enforcement can be expanded to include conflicts between group-specific norms and norms external to the group. The issue here is on the legitimacy of local norms according to local and global standards of appropriateness or legality. Interaction between social movement activists and insider lobbyists shines a light on how insider norms operate and are perceived by outsiders.

The ideas of boundary and distance between groups become important in understanding norms as sites of conflict. With regard to group boundaries, norms can be local in nature in that actors on the inside of a community develop norms that are specific to their smaller transactional world (Ellickson 1991). Norms embedded within local social relations are not easily discerned by ‘outsiders,’ and even if outsiders could learn these normative expectations, they cannot easily develop the sets of relationships involved. As a result, the boundary between the outsider and the insider can be quite strong (Cook and Hardin 2001).

As to distance between groups, an important characteristic in Granovetter’s discussion of the social construction of corruption relates to status differentials or social distance, an increase in which facilitates graft. The idea of distance is not unfamiliar in the world of policy: “The more closely political administrators become

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30 The connection between group solidarity and the benefits flowing from group membership – social capital – are made clear by Bourdieau: “…the profits which accrue from membership in a group are the basis of the solidarity which makes them possible” (1985: 249).

31 Thus, Cook and Hardin critique Fukuyama’s (1995) ‘moral communities’ that “are often models of exclusionary tactics that may foster within-group trustworthiness but almost as commonly foster distrust of outsiders” (2001: 335).
identified with the various specialized policy networks, the farther they become separated from the average citizen” (Heclo 1978: 118). The idea of distance is also implicit in social movement theorizing about identities of actors and hence mobilization and claims-making: “Identities define their relations to specific others” (McAdam et al. 2001: 137).

Moreover, competing ideologies, one condemning a norm and the other defending the norm, attach themselves to the opposite ends of that social distance. “This conflict of ideologies is not socially random, but reflects real conflicts of interest between well-defined social groups in a society” (Granovetter 2005: 12). Thus, for example, Hofstadter (1955) argued that the clean government program of middle class Progressives in the early 20th century United States reflected status anxiety over the flood of immigrants who comprised the foundation of urban political machines. “What is considered corrupt may result from the balance of power among groups struggling to define the dominant view, and this definition may then in turn affect those power relations” (Granovetter 2005: 13).

Unless they evolve into established actors such as political parties, social movement activists are perceived as outsiders who will not remain beyond the immediacy of the contentious episode because collective action is difficult to maintain and/or the underlying claim or issue has an impermanent quality. The social movement actor can withdraw from the relationship of routine politics at any time with little cost while the established actors are more constrained in changing relational and structural ties. Thus, when outside actors get involved in policy areas in which

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32 Movements are more interested in the achievement of a specific goal in the present time and are more likely to discount the future as a result. Kleidman and Rochon (1997) suggest this may be due in part to turnover in organizational leadership and the lack of learning that occurs between campaigns.

33 Many have noted that social movements are different from insider political groups. Movements are, in part, collective challenges to existing arrangements of power and distribution (Meyer and Tarrow 1998; Tarrow 1998; see also Oliver 1989). McAdam (1982) observes, for example, that social
trust-based relationships are strong, they are likely to frame such insider relationships as collusive and exclusionary.

Identities, boundaries, and distance affect the tools or ‘repertoires of action’ for social movement actors. Where boundaries are salient and distance is relatively far between lobbyists and social movement groups, group-specific norms of lobbyists are likely to be contested by the social movement actors. The ambiguity of norms may give them an instrumental quality; that is, actors will invoke or frame norms in order to rationalize self-interest (Fine 2001). Moreover, activists often engage in normative change, for example, because they realize that the practices that they wish to change do not simply echo norms but make norms real (Keck and Sikkink 1998: 35). Granovetter’s discussion of the social construction of corruption builds off the idea that practices that are generally known as corrupt can be transformed into acceptable practices via ‘principles of neutralization.’ Thus, an employer would permit employee theft of office supplies if the employees were paid inadequate wages (Granovetter 2005).

In addition, Granovetter notes that the legitimacy of an exchange is a different issue than fairness because legitimacy refers to a larger audience than the dyad, which is focused on fairness, and is attuned to the appropriateness of the exchange by some standard that originates outside the dyad (2005: 3-4). Social movement groups are not only making their own claims but also devaluing the claims of opposing lobbyists.

Reversing Granovetter’s ‘principle of neutralization,’ activists may use a ‘principle of

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34 For example, in wage negotiations, sheer bargaining power is an important determinant of success, but appeal to social norms can be efficacious as in the selective use or adaptation of a norm of fairness by both sides. Yet, norms are more than disguised self-interest in that people believe in norms, and this belief gives them credibility. “The power of norms derives from the emotional tonality that gives a grip on the mind.” (Elster 1989b: 118).

35 For example, Furman and Stiglitz (1998) note that the same qualities seen positively for pre-1998 economic success in East Asia (“Business-government coordination improved performance through superior handling of information”) was seen as collusion after the 1998 economic crisis.
activation’; An account that identifies an exchange but implies that under the particular circumstances a moral violation has occurred. Because of that moral violation, the gains from cooperation through embedded ties, as represented by $G_c$ as discussed above, is devalued.

The parties to the exchange— the particular lobbyists and politicians who engage in cooperative interactions repeatedly – are also relevant. Granovetter suggests that successful corruption requires ‘corruption entrepreneurs’ who are masters of social network manipulation and who reap the benefits from, for example, structural holes and robust action (Burt 1992; Padget and Ansell 1993), but they also have specific qualities such as the need for secrecy (2005: 15). In the case of highly embedded lobbyists, social activists would not target the ‘system’ as corrupt or collusive, but they would target the most central players or interests within a close-knit group as the parties responsible for generating the collusion that blocks participation by activists.

To illustrate the above discussion, Table 1.1 provides a standard two-by-two matrix representation of the alternatives available to a challenging group like a social movement organization. The alternatives result from the interplay between intra-group embeddedness of the challenged group (such as lobbyists) and inter-group distance between challengers and challenged.\footnote{36 In reality, the axes are not binary but are continuous such that alternatives may not be so clear.} The horizontal or X-axis represents the social distance between lobbyist and challenging groups. Lobbyists who work on different issues are generally pretty close in terms of social distance. If the challenging group is socially near to the challenged group, then the alternatives take on an ‘insider’ approach in which accepted norms, procedures, and routines are used. If the groups are distant, then an ‘outsider’ approach prevails.

The vertical or Y-axis is the degree of close-knit ties among members of the challenged group. The level of close relations will likely focus the claim-making of
the challenging group. If the challenged group is very close within its own ties, then
the challenging group’s claim will become focused on the other group or what I call
‘other-focused’: Not only will the challenging group proffer its own claims and
solutions but also downplay those opposing them. If the opposing group is not close-
knit, then claim is solely ‘claim-focused.’

Table 1.1 then creates four basic categories of insider/claim-focused, insider/other-
focused, outsider/claim-focused, and outsider/other-focused. For each of these
categories, there are different repertoires of actions or tools that the challenging group
can draw upon (as noted by italics). In the case of ‘insider/other-focused’ (the upper
left box), the repertoire might include brokerage and negotiation mechanisms that
draw upon established routines that both groups support and that are directed at each
other. For ‘insider/claim-focused’ (the lower left box), the situation resembles more
of a formal process: both sides present their respective arguments to the third party
decision-maker, who makes a decision on the merits. This could be a court of law as
lobbyists do not have the close-knit ties with judges, who rely more on formal
procedures than is the case in the legislature.

Moving to groups that are more socially distant, the lower right box is
‘outsider/claim-focused.’ Here the social movement group might hold a protest march
outside of the Capitol or engage in grassroots letter-writing to members of Congress,
but the focus is on boosting the salience of their claim, which is the issue generating
mobilization. Finally, the ‘outsider/other-focus’ is the upper right box of Table 1.1,
when the challenging group is facing a highly embedded opposing group. The
challenging group not only offers its own claim but also discounts that of the opposing
group by ‘decertifying’ the opposition. This is done, among other ways, by contesting
the norms of the opposing group through the use of ‘principles of activation.’ Thus,
the social movement group will invoke procedural norms that apply broadly like
transparency and/or inclusiveness in the political process in order to characterize the meetings and discussions of embedded lobbyists and politicians as ‘collusive’ and ‘corrupt.’ They may also call for interventions by legal processes that prevent the operation of ‘insider’ community relationships.

Table 1.1: Challenging Group’s Repertoires of Action According to Cohesiveness of Challenged Group and Inter-Group Social Distance

<table>
<thead>
<tr>
<th>Cohesiveness of Challenged Group:</th>
<th>Social Distance between Groups:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Near</td>
</tr>
<tr>
<td>High</td>
<td>Insider/Other-Focused:</td>
</tr>
<tr>
<td></td>
<td><em>Brokerage and negotiation</em></td>
</tr>
<tr>
<td>Low</td>
<td>Insider/Claim-Focused:</td>
</tr>
<tr>
<td></td>
<td>*Formal claim-making –</td>
</tr>
<tr>
<td></td>
<td>*litigation, congressional</td>
</tr>
<tr>
<td></td>
<td><em>testimony</em></td>
</tr>
</tbody>
</table>

This is a dynamic process. Initially, a social movement group might use a claims-focus, but as they discover the presence of highly embedded opposing lobbyists, there may be an ‘object shift’ (McAdam et al. 2001) in their claim-making as they include characterizations of the opposition. This may in turn lead to a radicalization of the group as they perceive the social distance between them and the ‘collusive’ lobbyists. In addition, the social movement group might evolve over time into a group that is less socially distant than when it commenced its campaign. It might find allies on the ‘inside’ and join in a coalition or it might even decide to set up shop in Washington with full-time staff; in effect, becoming ‘insiders’ themselves.
**Collusion Proposition:** When a group characterized by close-knit ties is challenged by socially distant actors, the challenging actors are likely to frame group-specific norms of cooperation as ‘collusive’ or ‘corrupt’.

**The Road Ahead**

This study is unique in that it explores the uses (and abuses) of trust and trust-based social norms in the political process. This discussion of trust and social norms leads to an examination of the social construction of collusion in political life. Methodologically, it uses a longitudinal approach to a policy domain by examining actors over several years. In addition, it uses relatively new data sources of lobbyist disclosure reports as well as qualitative interviews.

The dissertation is laid out in the following chapters: Chapter 2 provides a broad background on lobbying in the United States. Expanding on the short discussion of this chapter, I begin with a discussion on what lobbying is. Chapter 2 then focuses on the how lobbying came to be in its present form with a particular emphasis on institutional factors that both facilitated and shaped lobbying as well as institutional responses to lobbying. Chapter 2 concludes with a discussion on how lobbying has been viewed in terms of its effects on democracy.

Chapter 3 describes the research site and methodology. This research focuses on a particular area, retirement policy, over a period of seven years. I give an introduction to retirement in the United States generally, describe the institutional context of retirement and retirement policy, and summarize some of the exogenous trends that have been affecting political activity. In addition, the major players in retirement lobbying and their motivations will be described, and I will also introduce the rise of retiree activism in recent years. Chapter 3 concludes with a discussion of the data collection in the research site and the methodology for the qualitative and quantitative analysis. I will discuss the issue again in Chapter 3, but I here want to highlight the
unit of analysis. For the quantitative analysis, I use organizations as the unit of analysis while the discussion of norms relies on qualitative analysis of individual data. This mixed-method approach, then, results in two levels of analysis. In part, having two units of analysis is a function of available data: I have neither social network data at the individual level (a small exception is discussed in the chapter on influence) nor organizational data on norms. But beyond just the convenience of available data, organizational position interacts with personal level relationships and norms – One cannot easily separate the two levels when discussing norms and network positions as individual position does not easily distinguish itself from the organizational position. In addition, the use of two levels of analysis helps tell a complete story about lobbying.

A quantitative and structural perspective on lobbying and activism is provided in Chapters 4 and 5. The purpose of this exercise is to establish the presence and influence of ‘socially embedded’ lobbyists, that is, those lobbyists who have the deepest relationships within the community and who, according to the previously discussed qualitative data, would be expected to value trust-based social norms. I first use social network analysis and other descriptive statistics, and then formal statistical methods are provided to test the policy domain, coalition, and influence propositions. These chapters will particularly emphasize the longitudinal nature of the lobbyist network data, showing how relationships change – and don’t change – over a seven-year timer period.

Chapter 6 provides ‘thicker’ descriptions of the relationships among lobbyists, policy makers, and those actors that are usually outside of the political process. That is, I flesh out the theoretical argument, particularly with regard to the following questions: How does one become embedded in lobbying relationships? How do trust, norms, and exchange work among lobbyists and policy makers? Are there
repercussions for violations of norms? These questions are addressed by relying on qualitative interviews of lobbyists working in a policy domain. Chapter 5 therefore addresses the cooperative norms proposition.

After looking at a community of lobbyists, the focus broadens to consider the interaction among norms and between community insiders and outsiders. Using qualitative data, Chapter 7 considers questions such as: How do norms associated with different roles in lobbying work or conflict with each other? Are outsiders like social movement activists less likely to value the ‘insider’ trust-based norms? If so, do such trust-based relationships and norms become contested sites for activists as a way to offset their relative powerlessness? In this approach, I address the collusion proposition.

In summarizing the results of the preceding chapters, the concluding Chapter 8 discusses lobbying within the framework of social ambivalence. Like the legal and medical professions, lobbying can be viewed as a position or role that generates conflicting norms, expectations, and values at different levels: lobbyist and lobbyist; lobbyists and clients; lobbyists and politicians; and lobbyists and the public. Chapter 7 discusses how such conflicting norms and values produce cooperation and collusion, and the implications of such cooperation and collusion for democracy will be discussed.
CHAPTER 2: LOBBYING IN WASHINGTON, D.C.

1. If you agree with the aims of the group, it is a “crusader in the public interest,” a “voice of the people,” or a “force for good.” 2. If you’re indifferent to its cause, it is a “special interest group.” 3. If you disagree with its position, it’s a “lobby.”

- Kiplinger and Kiplinger (1975: 203)

But I had a client come up to me. I was talking about, I gave a little speech about lobbying reform and how it’s not getting done. It’s pretty unbelievable it’s not getting done given what happened earlier this year. And the guy came up to me afterwards and said - now I represent his association - he said to me, “I guess since you represent our association, I assume you are one of the good lobbyists, not one of the scum lobbyists.” I said, “Yeah, that’s me.” “And why aren’t people like you lobbying to get lobbying reformed?” And I almost had to say, “Because no one’s paying me to do lobbying reform.”

- A lobbyist interviewed by the author (2006)

A walk along K Street

A short walk along K Street in Washington, D.C., is as good a place as any to begin a chapter on lobbying. Standing on the corner of K and 10th streets in 2006 or 2007, the first thing one would notice would be the construction activity as new, gleaming high-rise office buildings with lots of chrome and glass were being constructed in several places. Many of these buildings will be occupied by lobbying organizations – More on that in a bit. But after acclimating one’s senses to this bustle, one would also notice a small retail and office building at 1001 K Street, shown in Illustration 2.1a below. The building, which was built in 1926, was the former headquarters of Local 132 of the United Brotherhood of Carpenters & Joiners. Many unions established their headquarters or significant offices in Washington for the purpose of attaining legal recognition of the right to organize, bargain, and strike over working conditions. In 1935, during the New Deal administration of Franklin
Roosevelt, Congress passed the Wagner Act, which was the first major federal law permitting union organizing on a large scale. In the decades that followed, Congress, the courts, and the executive agencies generally expanded the rights of organized labor. But unionized industries began their decline in the 1970s and a Reagan administration hostile to the unions limited the rights and gains of organized labor. Looking at the Painters’ Union building now, it is perhaps symbolic that the current resident is a tourist trinket shop that sells many items made overseas. The only evidence of its prior history is the cornerstone (Illustration 2.1b).

Illustration 2.1a: Carpenters Union Building at 1001 K Street, Washington, D.C.
Source: Photograph taken by the author.
Illustration 2.1b: Cornerstone of the Carpenters Union Building
Source: Photograph taken by the author.

Illustration 2.2: Asbury United Methodist Church at 11\textsuperscript{th} and K Streets
Source: Photograph taken by the author
Heading west, we see a large church (see Illustration 2.2 below) on the southwest corner of 11th and K Streets, which is the Asbury United Methodist Church. Founded in 1836 by 75 free and slave African-Americans, Asbury is one of the oldest African-American churches in the District and has counted many of the city’s community and civil rights activists among its members. Churches like Asbury formed the backbone of many movements, from women’s rights to civil rights to peace movements, and these church-based activists used their proximity to the hallways of Congress and executive branch agencies to press their claims.

Another stop a few blocks away is at 1625 K Street, the site of the notorious ‘little green house.’ The little green house was the Washington apartment and entertainment center of Attorney General Harry Daugherty in the Harding administration (1921-1923). Daugherty, a political crony from Harding’s home state of Ohio, often entertained the president, members of the cabinet, and other Ohio political and business associates – known colloquially as the ‘Ohio Gang’ – with all-night poker parties and drinking at 1625 K Street. At these sessions, Daugherty was reputed to have colluded with political loyalists in the sale of pardons and immunities from prosecution. The intimacy of this setting also enabled Albert Fall, Secretary of the Interior, to convince President Harding to transfer large tracts containing oil reserves in the Western states from the Department of the Navy to his own Interior Department. Oil company interests then were able to lease these reserves for little cost in exchange for bribes to Fall, Attorney General Daugherty, and others in the Harding administration in what became known as the Teapot Dome scandal. The little green house, which today has been replaced by a bland office building, probably gave birth to the impression of K Street as a den of corruption. Some of the recent scandals refer to this street: The “K Street Project”, for example, was an arrangement in which
Republican congressional leaders would pressure lobbying firms to hire Republicans, who in turn would contribute to the campaign funds of GOP members of Congress.

All along our walk, we have passed existing modern office buildings or new ones in the process of construction, which we first noticed when we started from the former Carpenters Union building (see Illustration 2.3 below). Washington, D.C., has seen a veritable building boom in office space in the downtown area. As an industry analyst notes, “the cost of office space in downtown D.C. has surpassed properties in Manhattan and Los Angeles on a per-square-foot basis” (Fisher 2006). Of course, not all the office space is reserved for lobbying organizations as there are a large number of private firms that supply services to the federal government. However, as I will discuss later in the chapter, the boom in construction activity is matched by a boom in the number of lobbyists at the federal level.

Illustration 2.3: View of K Street Construction in 2006
Source: Photograph taken by the author.
Like any other urban street, K Street is a dense space of buildings, people, and infrastructure, but our walk showed a density of diversity and history related to lobbying. Our popular conception is of lobbyists as well-dressed professionals in new office buildings. But lobbyists are also, among other things, activists in pursuit of civil rights; advocates for labor rights; and self-interested actors solely seeking private gain.

This chapter discusses the origins of, and context for, lobbying in the United States. The central argument of this chapter is that lobbying is deeply rooted within American democracy as it complements the formal processes and institutions of government. However, particular qualities of lobbying, chiefly those of physical proximity and social relationships, mark the process of lobbying for political and popular attacks.

Following up on Chapter 1, this chapter begins with a discussion on what lobbying is. The next section focuses on the how lobbying came to be in its present form with a particular emphasis on institutional factors that facilitated lobbying as well as institutional responses to lobbying. Lobbying, and indeed other forms of political participation, are rooted in ancient political rights. While lobbying is open to all and is constitutionally protected, the distinction between insider and outsider has mattered for influence purposes since the earliest days of the U.S. government. The chapter concludes with short overview of popular perspectives on lobbying.

What is Lobbying?

As noted elsewhere (e.g., Nownes 2006), lobbying is a process that encompasses a number of activities, some of which occur simultaneously. As noted by the American League of Lobbyists, which is an association of lobbyists that would professionalize the institution of lobbying, there is a great deal involved in the practice
of lobbying. Principal elements include researching and analyzing legislation or regulations; monitoring and reporting on developments; attending congressional or regulatory hearings; working with coalitions interested in the same issues; and then educating not only public officials but also the media and general public as to the implications of various changes (American League of Lobbying 2006).

If we were to ask Mary, our fictional lobbyist, what she did in a typical day, she might say, “Meetings.” After getting to her office around 9:30 and checking emails and voicemails, Mary will probably spend some time getting ready for the next meeting on her schedule. Mary spends a significant portion of her day setting up meetings with other lobbyists, her association’s members, and with policymakers. She is then out at meetings or running conference calls from her office or the association’s conference room. In between these meetings, she might stop to chat with other lobbyists or make some calls from the cab on the way back to the office. At the end of the day, she might find a block of time to write up some talking points for an upcoming visit to Capitol Hill or a summary of a new bill that’s been introduced that will be posted on the association’s website. Or she might head back up to the Hill for a committee hearing, at which she will take notes, get a word in with a busy staffer, and trade gossip with other lobbyists.

Both in the American League of Lobbying’s description and in my thumbnail sketch of Mary’s day, there is the flow of communication. It is the job of lobbyists like Mary not just to stay on top of the flow but occasionally to direct it as well.

So, we have a broad range of activities, but how do we define lobbying? A number of definitions exist: Under section 308 of the Lobbying Disclosure Act of 1995, any person “who shall engage himself for pay or for any consideration for the purpose of attempting to influence the passage or defeat of any legislation by the
According to the Oxford English Dictionary (2006), a lobby in a collective sense refers to those “who frequent the lobbies of the House [of Commons]” or, in the United States, “the persons who frequent the lobby of the house of legislature for the purpose of influencing its members in their official action.”

As noted in Chapter 1, no standard definition of lobbying exists in the academic literature (see the discussion in Baumgartner and Leech 1998), but they are similar enough that we can choose one. Berry (2001: 9001) defines lobbying as “the effort of organized interests to inform policy makers and persuade them to choose particular policy choices.” The term ‘interest’ is not simply any value but rather “arises from the conjunction between some private value held by a political actor – public officials, or groups thereof as well as private sector operatives – and some authoritative action or proposed action by government” (Salisbury 1994: 12).

Organized interests then engage in communication efforts: “The most general way to state the nature of the lobbyist’s job is to note that he must in some way communicate with governmental decision-makers” (Milbrath 1963: 115).

Influence is the other part to Berry’s definition and is part of many other definitions, but influence itself is evasive of clear definition. In modifying Baumgartner and Leech’s definition (“an effort to influence the policy process”), Nownes suggests that lobbying “is an effort designed to affect what the government does” (2006: 5). So, communication and an intent to influence (but not actual influence) are both necessary and sufficient for a definition of lobbying.

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37 There are some other technical requirements such as the amount of time spent lobbying. Thus, the focus is on people who make lobbying a more or less full-time pursuit as discussed below.

38 Thus, during an 1808 debate in Congress about moving the seat of government from Washington back to Philadelphia, one member noted, “If we move to Philadelphia we shall have a commanding lobby.” Debates of the Congress (1852: 2 Feb. 1808, 1536).
Focusing on definitions casts a wide net on activities but still misses some key elements, and highlighting these elements necessarily narrows the focus of this research. One key element in lobbying is physical presence.\textsuperscript{39} The term itself refers to one who is waiting outside the doors of the decision-makers. Pasley picks up on this idea by defining lobbying as “when some group or individual, typically a private economic interest seeking benefits or protection, makes its case \textit{personally} to government decision-makers, often but not necessarily through some sort of specially deputed emissary” (2002: 59; emphasis original). Nownes notes that lobbying is a complex phenomenon that takes a variety of forms. In illustrating these forms with four examples, he uses a common phrase – “meets personally” – in each example (2006: 2-3). The importance of personal presence is highlighted by the testimony of the lobbyist Sam Ward, speaking in 1875:

> To introduce a bill properly, to have it referred to the proper committee, to see that some member in that committee understands its merits, to attend to it, to watch it, to have counsel to go and advocate it before the committee, to see that members of the committee do not oversleep on the mornings of important meetings, to watch for the coming in of the bill to Congress day after day, week after week, to have your men on hand a dozen times, and to have them as often disappointed; to have one of those storms which spring up in the Adriatic of Congress, until your men are worried, and worn, and tired, and until they say to themselves that they will not go up to the Capitol today – and then to have the bird suddenly flushed, and all your preparations come to naught – these, these are some of the experiences of the lobby. (Byrd 1991: 496-7).

The physical presence of lobbyists often translates into personal relationships that channel communication and influence. Rothman (1966) relates the following example from the Gilded Age: “Herbert Terrill, agent for the sugar refiners, explained

\textsuperscript{39} By highlighting physical presence, I exclude other forms of lobbying such as grassroots activities, which are also characterized as ‘indirect lobbying.’
that he discussed rates only with friends; with others ‘I presumed my views would not have had much weight.’” (1966: 205). Corporations disliked high turnover in Congress, relates a senator in the 1890s, because their lobbyists could not form stable connections to members (Rothman 1966).

Another element involves representation. Lobbying can be on behalf of one’s self, such as when a person seeks a public pension or a position in government. In the early Congresses, it was not unusual, as in the English manner, to receive petitions and then pass acts that implemented that particular petition. But by the early to mid-19th century, lobbyists more frequently were agents on behalf of other persons or interests as the floodwaters of requests to Congress continually rose.

Representation highlights the relationship of lobbying to the broader processes of politics and policy. Thompson highlights the importance of representativeness in her definition of lobbying, which is the process by which the interests of discrete clienteles are represented within the policy-making system: “Lobbyists, then, can be defined as representatives who act concurrently with, and supplement the capabilities of, those who are selected at the polls” (1985: 140). This idea will be discussed more below, but lobbying is so durable in this democracy because lobbyists are representatives of cross-cutting affiliations, groups, and even of specialized knowledge. By the 1890s, for example,

Agents typically answered the inquiries of interested Senators, explaining the various proposals on the calendar and clarifying the pertinent but dull details of intricate bills. With regularity, they supplied information that only representatives of particular organizations could gather. Helping members of Congress to understand the increasingly technical issues that came before the

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40 “One of our fellow-travellers seemed to be a disappointed place-hunter, who had been lobbying the Houses of Legislature in vain for the whole session” (Lyell 1855: 28).
41 For example, many Revolutionary War veterans or creditors of the army sent petitions for a pension or repayment for services rendered (Bowling et al. 1998).
chamber, lobbyists became the experts in an era of specialization. (Rothman 1966: 203)

Another aspect of lobbying is that it can be a profession or an occupation, which can be seen in the latter part of the nineteenth century by one observer:

The term includes both those who, since they hang about the chamber, and make a regular profession of working upon members, are called ‘lobbyists,’ and those persons who on any particular occasion may come up to advocate, by argument or solicitation, any particular measure in which they happen to be interested. (Bryce 1910: 691)

Lobbying is not an occupation or profession in the classic sense – there is no regulating body like a bar or medical association – because the process draws on political rights and values that are open to all. Its status as an occupation or profession arises out of the combined effects of time, personal relationships, and proximity. The idea of year-round presence in the form of an occupation also supports the development of personal relationships among those active in the policy process.

Having spent some time discussing what is lobbying, the next section provides a background on the development of lobbying over time, which will shed additional light on what is the process of lobbying as well as amplify some themes of this study.

How did lobbying come about?

Where did lobbyists come from and when did lobbying manifest itself? How has lobbying changed over time, and what accounts for these changes? The section presents a brief social history of lobbying, which gives an important context for the rest of the study. In order to keep the discussion necessarily brief, I organize it around what I call ‘inflection points’ that mark changes in the trajectory of the development of lobbying. These inflection points are the changes in the institutions of government as well as environmental mechanisms such as war and the economy. In summary, we
can trace the development of lobbying over four inflection points: The first Congresses of the late Eighteenth Century to the Civil War; the immediate post-Civil War period known as the Gilded Age (circa 1865 – 1890); the rise of Progressive reform (circa 1890 – 1917); the two World Wars and the New Deal (1917 – 1960); and the Civil Rights era and beyond (1960 – present). These are approximate identifications of historical periods that do not have clean divisions, but they provide a framework for viewing the development of lobbying.

Moreover, much of the following discussion concerns lobbying on behalf of business. This is appropriate in that much of this study involves lobbyists working on behalf of corporate employers and financial service firms. Moreover, the data and research on business lobbying is quite good relative to other interest groups, and intuition suggests that business groups are more stable. With this focus in mind, the development of business-oriented lobbying is guided by Stigler’s (1971) idea that business effectively buys regulation. Regulation that benefits an industry, or some segment of an industry, is more common than regulation that is overly onerous to industry. Business benefits from regulation by restricting new entrants into industry, price-fixing, subsidies, and by encouraging complements to its products and discouraging substitutes (Stigler 1971). Thus, there is an effective demand for regulation by industry, and this demand will be in evidence as I discuss the growth of lobbying.

First, however, I want to discuss some of the institutional precursors to lobbying. That is, what are (or were) the rules of the game that influenced the rise of lobbying?

**Institutional Precursors and Influences: Petition and Association** – The institutional context for lobbying comes from two complementary sources, the rights of petition and association; the former deals with making claims and the latter
concerns social groups in civil society. These two rights are derived from the English common law rights of petition and assembly (Rice 1962). The right of petition dates back to at least the 13th century Magna Carta,42 which was reaffirmed by the English Bill of Rights in 1689.43 The right of petition was exercised in the American colonies, most notably when colonists petitioned to King George III prior to the outbreak of the Revolutionary War (Rice 1962).44 The Constitution of the United States incorporated the right of petition in the First Amendment.45

The Supreme Court in 1961 determined that lobbying was an important means of petitioning government and thus is protected, to an extent, by the Constitution.46 The case involved the right of a group of railroads to wage a lobbying and public relations campaign against the trucking industry. The truckers sued the railroad association by charging a conspiracy to foster the adoption of laws and law enforcement practices destructive of the trucking business as well as to create an atmosphere of distaste for the truckers among the general public. However, the Court stated:

The right of the people to inform their representatives in government of their desires with respect to the passage or enforcement of laws cannot properly be made to depend upon their intent in doing so. It is neither unusual nor illegal for people to seek action on laws in

42 Chapter 61 of the 1215 Magna Carta has been translated as follows: “If we, our chief justice, our officials, or any of our servants offend in any respect against any man, or transgress any of the articles of the peace or of this security, and the offence is made known to four of the said twenty-five barons, they shall come to us - or in our absence from the kingdom to the chief justice - to declare it and claim immediate redress.” This translation (the original is in Latin) is from the website of the British Library and can be found at: http://www.bl.uk/treasures/magnacarta/translation.html
43 The English Bill of Rights of 1689 provides in pertinent part: “That it is the right of the subjects to petition the king, and all commitments and prosecutions for such petitioning are illegal…” (Rice 1962).
44 The first American colonial treatise that codified the right of petition was the Body of Liberties by the Massachusetts Bay Colony Assembly in 1641 (Fatka and Levien 1998).
45 “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.”
the hope that they may bring about an advantage to themselves and a
disadvantage to their competitors. 365 U.S. at 139.

The related rights of association and assembly reflect an institutional concern
with groups in civil society, a concern that can be traced back to ancient Greece. Plato
argued that a state needs to be unified in its beliefs, while Aristotle countered that such
homogeneity was detrimental. This debate continued into the present era; for
example, Hume discussed the dangers of factions for government. These beliefs are
reflected in the arguments of the framers of the Constitution, who were distressed by
the narrow-minded politics that were dominating state governments in the new
Republic. As discussed in Madison’s Federalist Number 10, the new federal system
contained a number of checks on the power of ‘factions’. The lodging of supreme
authority in a national government meant that interests would be aggregated and
balanced out by each other. The use of representatives, who would be somewhat
removed in a national capitol, would help move debate above local self-interests. The
different branches of government, each with its own set of powers and jurisdictions,
would make capture of the government difficult for any one set of interests.

Legislative procedure in the early Congress also influenced early lobbying. An
early institutional distinction was made between public bills, which affect society
broadly, and private bills, which affected only one person or organization. Unlike the
British practice of utilizing different procedures for the type of bill,47 since the first
Congress all bills regardless of scope have been handled in the same way.48
Moreover, the Congress had jurisdiction over a wider range of issues and claims than

47 In the United Kingdom, private bills are not assigned to a committee but are dealt with by a small
judicial-like panel that only involves a few Members of Parliament and that rules on private bills in a
judicial manner, after permitting the introduction of evidence in support of or against the bill (Bryce
1910).

48 “The lobbies of the legislative halls are filled with a class of men called agents, whose business it is,
to work private bills through Congress, or public bills, in which, like the Morrill tariff, private interests
are deeply concerned, by means of influence upon members” (Spence 1862: 37).
The American legislative system thus was conducive to bringing in a large range of interests in a way that avoided other institutions like the courts.

The institutional structure in the U.S. system afforded many opportunities for lobbying as a number of points of access were opened up through the system of checks and balances. This is particularly the case as Congress organized the legislative process through semi-autonomous committees of jurisdiction. Moreover, the lodging of authority in a national government that was removed from the local level and the insulated nature of legislative interaction meant that lobbying activities could be shielded from the public view. Almost immediately with the opening of the first Congress in 1789, lobbyists were present.

**The Early Republic: A Tale of Two Lobbyists** – There are many indicators of lobbying in the early Congress. For example, William Hull was hired by the Virginia veterans of the Revolutionary War in order to lobby for additional compensation for their war service. In 1792, Hull wrote to other veterans’ groups, recommending that they have their “agent or agents” cooperate with him during the next session to pass a compensation bill (Byrd 1991). During a debate in 1802 about moving the national capitol back to Philadelphia, Representative Lyons of Kentucky argued against moving because if “we move to Philadelphia we shall have a commanding lobby.” (Annals of Congress, 10th Congress, 1st Session. 1852: 1536). Following Lyons’ comment, according to Pasley (2002), other Representatives began to refer to lobbies more frequently and in a negative sense. It was not long before the actual term became common: H.L Mencken (1931) finds that in 1829 there were “lobby-agents”

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49 For example, in England claims against the government must be brought before a law-court in the form of a Petition of Right (Bryce 1910).
at Albany, and in 1832 “lobbying” had been extended to Washington.50 The Oxford English Dictionary, which provides examples of the earliest written usages of defined words, finds usages of the verb, to lobby, dated 1837, 1848, 1850, 1855, 1860, 1862, and 1864.

The idea of boundaries between insider and outsider was an important facet of early lobbying. Pasley (2002) argues that one’s reputation in late 18th century America was based on one’s level of gentility and social refinement. For those who were recognized as genteel and refined, it was relatively easy to enter into the lodgings and work areas of members of Congress, and their arguments were given more weight. As Pasley notes, “the access to the powerful that modern lobbyists must fight tooth and nail for, an eighteenth-century gentleman could walk into noiselessly and almost automatically” (2002: 90). Speaking of the Rev. Manasseh Cutler, a lobbyist who successfully persuaded Congress to ignore its own land laws and award ownership of several million acres of Ohio territory to his group of investors, Pasley remarks:

Once acknowledged as a fellow gentleman, a lobbyist could not only see a congressman but join fully in their social life at the seat of government, providing all sorts of nonofficial settings where contacts could be built and sensitive business matters could be discussed discreetly and effectively. Gaining access was not always quite as simple as walking the walk and talking the talk. It helped to have evidence of gentility beyond one’s personal qualities, such as a noble title, a well-known family name, or recommendations from other members of the club. Cutler took the latter route, bringing so many letters of introduction with him to New York [then the national capitol] that it takes an entire page of the published edition of his journal just to list it all. Admitted to the club, Cutler used his membership privileges to the hilt. Almost all his lobbying took place at private homes or social gatherings. (2002: 90-1)

50 Mencken (1931) argues that “lobbying” and “lobbyist” are particular examples of the unique brand of English spoken by Americans; in fact, in “two other familiar fields very considerable differences between English and American are visible…They are politics and that department of social intercourse which has to do with drinking” (Mencken 1931: 97).
In contrast, consider the case of the Quaker abolitionists, who lobbied Congress at roughly the same time as Rev. Cutler. Petitions for anti-slavery legislation were sent by Quaker Meetings in Philadelphia and New York, and nearly a dozen Philadelphia Quaker leaders spent several weeks in New York, then the temporary home of the Congress, engaging in a variety of activities designed to press their case (Pasley 2002). The Quakers published pamphlets based on their petitions, they visited the meeting place of Congress, and they went to the lodgings of members of Congress. It was a highly organized, multidimensional effort that ultimately resulted in failure, and such a visible campaign was not imitated by other groups for some time. These two lobbying experiences underscore the fact that being a ‘member of the club’ is important but membership requires adherence to certain expectations. Lobbying is largely an in-person activity that relies on personal connections and relationships.

Post-Civil War: The Professional Lobbyists – Lobbying would undergo significant change in the years following the end of the Civil War in 1865. It also was in the post-Civil War era that lobbying became part of the national consciousness. By 1884, a magazine profiling life in general in the nation’s capitol would write:

There are professional lobbyists who go there in numbers every winter; their doings and their methods, with their restaurant dinners, their hotel life, their intrigues, and their secret conferences, can be traced by the aid of a detective reporter; and the spectacle is by turns exciting and repulsive, instructive and indecent (The Century Magazine 1884: 654)

51 In fact, the editors of The Documentary History of the First Federal Congress write, “Congress took steps to prevent a repeat of that episode”: Congress devised a gag rule in which all anti-slavery petitions were tabled automatically (Bowling, DiGiacomantonio, and Bickford 1998: 314).

52 The importance of physical proximity for lobbying in the later antebellum era is also illustrated by newspaper correspondents who were then (but not now) permitted to sit on the House floor. For this privilege, reporters were required to pledge that they were not employed as agents to pursue any claim before Congress (Byrd 1991). Yet an 1854 Congressional report found that such press reporters “are very generally regarded as the most efficient agents…we find that, in utter disregard of this pledge and its spirit, they have been employed in many of the railroad, patent, and other schemes which have engaged the attention of Congress” (Byrd 1991: 493).
Lobbyists became so numerous and overt in this time that the coining of the term ‘lobbyist’ is credited – inaccurately – to a story about President Grant.\(^{53}\) But there was a reason for their heightened profile: “In the 1870s, when party did not superintend the course of Senate affairs, lobbying for the first time became a vital element in government” (Rothman 1966: 192). Both economic organizations and the government fundamentally changed during the latter half of the nineteenth and early part of the twentieth centuries. Certainly the growth of large firms, particularly the railroads and vertically integrated firms, contributed to the use of lobbying (Porter 1973).\(^{54}\)

But was there a demand for lobbying by government? Lobbying in the post-Civil War era was filling a growing institutional void. As noted above, the Constitution and its framers envisioned a particular version of representation that Congress was to fulfill, but this vision was predicated on certain assumptions that no longer held up in the post-Civil War era (if it ever did) as the federal government expanded its jurisdictional purview and as the country expanded in population, large economic organizations, and geographic size (Thompson 1985). Due to the discrepancy between vision and reality, lobbyists grew in numbers in order to serve as representatives between an increasingly disaffected citizenry and an overwhelmed Congress.

Three factors in particular made lobbyists practically necessary to the functioning of government (Thompson 1985). First, unlike today, most members of

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\(^{53}\) The story is that Mrs. Grant did not like President Grant’s habitual drinking so Grant began going to the bar at the nearby Willard Hotel for a mid-afternoon whiskey. Men seeking an audience with the President soon learned that could approach him in the lobby of the hotel. Exasperated that he was running an ever-expanding gauntlet each day, Grant complained bitterly of all the ‘lobbyists’ who were getting in the way of his toddy (Smith 1997).

\(^{54}\) For example, President Lincoln signed the Pacific Railway Act in 1862, in which the federal government spurred the construction of a transcontinental railway. Over the next 15 years, railroads would compete for subsidies, construction loans, and lucrative land grants (Congressional Research Service 1986).
Congress in the post-Civil War era did not think of their service as a career; even those professional politicians focused on local and state politics and viewed federal service as a necessary but temporary obligation to bring federal benefits to local communities. The result was a high rate of turnover in both the House of Representatives and the Senate. Second, members of Congress had no staff resources. At most, a member might have a secretary. Working at their desks in their respective chambers, a Representative or a Senator did their own correspondence and legislative drafting.

Third, the period saw a vast increase in the workload of the federal government and, hence, that of members of the legislature. The Civil War erased the obstacles to a large, centralized, and powerful national government.

By the Age of Grant the Capitol had, in other words, clearly overextended itself. As welfare agency, employment bureau, ombudsman with the bureaucracy for constituents, policy initiator, program implementer, political barometer and partisan testing ground, oversight watchdog, and self-styled (if only sometime) guardian of the public virtue, the House and Senate had assumed or been asked to handle a range of responsibilities that collectively and, in most cases, individually exceeded dramatically their normal pre-Civil War, peacetime workload. (Thompson 1985: 50)

These factors exposed a flaw within the constitutional system of representation. That is, as the framers, dealing with a new system and justifying a framework that covered a large and diverse polity, envisioned a system of representation that would encourage reflection of the commonweal rather than parochial will. However, Washington in the 1870s was not only the seat of government, but it was “the centre from which radiate the varied influences which affect every citizen of the Republic, from the millionaire to the man dependent on his daily earnings” (McCabe 1873: 5). As opposed to constituencies, Thompson argues that clienteles arose, detached from geographically distinct districts, and that within

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55 Members of Congress did not have separate offices then; today, there are six large buildings dedicated solely to office space and meeting rooms in addition to leadership offices in the Capitol itself.
each congressional district there were multiple and overlapping clienteles: “Seeing representation not as an unvarying and constant relationship between legislators and constituents but rather as a multidimensional interaction among numerous discrete and overlapping clienteles and their agents – who may or may not be members of Congress – illuminates both the context and complexity of the process” (1985: 137).

In the face of such difficulties, lobbying was a representational device that provided fluidity and precision in meeting discrete yet overlapping clienteles; that could be highly organized but informal in design; and that was compatible with governmental decision-making processes. “It must, therefore, operate in ways that foster cooperation from those within the process: by providing services that are beneficial to them, for instance, or by facilitating the execution of their representational responsibilities to heterogeneous constituencies” (Thompson 1985: 139). Lobbyists could specialize and could afford to work in a bipartisan fashion. Since their work did not begin or end with the electoral cycle, they could be a source of continuity amidst turnover among lawmakers.

But this growth in government also strained lobbying. Lobbying was a particularistic practice in Gilded Age Washington. For example, Rothman (1966) suggests that lobbyists were largely operating alone and in an uncoordinated fashion. While information and statistics were certainly needed and requested from lobbyists, personal qualities of civility and gentility were what counted most. Consider the case of Sam Ward, the self-proclaimed ‘King of the Lobby.’ Ward was acknowledged to be the most important lobbyist in 1870s Washington because of his superb social connections and lavish entertaining (Byrd 1991). 56  Ward, an adventurer and diplomat,

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56 This is apparently no small claim. In later years, his biographer notes, Ward was recognized as America’s authority on haute cuisine: “Largely because of the impetus he provided, the American understanding of what is proper to put into a human stomach was revolutionized: from the horrified Frenchman’s ‘country of fifty-two religions and one soup’, the United States became a land where a civilized man could dine” (Thomas 1965: 409). This helped in lobbying as Ward heeded the axiom that
was the brother of the abolitionist and poet Julia Ward Howe and a close friend of the authors Oscar Wilde and William Makepeace Thackeray. Very well connected, he was able to enter government offices at will, even using the stationary of the Treasury Department or the Ways and Means Committee – whatever was at hand – to write notes or instructions. His knowledge of the Treasury’s buying and selling of gold was invaluable at a time when currency issues were among the top issues for government action (Thomas 1965). His influence was his person rather than that of a large organization or PAC.

The particularistic quality of lobbying in the post-Civil War era was also evident in the hiring practices of principals. Some firms hired dozens or even hundreds (in the case of one railroad) of lobbyists (Rothman 1966). This was because most lobbyists, in the absence of large-scale organizations like trade associations, had personal relationships with only a few legislators, and their influence was consequently limited. On the lobbyists’ side, lobbyists accepted numerous and conflicting retainers because employers, having to hire many lobbyists, paid small fees (Rothman 1966). So as lobbying became more important and more widespread, its effectiveness was hampered by custom and habit.

Given the rise of lobbying, it is perhaps not a coincidence that the Gilded Age also saw the first efforts to regulate lobbying activity. In 1876 the House of Representatives passed a resolution calling for registration, but that resolution was effective only for that session of Congress and was not passed by the Senate. Some regulation of lobbying began to be seen, albeit in a limited and narrow scope, at the end of the nineteenth century. In 1879, members of the press galleries in Congress created rules of admission to the galleries that would bar all lobbyists posing as

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“the shortest distance between a pending bill and a Congressman’s ‘aye’ lies through his stomach” (Byrd 1991: II: 495).
journalists, and they created a standing committee of correspondents to enforce the rules (Byrd 1991). Earlier in the Gilded Age, members of Congress inundated the railroad lobbyists with requests for free passes, but the Interstate Commerce Act of 1887 prohibited passes for national lines (Rothman 1966).57

The Progressive Era: The Lobbyist Is the Group, the Group Is the Lobbyist –

As a backdrop to the following, consider Figure 2.1, which provides the number of business associations both nationally and just those located in Washington, D.C., from 1865 to 1961. I focus on business associations because of data availability and the higher likelihood that business associations would have more staying power over time than other types of associations.58 One sees both an increasing number of business associations over time, but the acceleration in growth occurs at the end of the nineteenth century. Washington-based business associations also show an upwards growth but not nearly as steep as for all business associations. If the Gilded Age was notable for reliance on individual lobbyists, the Progressive Era (circa 1890-1920) would see a change in the structure of lobbying. Historians have asserted that the Progressive Era constituted an “organizational synthesis” for associations and a pivotal time when new interest groups flourished in the United States (Galambos 1970).

57 The states were bolder in regulating lobbying. For example, Alabama amended its constitution in 1873 to make it a felony to lobby its legislature, and Georgia and California shortly followed suit. In 1890, Massachusetts enacted a disclosure rule, and in 1910 Wisconsin made solicitation of a legislator by a paid lobbyist a felony (Congressional Research Service 1986).

58 I used the 1961 edition of the *Encyclopedia of Associations* for founding dates. Naturally, this is a flawed approach in that associations could have become defunct before 1961. However, I believe that the figures that follow will be useful even considering the shortcomings in the data collection.
Figure 2.1: Total Business Associations and Washington-based Associations, 1865-1961

Source: Author’s compilation of data from the Encyclopedia of Associations (1961).
One reason for this organizational shift was that political institutions changed. Wilson (1983) gives a succinct institutional comparison between the Gilded Age and the Progressive Era: From 1861 to 1900, the federal government expanded a great deal in terms of staff (over 200,000 new employees) and agencies. The primary function of these early agencies – which included the Commerce Department, the Department of Agriculture, the Department of Labor, and the Civil War pensions bureau – was to provide services such as providing research, collecting statistics, dispensing federal lands, and distributing benefits. Crucially, as Thompson (1985) argues, Congress in the 1870s began to consider legislation that treated businesses, notably railroads, as a class in addition to so-called distributive legislation that awarded benefits, e.g. a subsidy, to particular firms. In 1887, the Interstate Commerce Commission was created, and its primary function was to regulate. Over the next 30 years, a number of new laws and bureaucratic organizations were created to regulate business as a class of activity.\footnote{For example, the Sherman Act of 1890, the Pure Food & Drug Act of 1906, the Meat Inspection Act of 1906, the Federal Trade Commission Act of 1914, the Clayton Act of 1914, and the individual and corporate income tax acts of 1914, to name a few.}

A likely consequence of these changes was that business became inclined towards joint activity. Previously, businessmen were inclined against overtly joint and coordinated responses to regulatory efforts because they believed that explicitly working together would lend legitimacy to Congressional regulation of economic activity that was inherently ‘odious’ and ‘unnatural.’ Moreover, business viewed as repugnant the thought of working in concert with one’s competitors (Galambos 1966).

And while common threats did eventually produce intra-industry discussion, business leaders also began a search for ways to make their business environments more predictable and certain in an expanding but highly variable nineteenth century economy. In his wonderful study of business associations, the economic historian
Louis Galambos (1966) discusses the transformation of informal business relations in the late nineteenth century to structured associations in the early twentieth century. Galambos characterizes the post-Civil War period association movement as the “dinner club” which involved informal meetings among business leaders within a particular industry. These ‘dinner club’ associations were marked by an ad hoc approach to issues and little leadership or administrative capacity. Around 1900, new entities that he calls “service associations” began to emerge with the beginnings of a bureaucracy and a comprehensive political program (Galambos 1966).

The trend toward associations was complemented institutionally. Progressive reformers pushed through many measures designed to curb the influence of the business lobby, including the direct election of senators in 1913, the increased use of public committee hearings in Congress, and high profile exposés of lobbyists’ misdeeds. This new system called for more complex and vigorous forms of organized activity on the part of the manufacturer:

If he was to make his voice heard, he had to have organizations which could operate effectively in this different context. He needed technically competent representatives to argue his case before commissions. He needed organizations that would be ever watchful for some new administrative ruling that might affect his interests. He needed trade groups that provided more services on a more continuous basis than did the older dinner-club associations. (Galambos 1966: 50)

The total effect of the progressive movement was to break up the “dinner club” model of the business lobby that had dominated American politics since the end of the Civil War (Galambos 1966).

In its place there developed a new style of pressure-group politics which was more open, more responsive to public pressure. Personal influence became somewhat less important; well-organized group action and the appearance if not the reality of broad support became essential to political success. (Galambos 1966: 49)
The new governmental environment that the reform movement helped to produce, with the exception of the anti-trust laws, actually contributed to the spread of the associative concepts of stability, cooperation, and control (Galambos 1966).

Finally, however, I cannot ignore the importance of social movements themselves as they agitated, without government assistance or encouragement, for various causes. The Progressive Era saw the rise of very large groups that advocated for a variety of causes, including women’s suffrage, immigration reform of various types, conservation, prohibition, and municipal reform (Skocpol 1992; Clemens 1997; Sanders 1999). Thus, a constellation of factors all led to a shift away from the Gilded Age’s particularistic lobbying and towards organizations and associations.

In contrast to earlier scandals involving individual lobbyists, scandals now involved associations. For example, press reports of lobbying excesses on the part of the National Association of Manufacturers launched an investigation by the House of Representatives, which produced a report recommending lobbyist registration. In 1919, Congress prohibited any lobbying effort with funds appropriated by Congress (Byrd 1991). Congress again in 1928 attempted to enact lobbyist registration, but this time only the Senate passed a bill and the House declined.60

The rise of interest groups and associations is also reflected at this time in a shift in scholarship on politics and government. The previous nineteenth century scholarship focused on formal institutions and processes such as the Constitution and the structure of congressional committees, but the early twentieth century saw change in emphasis

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60 The failure of lobbying reform may be due to the development of a trend I lobbying at this time: Lobbying became a common occupation for retired or defeated senators, who as a courtesy had the right to be on the floor of the Senate and mingle with old associates. It was proposed in 1897 that ex-senators be barred from the floor of the chamber if they were representing some interest with business before the Senate. The Senate maintained its custom, however, and corporations continued to hire ex-senators (Rothman 1966). With regard to lobbying in the Progressive Era, an observer could say that the “most dangerous men are ex-members, who know how things are to be managed” (Bryce 1910: 694).
toward interest groups (Tichenor and Harris 2002-03). Bentley (1905) and Herring (1929) are both exemplars of this new scholarship. Noting that there have always been various interest groups and minor parties in American political life, Herring would continue:

Within very recent years these groups have increased and multiplied. More important still, they have become highly organized and are to-day conducted by shrewd and capable leaders. Now because of improved means of communication, these groups, no longer hindered by geographic limitations, are organizing on a national and even a world-wide scale (Herring 1929: 3).

Herring conservatively estimated the number of organized groups in Washington equal to at least 500 with over 1,000 individual representatives (1929: 19). But these numbers would seem puny compared to the growth in associations over the next two decades.

World War I, the New Deal and World War Two – To paraphrase Charles Tilly, it might appear that states make war, and wars make lobbyists. In less than 30 years, the United States fought two world wars and dealt with an economic calamity, and during these crises the government encouraged association-formation. In the case of World War I, the national government coordinated industrial production through the use of trade associations that linked industries and individual businesses that were scattered geographically (Tichenor and Harris 2002-03). Once the crisis of war was over, the associations continued through the 1920s as group members realized the benefits of maintaining associational relations (Herring 1929).

After 1932, the government of Franklin Roosevelt began a governmental expansion without precedent as it dealt with the Great Depression and, several years later, the specter of Second World War. These efforts meant an overall expansion of

61 “Political evolution does not await the formal action of legislatures, nor is it bound by statutory codes and written constitutions” (Herring 1929: 2).
regulatory scope and mission, budget, and employment as the government sought first to assert greater control over a moribund economy and then mobilize the economy for war. In both the World War I and New Deal/World War II periods, the government sought to maximize its planning and control efforts by encouraging the formation of industry-wide trade associations. These “top-down” efforts legitimized industry cooperation, strengthened relations and interactions between industry and state, and provided business leaders with a positive perspective on joint activity.

Figures 2.2 and 2.3 provide a historical perspective on and empirical basis for the growth of government during this time period. Figure 2.2 gives the growth of federal government outlays from 1901 through 1946. With regard to budgetary outlays, government spending increases significantly in 1917 when America entered World War I. While the spike is followed by a sharp decline in the early 1920s, this level of spending does not drop to its pre-war levels after World War I ends. However, the New Deal and World War II show a sharp rise in the growth of government spending such that by 1945, the last year of the war, outlays are ten times the levels that existed in the 1930s.

An alternative view is examining the growth of the regulatory state. Figure 2.3 shows the number of pages in the Code of Federal Regulations (CFR) from 1936 through 1946. Although data for the number of pages in the CFR are not available before 1936, by 1945, the last year of Franklin Roosevelt’s presidency, the CFR was seven times its size in 1936.
Figure 2.2: Federal Government Outlays (in nominal billions of dollars), 1901-1945
Figure 2.3: Growth of Pages in the Code of Federal Regulations, 1936-1946.
The upheavals of the 1930s and 1940s accelerated the institutionalizing of associations and lobbying, both in terms of encouraging the establishment of organized interests and in the regulation of such interests. Figures 2.4 and 2.5 illustrate the growth of business associations both nationally and in Washington. Figure 2.4 provides the year-by-year founding’s of business associations for both non-Washington-based associations and for those headquartered in Washington. The chart illustrates the slow growth of new associations through the Gilded Age until the Progressive Era (roughly around 1890), when there is a noticeable jump upwards. In 1917, when America entered World War I, there is a sharp increase, and a higher level of new associations continues through the 1920s. But the New Deal drove the rate of new associations sharply higher as the Roosevelt administration encouraged association formation as a depression-fighting strategy, and this heightened growth continues through the 1930s and into the war years of the early 1940s. Interestingly, growth also continues into the 1950s, but the shift is moving towards locating association headquarters in Washington by this time.\(^\text{62}\)

Figure 2.5 confirms this D.C.-bias as it provides the ratio of D.C.-based business groups to non-D.C. business groups from 1909 to 1960. Resembling a U-shape, clearly many new associations were being founded outside of Washington during the 1920s, but the expanded role of government in the 1930s and beyond causes the trend to move in the direction of Washington associations.

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\(^{62}\) The last year of the chart is for 1961, which shows a decrease in new business associations. However, this may be a result of data collection as the editors of the Encyclopedia of Associations often learned of new organizations a few years after their establishment.
Figure 2.4: New Business Associations per Year, in Washington, D.C. and outside of Washington, D.C., 1870-1960.
Source: Author’s compilation of data from the Encyclopedia of Associations (1961)
Figure 2.5: Ratio of Washington-headquartered Business Associations to Non-Washington Business Associations, 1909-1960
Source: Author’s compilation of data from the Encyclopedia of Associations (1961)
As the nation moved out of the immediate post-World War Two period, the number of associations continued to grow. As in World War I, the process could be contagious: “Once the habit of associated activity was established under the stimulus of governmental encouragement, most such groups tended to persist and to invite imitation” (Truman 1951: 55).

While lobbyists were under criticism from scandals and exposés through the 1920s (including the afore-mentioned Teapot Dome scandal), little effort at regulation was made even when the inevitable scandals would erupt. For example, in the spring of 1935, lobbyists for an association of public utilities attempted to block passage of a bill that would have broken up utility holding companies into smaller entities. After Congress was deluged with hundreds of telegrams demanding that senators block the bill, congressional investigators determined that lobbyists impersonated constituents by dictating hundreds of unique telegrams (Public Citizen 2005). As a result, the Public Utilities Holding Company Act was amended to provide for registration of all company agents (Byrd 1991). Senator Hugo Black, the future Supreme Court Justice and the lead investigator in the utilities lobbying scandal, introduced legislation for broad lobbyist registration, but the conflicting versions that passed each chamber could not be reconciled.

The first comprehensive reform was the Foreign Agents Registration Act of 1938 (FARA), which required that all agents of a foreign principal register their names, addresses, and the identities of foreign clients with the Secretary of State (Public Citizen 2005). The enactment of FARA was followed in 1946 by the Federal Regulation of Lobbying Act of 1946 (FRLA), which again required registration and financial disclosure for lobbyists representing domestic interests, but the law did not regulate conduct. Anyone whose principal purpose was to influence the passage or defeat of legislation in Congress had to register with the Clerk of the House and the
Secretary of the Senate and file quarterly financial reports. However, the law did not cover contacts with congressional staff, the executive branch, or a great deal of grassroots lobbying. Moreover, the phrase ‘principal purpose’, which triggered the registration requirement, was not clearly defined. (Public Citizen 2005).

While the Supreme Court upheld FRLA as not violative of the rights of speech, press and petition, the Court also narrowed the applicability of the law by holding that it could only cover efforts to influence passage or defeat of a specific bill, and for only those paid efforts in which lobbyists directly contacted members of Congress, not their staff. Persons who spend less than half their time contacting members of Congress on legislation were exempted from FRLA.64

As in the Progressive Era, scholarship continued to think in terms of groups and the pluralist approach to politics reached its zenith with works by Truman (1951) and Dahl (1961). But the seeds of its demise were being planted in this period as Mills (1956) and Hunter (1953) mounted a critique that focused on the overarching power of elites. As this critique went into full swing in the 1960s, a new cohort of interest groups came to the political scene.

The Civil Rights Era and Beyond – Despite the relative stability of the post-war era, business lobbying continued to grow. Recall Thompson’s (1985) functionalist assertion that lobbying grew in numbers and importance during the Gilded Age because the role of government changed but the resources of government, particularly the Congress, had not kept pace from pre-Civil War levels. What, then, accounts for the growth in lobbying organizations from the 1950s forward? Congressional staffs had expanded as had the bureaucracy during the Progressive Era as well as during the

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64 Ibid.
New Deal so the argument that lobbyists were filling vital functions would seem weakened.65

Heclo (1978) notes two developments: One is that government expenditures continued to increase in an almost exponential form, which increase was nearly matched by the amount of regulations produced by the executive branch agencies. Figures 2.6 and 2.7 below provide a longer term view of federal budget outlays and regulatory page growth, respectively, than was previously shown in Figures 2.2 and 2.3. With regard to federal spending, one sees a drop following the end of World War Two but then a steady rise occurs through the 1950s and early 1960s. Government spending accelerates with the Great Society and the Vietnam War in the late 1960s and early 1970s, but spending really takes off in the last half of the 1970s.

A somewhat different story occurs in Figure 2.7 with the growth of the number of pages in the Code of Federal Regulations, which the main publication for federal regulations. Again, there is a drop in the number of pages after the war years of the 1940s, but a steady rise resumes through the 1950s and into the first few years of the 1960s. After 1964, the volume of regulations in terms of page numbers increases greatly until 1981, when it reaches a peak of over 73,000 pages. During the Reagan years of the 1980s, when there is a decline from this peak until 1986, when the regulatory volume again increases through the year 2000.

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65 Thompson acknowledges that the number of lobbyists has grown steadily since the 1870s and that such lobbyists in the 1980s would not be considered powerless. However, she argues that they face greater competition for and constraints upon their hegemony, and their activities are different than in the Gilded Age (1985: 143, n.64). I discuss this point later in the chapter.
Figure 2.6: Federal Government Outlays (in nominal billions of dollars), 1901-2006
Note: Amounts are in constant 1982 dollars; the price index is the Consumer Price Index for all Urban Consumers (CPI-U)
Figure 2.7: Growth of Pages in the Code of Federal Regulations, 1936-2005
The second development noted by Heclo is that the level of federal employment remained virtually flat since the 1950s to the present. Combining these developments, the government is doing more with less. Part of the solution has been to push responsibilities down to the states, but there also remains an opportunity for organized interests to advocate and provide information to a Congress and federal bureaucracy, as Thompson would have predicted.

At this point, it might be helpful to refer back to Figures 2.1 and 2.4, which illustrate the growth of business associations through 1960. It is striking to note that both DC-based and non-DC business associations continued to be founded after World War Two and indeed the rate of growth was steadily upward through the 1950s. Clearly, the organization of business interests had taken hold generally and particularly with regard to establishing a presence in the nation’s capitol. Simple correlations show that a very positive relationship among outlays, pages of regulations, and associations:

- Outlays and pages of regulations (for years 1936-2004): 0.936
- Outlays and total business associations (1901-1960): 0.777
- Outlays and DC-based business associations (1901-1960): 0.790
- Pages of regulations and total business associations (1936-1960): 0.450
- Pages of regulations and DC-based business associations (1936-1960): 0.451

Thus, we can see the growth in business trade associations is closely matched by the expansion in the federal government. As noted above, business may in effect be lobbying for additional regulation, as Stigler (1971) postulated.

By the 1960s, the country experienced what Berry (1999) calls the rise of post-materialist advocacy. After the Progressive Era, lobbying was largely concerned with

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66 The current sample of business trade associations only extends to 1960, but it is my intent to extend the data through at least two more decades.
distributive concerns such as business regulation and labor rights. Beginning in the
1960s and continuing through to the present, new groups emerged – some out of the
civil rights and antiwar movements and others inspired by them – to press for values
and rights unrelated to materialist concerns such as jobs or industry. These values and
rights included environmental concerns, recognition of new categories of peoples such
as gays and Latinos, feminist issues, consumer protection, and others. In turn, the
liberal movements of the 1960s and 1970s were matched by conservative counter-

In addition, the 1970s saw a tremendous expansion in the role of the federal
government in terms of such post-materialist issues. Just considering environmental
issues, the early 1970s saw the creation of the Environmental Protection Agency and
the enactment of the Clean Water Act and the Clean Air Act, among others. Whether
as a cause or effect of these expansions of federal authority, the late 1960s and 1970s
saw an explosion in the number of environmental groups. Figure 2.8 below shows the
number of environmental associations that were formed on a year-by-year basis from
1900 through 2004. The early 20th century saw a number of conservation
organizations formed as part of the broader progressive movement. But as the figure
indicates, large numbers of new environmental associations were formed in the late
1960s and 1970s, and this development continued through the 1980s in response to the
Reagan administration’s conservative environmental policies. Following the election
of Bill Clinton in 1992, we can also see a decline in the number of new environmental
groups being formed.
Figure 2.8: Number of New Environmental Associations by Year of Formation, 1900-2004
Source: Author’s compilation of environmental associations listed in the Encyclopedia of Associations, 1961-2006
Turning more toward our present time, Figure 2.9 below provides a recent illustration of the growth of all lobbying (not just business-oriented) in the past 10 years. The top line in the figure indicates the number of individual lobbyists as listed on lobbyist registration reports from June 1998 through December 2005. One can see that the number of lobbyists is sharply rising particularly with the advent of the new millennium. The middle line is the number of clients on whose behalf the lobbyists are lobbying, which line exhibits modest growth for this category. Finally, the lowest line is the number of registrants – either organizations or individuals who are registering as lobbyists in a particular period. The number of registrants is growing but the growth is almost imperceptible. What is the difference in these lines? An important distinction is that an organization can register but not all its personnel have to do so. So organization A registers with the Congress as a ‘lobbyist’ but its staff do not; however, A’s reports indicate the names of persons working for it. So, we have a small growth in the number of registrants, but a vast increase in the number of individuals working for lobbying organizations.

As the number of lobbyists mushroomed, major lobbying reform finally became a reality. From the enactment of FRLA in 1946 until 1995, several agencies implemented ad hoc disclosure rules for lobbyists seeking government contracts, grants or loans, and federal employees were restricted from lobbying in certain circumstances (Public Citizen 2005). These efforts were not comprehensive but were a patchwork of mainly administrative rules. In general, the ineffectiveness of FRLA was made apparent in 1991 when it was disclosed that about 10,000 of the 13,500 individuals and organizations listed as lobbyists by the Directory of Washington Representatives were not registered under FRLA (General Accounting Office 1991).
Figure 2.9: Number of Registrants with the Lobbyist Disclosure Act, Clients Represented, and Individual Lobbyists, 1998-2005.

Source: Author’s compilation of statistics provided by the Secretary of the Senate
Passage of a comprehensive lobbying disclosure law came in the form of the Lobbying Disclosure Act of 1995 (LDA). The LDA required biannual reporting, specific information on the issues on which the organization lobbied, financial disclosures, and personal information on the lobbyists working for an organization. The LDA has much more clear definitions of lobbyist and lobbying, which includes the contacting of congressional staff and not just a member of Congress. Unfortunately, there is weak enforcement capability and little regulation of conduct.

In light of more recent scandals involving Jack Abramoff and Randy “Duke” Cunningham, commentators have noted a number of abuses within the system that are in need of reform. The following list (taken from Thurber (2006)) is not meant to be comprehensive but does indicate a number of issues:

- The use of earmarks, which are narrow provisions of law that are inserted secretly into legislation without public debate or attribution, has exploded in recent years.
- The reliance on massive, unwieldy appropriations measures that become magnets for extraneous, special-interest provisions. Thus, the old “public bills” versus “private bills” distinction is eroding.
- The use of closed rules, particularly in the House of Representatives, that restrict the right of the minority party to offer amendments has increased since the mid-1990s. Without debate or alternative bills being offered, substantive legislation is often hurried through. Other parliamentary procedures are increasingly relied on to shepherd legislation without challenge, such as the use of extended roll calls, self-executing rules, ‘emergency’ procedures, and reporting bills outside of normal hours.

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67 Public Law 104-65.
68 Speaker of the House Nancy Pelosi has proposed a number of lobbying reform initiatives, including: Ban on gifts from lobbyists; a ban on all privately funded travel; ban on lobbyists attending or
Winding in and out through the long, devious basement passage, crawling through the corridors, trailing its slimy length from gallery to committee room, at last it lies stretched at full length on the floor of Congress – this dazzling reptile, this huge, scaly serpent of the lobby. (Briggs 1906)

Of course, lobbying has always been viewed with suspicion if not outright revulsion. “The name [lobby], therefore, does not necessarily impute any improper motive or conduct, though it is commonly used in what Bentham calls a dyslogistic sense” (Bryce 1910: 691). The first large-scale lobbying effort, the anti-slavery campaign by the Quakers mentioned above, obviously was not well-received by southern congressmen who owned slaves. But Pasley (2002) notes that members of Congress as a whole resented being pressured so intensely by men who were not their constituents and questioned the constitutionality of the campaign.

The negative imagery of lobbying reflected its growth as the Gilded Age saw the most widespread and negative imagery of lobbyists. In fact, the term ‘Gilded Age’ comes from the novel of the same name, written by Mark Twain and Charles Dudley Warner, and which tells the story of Colonel Seller’s tawdry efforts to lobby for a bill that would make him rich. Popular media in the nineteenth century also took note of the fact that females were lobbyists, but their influence was attributed to the wiles of feminine persuasion, as the political cartoon reproduced as Illustration 2.4 below suggests. Centered in the cartoon is the story of Eve tempting Adam with an apple, and all around this allusion are the various ways female lobbyists work the hapless legislator.

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participating in congressional trips; disclosure of grassroots lobbying; increased disclosure in government contracting and tightening of government contracting laws; extending the ban on lobbying by former members of Congress to two years; extend the post-employment ban to senior congressional and executive branch staff; enact disclosure requirements for House members and staff negotiating for jobs in the private sector. See http://democraticleader.house.gov/pdf/houseprinciples.pdf.
The negative public image of associations was used by politicians for their own ends. In seeking lower tariffs, Woodrow Wilson practically ordered journalists to investigate lobbyists supporting higher tariffs during a 1913 press conference:

Wilson: I should think you fellows were missing a lot of stories about the extraordinary lobbying in this town at this time.

Reporter: There is a good deal written about it, Mr. President.

Wilson: Somehow you haven’t gotten hold of it so that the country could notice it. This town is swarming with lobbyists, so you can’t throw bricks in any direction without hitting one, much inclined as you are to throw bricks. That is the most concerted and as concentrated effort, I dare say, as has ever been made to influence government legislation by the pressure of private interests.

Reporter: Do you refer especially to sugar?

Wilson: Sugar, wool – those in particular. Those have the biggest lobbies. Of course, there are men, perfectly legitimate businessmen,
who have come to town in some ways to represent their interests. I
don’t know that but that there is a great deal besides that going on.

Reporter: I think the country knows pretty well that lobbyists are
here.

Wilson: I know, but you think just the usual scenery is in view.
There is a good deal more than the usual scenery in view…

Reporter: Can you give us some names, pictures, in connection
with that, then we will start using –

Wilson: Well, if I could collect this lobby around myself, I
shouldn’t like to be photographed with them. We can get the names
out of our daily mail.

Reporter: You mean, Mr. President, there is a corrupt lobby here?

Wilson: I don’t know that they could approach Congress in that
way, but just a systematic misrepresentation of the facts and one of
these organized processes by which people, just out of weakness, will
write letters galore about things they know nothing about… (Link

Wilson’s depiction of the lobbying campaign against his priorities produced favorable
publicity and helped pass his tariff bill.

Negative portrayals of lobbyists in popular culture continue to the present day. In
1989, Dennis Quaid starred in Suspect, playing the lobbyist Eddie Sanger. Although
he helps the public defender, played by Cher, in a murder case, he is not above
seducing the chairwoman of the House Ways and Means Committee so he can get his
issue approved. In 2005, Thank You For Smoking was a movie based on the
Christopher Buckley novel of the same name. Tobacco industry lobbyist Nick Naylor
has a seemingly impossible task: promoting cigarette smoking in a time when the
health hazards of the activity have become too plain to ignore. Nick, however, revels
in his job, using argument and twisted logic to place, as often as not, his clients in the
positions of either altruistic do-gooders or victims.

69 This formal statement was released by the White House after the Wilson’s press conference:
“Washington has seldom seen so numerous, so industrious, or so insidious a body. The newspapers are
being filled with paid advertisements calculated to mislead the judgment of public men not only, but
also the public opinion of the country itself. There is every evidence that money without limit is being
spent to sustain this lobby, and to create an appearance of a pressure of public opinion antagonistic to
some of the chief aims of the tariff bill…It is thoroughly worth the while of the people of this country to
take knowledge of this matter. Only public opinion can check and destroy it.” (Link 1966: 473)
Lobbyists have been painfully aware of their image and the consequences of publicity. The term ‘lobbying’ was not popular with late nineteenth century corporations or their Washington representatives, who were referred to as “attorneys” and their fees labeled as “retainers” in order to provide a patina of respectability (Rothman 1966). Another example is taken from Bryce (1910), who remarked on the contrast of lobbying for appropriate ends:

It must, however, be remembered that although no man of good position would like to be called a lobbyist, still such men are often obliged to do the work of lobbying – i.e., they must dance attendance on a committee, and endeavour to influence its members for the sake of getting their measure through. They may have to do this in the interests of good government of a city, or the reform of a charity, no less than for some private end (1910: 682).

While it did not take long for a negative view of lobbying to develop, one sees two dominant themes in the perspectives on lobbying. One is the corruption induced by lobbying; that is, that lobbyists get their way by bribing lawmakers. By the outbreak of the Civil War, for example, an observer could write that the “lobbies of the legislative halls are filled with a class of men called agents, whose business it is, to work private bills through Congress, or public bills, in which, like the Morrill tariff, private interests are deeply concerned, by means of influence upon members, - or, in plain terms, by some form of corruption” (Spence 1862: 37). And how did this situation come about? The payment of legislators “has created a class who make law-giving a livelihood, the rate of payment is below the present standard of expenditure. There will therefore be those who have to make up this deficiency. Hence arises the well-known institution of ‘lobbying’” (Spence 1862: 37).

The other theme is lobbying as a barrier between the elected representative and the citizenry. In its holding on the 1946 lobbyist registration legislation, the Supreme Court stated,
Present-day legislative complexities are such that individual members of Congress cannot be expected to explore the myriad pressures to which they are regularly subjected. Yet full realization of the American ideal of government by elected representatives depends to no small extent on their ability to properly evaluate such pressures. Otherwise the voice of the people may all too easily be drowned out by the voice of special interest groups seeking favorable treatment while masquerading as proponents of the public weal. This is the evil which the Lobbying Act was designed to help prevent. (United States v. Harriss, 347 U.S. 612 (1954) at 625)

Despite the persistent negative imagery, lobbying has been, and continues to be, seen as necessary or useful. For example, the Gilded Age did see its defenders of the institution: “It is of the utmost importance,” avowed Nelson Aldrich [the powerful Senator who represented Rhode Island from 1881 to 1911], “to manufacturers and to members of Congress…to have in existence some representative organization whose officers or agents can speak with authority on the various complex questions constantly arising” (Rothman 1966: 207). Similarly, a contemporary voice from the American League of Lobbyists in 2007 takes the high road:

Lobbying is a legitimate and necessary part of our democratic political process. Government decisions affect both people and organizations, and information must be provided in order to produce informed decisions. Public officials cannot make fair and informed decisions without considering information from broad range of interested parties.

In addition, Rice (1962) makes the functional argument for pressure groups:

One may legitimately wonder what is the function of these myriad groups in the operation of government. The answer is that they not only advance their particular, and perhaps selfish, interests by importuning their legislators and administrators, but they provide, in

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70 Over a century ago, one commentator speculated on the public fascination with lobbyists and scandal: “Scandal and corruption are interesting, and they always have been. The most that is known about the lobby and corrupt bills is derived from the principal newspapers, and one may live in Washington for years and never meet a live lobbyist. It is highly probable that the amount of legislative dishonesty is at least not greater in Washington than in London or Paris. The difference lies in the amount of publicity given to it in America, and to the public craving for that sort of news which stimulates the supply of it, to an extent far exceeding what is warranted by mere truth” (Century Magazine 1884: 654-5).
our system founded upon geographical representation, a substitute for the functional representation one finds in some other countries. When the views of the interested occupational and other groups are available to the legislators in a coherent and responsible form, the process of legislation is simplified and the end product is more likely to elicit the support of the majority of those affected…(Rice 1962: 110)

Senator Robert Byrd of West Virginia, in his magisterial history of the United States Senate, remarks that

Congress has always had, and always will have, lobbyists and lobbying. We could not adequately consider our work load without them. We listen to representatives from the broadest number of groups: large and small; single-issue and multi-purposed; citizens groups; corporate and labor representatives; the public-spirited and the privately-inspired. They all have a service to fulfill. (Byrd 1991)

These perspectives on lobbying have their roots in the debate between Plato and Aristotle over the role of groups in the state. The fear of special interest groups can be traced to the concerns of Hume and Madison over ‘factions.’ As such, these recurring themes are latent reservoirs from which both the powerful (see the quote from Woodrow Wilson above) and the ordinary citizens can draw. The themes and images that have been explored in this chapter will be revisited in later chapters. Lobbying brings in a conflicting set of perspectives, and these conflicts have an effect on what lobbyists do and how policy is made.

The next chapter will focus more narrowly on the set of lobbyists that are studied in this dissertation. I will discuss the research site – the area of retirement policy – in terms of institutional background, actors and their interests, and key trends. The next chapter will also provide the data used for this study as well as the methods.
CHAPTER 3:
THE RESEARCH SITE, DATA, AND METHODS

*Pension:* An allowance made to anyone without an equivalent. In England it is generally understood to mean pay given to a state hireling for treason to his country.

- Samuel Johnson’s *Dictionary*, 1755

The prior two chapters provided the theoretical basis for this research as well as background on the institutional development of lobbying in general. In preparation for examining the theoretical propositions in more detail in the following chapters, this chapter provides a description of the research site – the domain of retirement policy in Washington, D.C. – as well as the data and methods for this study.

The focus of this study is not just on retirement policy generally but on retirement policy as it relates to private pensions. In addition to private pensions, lobbyists in the retirement policy domain work on issues that include Social Security; military pensions; retirement programs sponsored by local, state, and federal governmental authorities; the pension plans of church and other non-profit organizations; railroad pensions; and countless other employment-related benefits issues. In order to keep the scope of the study manageable, the quantitative portions of this study include all lobbying organizations, but the qualitative sections are focused on those actors that work on private pension programs. Hence, the background discussion of this chapter is on the development of private retirement plan policy.

In addition and in accordance with Schumpeter’s (1954) dictum that the state’s tax structure has an enormous effect on economic, political, and social life, this chapter
grounds its review in the structure of pension law. I first review general concepts regarding retirement and retirement plans as well as historical trends in retirement plan structures. The legal terrain is then surveyed by tracing the general pattern of legislation as it pertains to private pensions. The discussion then turns to the four stakeholders of retirement policy – employers, workers, financial service providers, and the government – in great detail, which is followed by a review of the concurrent rise of lobbying on retirement and retiree activist groups. The chapter concludes with a discussion with a restatement of the propositions from Chapter 1 and derives hypotheses from these propositions. In order to test these hypotheses, I then provide a description of the data sources, the variables that will be used in this study to operationalized the hypotheses, and the methods employed to analyze the data.

Retirement and Private Pension Plans

The private pension system is distinct from the national social insurance program, Social Security, in that it is voluntary on the part of employers (and to an extent, employees) and that it is based on a complicated mix of tax law incentives, regulations, and penalties. Private pensions evolved over time in the United States since the first written corporate-level private program was established in 1875. Early in the twentieth century, pension plans were generally pay-as-you-go affairs with benefits paid out of the general assets of the employer as they came due, but beginning in the 1920s insurance companies offered insurance contracts as a way for companies to provide benefits without the burden of potentially excessive claims on the company’s assets (Sass 1997). In effect, insurance contracts were marketed as a way to transfer the risk of unpredictable pension expense to a third-party provider.

The focus of this study is on private pension plans as opposed to public programs, such as those sponsored by local, state, and federal governments. The reason has as much to do with space as with the fact that private pensions form the bulk of retirement programs in the United States.

The first formal pension plan in the United States was established by the American Express Company.
The modern era of private pensions began in the post-World War II period of the late 1940s and the early 1950s (Sass 1997; Costa 1998). This period of growth was in part due to the Great Depression, in which the government became more active in pension affairs. Labor unions not only received a boost in bargaining status following the 1935 Wagner Act but they also began to look at pension benefits as part of a broad package of compensation over which they could bargain. This modern era was also characterized by large firms managing their pension plans in-house with the aid of a network of outside pension consultants, investment advisers, and bank trustees (Sass 1997). Inflationary conditions and the booming equities market of the 1940s and 1950s emboldened large corporations to self-insure their own pensions. Moreover, firms began to realize that pension assets and liabilities could serve useful tax and corporate finance purposes.

These pre-funded pension programs were usually structured as defined benefit (DB) plans, in which a future annuity is promised to the employee at retirement and which is funded almost exclusively by the employer. Traditional defined benefit plan designs were cost-effective for firms that on a pool of younger, cheaper workers and relatively short life spans following the exit from the workforce. Tax deductions for advance funding of pension obligations were permitted if contributions were placed into trusts and out of the general assets of employers. In order to fund their pension promises, employers (using the help of experts such as actuaries and accountants) projected their likely pension obligations several decades into the future on the basis of, among other things, estimated trends in labor force growth, inflation rates, and asset returns. While workers had the security of a fixed, future benefit payment (typically calculated as a percentage of the worker’s average salary), traditional

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73 This view was strengthened by the federal court of appeals decision in *Inland Steel Co. v. N.R.L.B.*, 170 F.2d 247 (7th Cir. 1949), that ruled that pensions could be subject to collective bargaining.
pensions nonetheless represented a risk to employers even in stable economic times, and funding projections could be costly as well as imprecise. For this latter reason, traditional DB plans often could be under- or over-funded at any particular point in time.

However, since the 1970s another type of retirement plan known as defined contribution (DC) plans has become increasingly important to retirement security. Early forms of these plans were usually profit-sharing arrangements that were discretionary and supplementary to the traditional DB pension (at least for large firms), but more recently the trend has been towards more reliance on other types of DC plans, such as the 401(k) and 403(b) plans. In DC plans, workers and/or employers contribute funds each year to an account in the employee’s name, and the assets in the account grow each year according to investment returns and future contributions (hence the term, ‘defined contribution’). A crucial difference relative to DB pensions is that DC plans do not promise a specific benefit at retirement so there is uncertainty from the employee’s perspective as to what the benefit will be at retirement and whether there will be sufficient retirement income. Benefits are often paid as a lump sum rather than an annuity (although an annuity can often be purchased). Moreover, the employee bears much of the risk as both contributions and selection of investment vehicles are often left up to the judgment of the worker rather than the employer. Relative to DB plans, then, DC plans represent less cost and less risk for employers.

These differences in plan type help explain trends in the structure of retirement benefits. In 1980, there were more than 148,000 defined benefit plans that covered 30 million active workers (38 percent of the workforce), but by 1999 these numbers had shrunk — just under 50,000 defined benefit plans covered fewer than 23 million American workers (21 percent of the workforce). Over the same period, the number
of defined contribution plans increased from 340,850 to 683,100 with an increase in workers covered from 14 million (14 percent of the workforce) in 1980 to more than 46 million (43 percent of the workforce) in 1999 (U.S. Department of Labor, 2004: Table E4).74

Initially over this period, many of the firms that dropped the traditional defined benefit pension plan were small firms; very large firms continued to sponsor defined benefit pensions but even this group is changing. Table 3.1 below provides some snapshots of the plan sponsorship by Fortune 100 companies, which are the largest employers of working Americans. In 1985, 89 percent of the Fortune 100 companies offered a traditional pension with only 10 percent only offering a defined contribution or 401(k) plan. One company offered a new type of plan – a hybrid plan – that combined elements of both traditional pensions and defined contribution plans. By 2005, only 37 percent of the Fortune 100 was offering a traditional defined benefit plan. Thirty-six percent of the Fortune 100 was only offering a defined contribution or 401(k) plan, while 27 percent now offered the new hybrid plans. As noted by Watson Wyatt (2006), a global consulting firm, the Fortune list changes each year, but the overall trends hold true even if only the companies that have remained on the list are analyzed.

74 These figures refer to active employed and unemployed private sector workers. The same trends are seen using a different set of individuals. In terms of active workers, retirees, and beneficiaries, in 1980 defined benefit plans covered nearly 38 million, and by 1999 they covered 41 million Americans. The number of workers and beneficiaries covered by defined contribution plans increased from nearly 20 million in 1980 to more than 60 million in 1999 (U.S. Department of Labor, 2004: Tables E1, E5).
Table 3.1: Distribution of Retirement Plans Among Fortune 100 Companies

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>1985</th>
<th>1998</th>
<th>2002</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Defined Benefit Pension</td>
<td>89%</td>
<td>68%</td>
<td>50%</td>
<td>42%</td>
<td>37%</td>
</tr>
<tr>
<td>Hybrid Pension Plan</td>
<td>1%</td>
<td>22%</td>
<td>33%</td>
<td>33%</td>
<td>27%</td>
</tr>
<tr>
<td>Defined Contribution/401(k) Only</td>
<td>10%</td>
<td>10%</td>
<td>17%</td>
<td>25%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Note: Most of the firms that offer a traditional defined benefit pension plan or a hybrid pension plan also offer a 401(k) plan.

Trends in Retirement Legislation

Statutory Framework – This section establishes the structure of tax policy and the history of retirement legislation, which are the targets of lobbying. The statutory framework for pensions begins with the ratification of the 16th Amendment to the Constitution in 1913, which permitted the imposition of taxation on personal and corporate incomes. The Treasury Department ruled in 1914 – 21 years before the creation of Social Security – that amounts paid for pensions to retired workers and their dependents could be deducted by employers as ordinary and necessary business expense.75 The tax treatment of pensions was formally recognized through the Revenue Acts of 1921, 1926, and 1928, which established the basic tax structure that has governed and facilitated private pensions to the present day: Non-recognition of income to workers from both contributions to plans and investment gains within plans as well as deductions to employers who make contributions.

The modern era of pension legislation began in 1974 with the passage of the Employee Retirement Income Security Act (ERISA), which followed some well-

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75 Treasury Decision 2090, December 14, 1914.
publicized corporate bankruptcies that erased the pension benefits of affected workers.\textsuperscript{76} The enactment of ERISA provided a coherent codification of laws relating to pensions and placed a greater emphasis on increased funding of traditional defined benefit pension plans. All legislation passed since 1974 has built on the foundations laid by ERISA.

The enactment of ERISA also highlights the importance of institutional arrangement of politics for retirement policy (March and Olsen 1989). ERISA’s creation of a coherent pension regime at the federal level incorporated not only tax law but also fiduciary and labor rules. In so doing, it created a framework that provided for joint regulatory jurisdiction over pensions for the Treasury Department and the Department of Labor as well as a legislative structure that gave primary jurisdiction to four congressional committees: the Senate Finance Committee; the Senate Committee on Health, Education, Labor and Pensions; the House Ways and Means Committee; and the House Education and the Workforce Committee. Thus, multiple points of access were created for lobbyists and activists. Combined with the fact that the U.S. has a two-party system, where party differences are slight and different parties can control different branches of government, partisan effects on retirement policy are likely to have less effect than the pressure of interest groups. As a result, changes in tax policy are incremental in nature as policymakers prefer to avoid, and likely are restricted from, enacting radical reform (Campbell 1993).

\textbf{The (Unexpected) Rise of the 401(k)} – If the 1974 law laid the foundations for modern pensions in the United States, a small provision in a law enacted only four years later in 1978 provided for the greatest and most unanticipated change in U.S. pension policy and possibly in U.S. capital markets. Beginning in the 1950s, a

\textsuperscript{76}Notably, the collapse of the Studebaker automobile manufacturer in 1964, which left nearly 7,000 workers, more than half of whom were at least 40 years old with 10 or more years of service, with little or no pension benefits (Sass 1997).
number of firms added a feature to their profit sharing plans by which employees who received a year-end bonus could defer the money into the profit sharing plan without paying tax on it. The Internal Revenue Service usually allowed this practice, but the issue became uncertain in the 1970s. The Revenue Act of 1978 sought to resolve this uncertainty by permitting cash-or-deferred-contribution arrangements (CODAs), as long as certain conditions were met, under section 401(k) of the tax code (Holden, Brady and Hadley 2006). Under these 401(k) plans, employees are not taxed on the portion of income they elect to receive as deferred compensation until the deferred amount is actually paid out from the plan. This change in the law was a very minor clarification, and nobody thought much of it except for one man, Ted Benna, a small town consultant who grasped its possibilities: Instead of just applying to year-end Christmas bonuses, why not apply it to paychecks throughout the whole year? This insight completely changed how Americans would work and retire (Lowenstein 2004).

After the IRS blessed Benna’s insight and issued implementing regulations in 1981, 401(k) plans grew in terms of assets, participants and number of plans such that it is the dominant form of retirement plan in the United States. In the twenty-five years since such plans became a reality, there are now over 417,000 401(k) plans (out of 752,000 total plans) holding over $2.4 trillion in assets (compared to $4.9 trillion total retirement assets in the U.S.) and with 47 million participants (out of 76 million Americans who participate in retirement plans) (Investment Company Institute 2006).

The Four Stakeholders

After providing some background on pensions generally as well as on retirement policy, this section discussed the actors that have the most effect on retirement policy. Moreover, a discussion of the types of actors provides a useful backdrop for the later discussion of the research methodology, in which I discuss the use of organizational variables that reflect different interests. Below I discuss four main types of actors that
have a strong interest in retirement policy, what I refer to here as “stakeholders.” These stakeholders are employers, workers (and their representatives), financial services firms, and the government.  

**Employers:** From an employer’s perspective, two somewhat unrelated concerns with respect to pension and retirement benefits are the cost of attracting and retaining labor and the firm’s capital structure. Pensions are traditionally part of the compensation structure of the enterprise, which in addition to pensions can include salary and wages, health care costs, mandatory expenses such as workmen’s compensation, vacation, and assorted fringe benefits. For private employers in 2006, pension programs represent 4.3 percent of total labor costs and 14.3 percent of all benefits (Department of Labor 2006a: Table 1). In 2003, employer-sponsored defined benefit plans paid out an estimated $132 billion in benefits to retirees and beneficiaries (Buessing and Soto 2006). Moreover, global competition and recent market conditions have placed pressure on American firms to reduce labor costs given the relative advantage of certain overseas markets in terms of wage and benefit expenses. In a recent poll of chief executives of fast-growing private companies, 34 percent listed increasing pension and healthcare costs among their most pressing challenges (Schneyer 2006).

From a corporate finance perspective, traditional DB pension plan liability is a direct part of the capital structure of the sponsoring employer while defined contribution (DC) plans are not. As of 2004, pension liabilities accounted for roughly

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77 Of course, one could conceive of other stakeholders, such as the children of employees or the industry that provides services to retirees like nursing home care. However, in order to provide a clearer analysis, I sought to classify those actors that have the most proximate interest and effects on public policy, and I believe that the four types here meet that definition. I want to thank a member of my dissertation committee for pointing out that there are other stakeholders than the ones I present here.

78 Among CEOs polled, over 80 percent listed keeping key employees, 52 percent mentioned developing new products, 36 percent listed market expansion, 30 percent chose increased competition, 22 percent indicated increased regulation, and 20 mentioned managing succession.
21 percent of U.S. firms’ market capitalization, and pension liabilities and deficits negatively affect the way markets value companies (Orszag and Sand 2005). Declines in fertility and increases in longevity have sharply increased actuarial costs to employers that now fund annuities that pay benefits 20 or more years into the future and that do not have the pool of younger workers who can produce at lower wage costs.

Because defined benefit pensions are part of a firm’s capital structure, they were often seen as opportunities to improve the overall financial position of the firm. Part of the reason for this was institutional:

Until recently, the financial management of most corporate pension plans has been the responsibility of the firm’s chief investment officer, often operating pretty much independently of the corporate treasury and finance functions…this practice of managing the pension fund as a business unit unto itself has been reinforced by accounting rules that kept pension assets and liabilities off corporate [accounting statements]. (Chew 2006:2)

Moreover, higher returns in the stock market in most years allow companies to limit their contributions to their defined benefit plans and therefore report lower pension

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79 The Financial Accounting Standards Board is proposing new accounting standards for pensions. In the past, corporate sponsors of traditional defined benefit pension plans used accounting techniques that, in effect, allowed them to spread the recognition of pension obligations and assets over a number of years. For example, corporate financial statements also did not have to fully disclose the extent of the pension assets and liabilities. According to financial experts, these ‘smoothing’ approaches in pension accounting distorted the measurement of earnings and net worth and misled investors about a company’s financial position and, hence, their worth (Fortune 2005). In contrast, the new standard would remove smoothing techniques and require the recognition of changes in plan assets and liabilities on an immediate basis (Financial Accounting Standards Board 2006b). The result of this globalization of accounting standards is the injection of greater volatility in corporate financial statements and will negatively affect corporate financial statements and stock prices (Stickel and Tucker 2007). While the actual proposals are still in the process of implementation, their main points have been known and debated for several years now such that financial managers have had ample opportunity to adapt strategies. Companies that sponsor traditional DB plans can eliminate the risk of market fluctuation on their balance sheets by freezing or terminating their pension promises, and many companies have already done so.
expense and, hence, higher net income. Added to this is the fact that prior accounting rules allowed companies, using inflated equity return estimates, were able to generate a risk-less stream of profit on the basis of their pension operations. By one estimate, in the absence of the extended bull market of 1982 to 2001 and legislative changes that lowered funding requirements, the average firm’s contribution to its pension plan would have been 50 percent higher; instead, corporate profits were roughly 5 percent higher than they would have been otherwise (Munnell and Soto 2003).

This changed with the recession in 2001 when equity returns plummeted and interest rates dropped. The equity returns reduced the value of plan assets available to pay benefits, and drop in interest rates inflated the value of the liabilities. Many companies began to realize that the true cost of their pension promises were effectively concealed and that the risk of assets held in pension plans were transmitted to corporate balance sheets, which affects firms’ ability to borrow (Chew 2006). The changed market conditions required sharp increases in contributions by employers. From 1980 to 2001, employer contributions to defined benefit pension plans fluctuated in a stable range of $25 to $50 billion. However, defined benefit plan contributions went from $44 billion in 2001 to $98 billion in 2002 and $101 billion in 2003, the last year for which we have government data (Buessing and Soto 2006). This new financial reality combined with new accounting standards that will make pension obligations more transparent on corporate balance sheets make traditional pensions less valuable in the eyes of corporate employers.

Moreover, business organizations in the United States have changed since the advent of widespread corporate pension plans in the mid-twentieth century. In large organizations of the earlier era, highly ordered, hierarchical, and closely coordinated organizations were dominant in the mass production of standardized goods. Pensions had a specific role in this system of welfare capitalism. As Sass (1997) notes, the old
age pensions were part of a gift exchange that were given “in the hope of soliciting employee concern for the good of the corporation” (1997:240). Pensions were also given as compensation for service when organizations valued long service and provided firm-specific skills. Pensions also were (and still are) a tool for inducing exit of excessively compensated older workers. For the underfunded plan, the pension also helped bind workers (and their union representatives – e.g., see Ford, GM, and Chrysler) to the idea of making the firm successful or at least viable.

This earlier industrial model has transitioned to a different model that is characterized less by internal hiring ladders, more ‘flat’ in terms of management supervision, and hiring workers with generic skills rather than developing firm-specific skills. Since firms are less interested in keeping workers, traditional DB pensions are less useful (Sass 1997). In contrast, savings plan, like the 401(k), are based on competitive market wages. Moreover, DB pensions are less likely to be valued by workers when long-term employment is less stable.

As a result of these (and other factors), the trend, as noted above, has been one of less traditional DB plans and increasing DC plans, and this trend has resulted in more risk being shifted towards employees. In a survey of more than 100 large, U.S. and European multinational organizations, only 4 percent said that enabling employees to retiree is a top priority (Iyer 2005). In another survey of 3,000 accountants serving as corporate CEOs, CFOs, controllers, and other executive positions, almost 75 percent of those polled did not believe that companies will be able to provide adequate pensions for their employees in the future (Management Issues 2006). 80

Those firms that still maintain defined benefit plans are generally reducing benefits within these plans and/or closing such plans to new hires (a practice known as

80 But more than half acknowledged that reductions to pensions will threaten a company’s ability to attract and retain the talent they need to compete (Management Issues 2006).
‘freezing’ the plan). Moreover, companies in declining and highly competitive markets such as the airline and steel industries are shifting their pension liabilities to the other stakeholders through bankruptcy, accounting changes, or bond offerings.\textsuperscript{81}

Workers and their representatives: Private pensions make up an increasing portion of financial support for middle- and upper-income workers, often more than is provided by the Social Security program. At the top quartile of income, pensions provide over 25 percent of the recipient’s income while Social Security payments provide 20 percent (Whitman and Purcell 2005). At the second quartile, pensions provide 21.4 percent of income while Social Security provides 57.5 percent. For the third and fourth quartiles, however, pensions provide less than 7 percent of income while Social Security generates more than 80 percent of income. Thus, private pensions are of direct concern to middle and upper class American.

However, retirement plan coverage varies along such factors as firm size, industry, unionization, and occupational group, among other things. According to the 2005 National Compensation Survey, 60 percent of all workers had access to a retirement plan, but only 50 percent participated in a plan (Costo 2006). In terms of type of plan, 42 percent of workers participated in a defined contribution plan but only 21 percent were in a defined benefit plan. White collar workers tended to have greater access and higher participation in all types of retirement plans than non-unionized blue collar and service workers. Unionized workers had greater access and participation as did workers in goods-producing industries relative to the service sector. Workers in larger

\textsuperscript{81} Another perspective on employers should be noted. Some employers can be characterized as less than benign, at best, when it comes to their pension obligations. An anecdotal case in point is the Kaiser Aluminum & Chemical Company, which announced in early 2004 that it was canceling its medical and pension benefits for all employees. A charge against the principal owner of Kaiser is that he is shedding pension and medial benefits in order to pay for the junk bonds that were used to purchase the company. Using bankruptcy law, Kaiser is able to terminate pension and medical benefits, thereby shifting the burden of the pension promises onto the Pension Benefit Guaranty Corporation. (The Seattle Times 2004).
establishments (100 or more workers) also had greater access and higher participation than workers in small firms.

As noted elsewhere, unionized workforces have better access to pension (and medical) benefits than non-unionized workers: Eighty-eight percent of unionized workers have access to retirement plans in general, and 73 percent of unionized workers participate in defined benefit plans as opposed to 56 percent and 16 percent, respectively, for non-union workers (Costo 2006).

And while unions have been quite vocal about protecting pension benefits on behalf of workers, they have their own interests and conflicts which limit their usefulness to workers. First, unions represent a small portion of the American workers, currently 15.4 percent of the workforce age 25 and older (U.S. Department of Labor 2007: Table 40). Second, related to their declining membership is an interest in self-preservation, and here unions must make difficult choices between, for example, protecting jobs and protecting benefits. For example, in recent years the United Automobile Workers has reached agreement with the auto industry in several instances where auto workers’ jobs were protected in exchange for changes in pension and other benefit programs (Garsten and Hudson 2003).

Third, unions are often sponsors or joint sponsors with employers of pension plans, and they have responded to the trends discussed above in a way similar to employers. For example, the Central States division of the Teamsters union, joint sponsor with participating employers of one of the largest pension funds in the world, sharply reduced pension benefits for full-time Teamster members (Wolfe 2003). This action is contributing to a more progressive splinter movement within the Teamsters (Teamsters for a Democratic Union 2006).

Service Providers: The $4.9 trillion in pension assets (as of 2004) supports a vast industry of investment firms, consultants, and service providers. Given the magnitude
of this sector, it would seem obvious that public policy has a large effect on capital markets, and change in the capital markets can also be a driver of policy as well. As Figure 3.1 shows below, pension assets in private pension plans have seen tremendous growth since 1985 when total assets equaled $2.2 trillion (in 2004 dollars). Figure 3.1 also illustrates the trends in both the type of plans that are driving this growth. Plan assets in defined contribution plans have gone from $732 billion in 1985, approximately half the amount for traditional defined benefit pensions, to $2.5 trillion in 2004, which is 35 percent more than held in defined benefit plans (U.S. Department of Labor 2006b).

The growth in assets, primarily in defined contribution plans, has been in equities, and this has helped fuel the growth of the mutual fund industry. For example, mutual funds accounted for 5 percent of all retirement assets in 1990, but by 2005 the mutual funds’ share of the retirement market reached 24 percent (Investment Company Institute 2006). In turn, the retirement market became more important for the mutual fund industry over time. In 1990, the retirement plan market made up 19 percent of all mutual funds, but by 2005 this proportion rose to 39 percent of all funds (Investment Company Institute 2006). The growth of plan assets is crucial for financial service providers like mutual fund managers because their fees come out of the investment returns on the plan. A fund manager might receive a fee equal to 1 percent from the investment returns regardless of the size of the plan so a larger asset pool will generate higher income.82

82 Service provider fees are usually, but not always, taken from investment returns. Thus, if the plan investments in the aggregate return 7 percent in a year, the 1 percent fee mentioned in the text is taken from the 7 percent such that workers will see a 6 percent return on the statements.
Figure 3.1: Pension Plan Assets, 1980-2003

Source: Author’s compilation from annual reports of U.S. Department of Labor 2006.
The issues that have been at the top of the agenda for the financial services industry reflect the changing nature of retirement and demographics. Now that much of the risk of retirement has fallen on workers, financial industry representatives are pushing a number of initiatives that would legalize new or extend existing products directed at this greater risk. For example, the recently enacted Pension Protection Act of 2006 allows financial firms to offer some investment advice even though there are potential conflicts of interest when the same firms provide the investment vehicles. Automatic enrollment, also blessed in the new law, allows employers to automatically enroll new employees in savings plans unless the employees affirmatively opt out of the plan.

Moreover, pensions are a driver of growth in other areas of the financial services industry. According to a recent study, for example, hedge funds are estimated to grow from around $360 billion in 2006 to over $1 trillion by 2010, and retirement plans will represent 65 percent of total institutional inflows over this period. In addition, some commentators have noted that in the aftermath of the Pension Protection Act of 2006, many employer sponsors of pension plans are actively trying to manage interest rate risk within their plan investments, and that effort specifically is translating into a predicted surge in demand for long-term bonds such as 30-year government obligations (Mangiero 2006; Huh and McClellan 2007).

The pension-related growth in certain areas of financial sector, e.g., mutual funds, has not been matched in other areas, most notably the insurance industry, which was the dominant provider of all pension services until the 1950s. Thus, the insurance companies are competing with other service providers, like the mutual fund industry, and this competition have a political component. For example, a large initiative for insurance lobbyists has been achieving tax-favored status for annuities in general and for those paid out of pensions in particular. This lobbying campaign has generated
stiff resistance from the mutual fund industry, among others (Interview 13 2006). This latter issue of annuitization reflects some of the various and cross-cutting divisions in the business community over retirement issues, which highlights the idea that the policy domain has become another site for competition among firms.

**The Government:** From the government’s perspective, there are two views on retirement policy. On the one hand, retirement policy is a part of a larger social policy of income security that provides safety net for older Americans who can no longer support themselves via the labor market. This mission perhaps began with disability and pension programs for Civil War veterans beginning in the late 1860s (Costa 1998), but large-scale government involvement received two boosts, one from Depression-era programs in the 1930s and the Great Society enactments of the 1960s. In 2005, direct outlays for income security (retirement, disability, housing, unemployment, and others) totaled $350 billion (Office of Management and Budget 2006b).

On the other hand, the tax breaks given for pension contributions, earnings, and distributions are a large source of lost tax revenue. Given the fact that pensions are a function of tax policy, it should follow that broad fiscal policy has a significant impact on retirement legislation, and that retirement legislation affects the fiscal position of the United States government. The critical concept in assessing the fiscal aspect of retirement is that of the tax expenditure. Popularly known as tax breaks or loopholes, tax expenditures are “departures from the normal tax structure…designed to favor a particular industry, activity, or class of persons” (Surrey and McDaniel 1985: 3). As the government generally subsidizes private retirement plans through tax breaks rather than direct outlays, these indirect subsidies become known as tax expenditures, which
can be thought of as a functional expenditure since the government would have collected the revenue in the absence of the tax break.\textsuperscript{83}

Looking at a cross-section of tax expenditures for the most recent fiscal year indicates the importance of pension tax expenditures for fiscal policy. In fiscal year 2005, tax expenditures for private pensions\textsuperscript{84} amounted to over $88 billion dollars (Office of Management and Budget 2006a). To put this number in context, the top three largest tax expenditures for fiscal year 2005 were $118 billion for employer contributions for healthcare insurance premiums, the $88 billion for employer pensions, and the home mortgage interest deduction at $62 billion.

Over time, pension tax expenditures have fluctuated as shown by Figure 3.2 below. Following passage of the 1974 ERISA pension legislation, Congress placed more emphasis on funding, and the adverse economic conditions of the late 1970s and early 1980s forced many corporate sponsors of DB pension plans to make additional contributions and thereby claim additional deductions (Bell, Carasso and Steuerle 2004). After 1982, falling tax rates from the 1986 tax reform act and a booming stock market made pension plans less advantageous as a tax shelter strategy. Moreover, tax expenditures declined because several laws in the 1980s restricted the tax advantages of pension plans. Finally, tax expenditures for pension plans have been rising since the late 1990s in part due to an expansion of opportunities to save for retirement in DC plans and in part due to financial conditions that have necessitated increased contributions by corporate employers to traditional DB pensions.

\textsuperscript{83} Beginning in 1982, budget documents provided data on tax expenditures both in terms of revenue lost and in terms of the equivalent outlay, which is generally larger than the tax loss. For this discussion, all tax expenditure numbers refer to revenue loss only.

\textsuperscript{84} This amount includes tax expenditures for employer plans and 401(k) plans; the addition of individual retirement accounts and Keogh plans would raise the tax expenditure total for pensions to $101 billion. It does not includes expenditures for the low and moderate income savers credit, railroad retirement pensions (which have their own special pension rules), military and civil service retirement, the small business retirement plan credit, and special rules for employee stock ownership plans.
Figure 3.2: Tax Expenditures for Employer Pension Plans, 1974-2006 (in billions of 2000 dollars).
Source: Office of Management and Budget, various years.
This longitudinal view of the fiscal effects of retirement needs to be placed against the larger context of fiscal trends and legislation. Since the mid-1970s (with a small respite of surpluses in the late 1990s and early 2000s) the general deficit condition in the federal budget has run concurrently with the rise of the pension-related tax expenditures. As a result, the broader fiscal picture has had an inhibitory effect on pension expansion.

Table 3.2\textsuperscript{85} below provides a comparison of the major laws affecting pensions and the level of tax expenditure and fiscal situation in the year each law is passed.\textsuperscript{86} If we can cautiously make a general statement about the relationships among the three entities, it might be that federal legislation is very mindful of both the immediate impacts of proposed legislation as well as the overall fiscal climate albeit with perhaps a lag such that accumulating tax expenditures and budget deficits provoke legislative tightening. Thus, we can see that from 1974 through 1981, when pension funding rules were expansionary, that the overall budget position was deteriorating into very large deficits, but the level of tax expenditures in real terms was low. Beginning in 1982 through 1994, however, the Congress enacted a series of laws that in various ways tightened contribution and benefit limits and required more restrictive funding rules for traditional defined benefit plans.\textsuperscript{87} These restrictions can be seen to occur

\textsuperscript{85} ‘Funding’ in Table 3.2 refers to both employer and worker contributions. Price deflators for specific years prior to 1929 were not available. The 1929 deflator, which was used for 1921, 1926 and 1928 figures, was taken from the Bureau of Economic Analysis, U.S. Department of Commerce, at \url{http://bea.gov/bea/dn/nipaweb/TableView.asp?SelectedTable=64&FirstYear=2004&LastYear=2006&Freq=Qtr}.

\textsuperscript{86} While I do not provide data, one can make a similar inference regarding ‘permissive prudence’ when looking pension legislation from the 1920s through the 1940s. The first expansion of tax deductions and non-recognition of income from pension trusts occurs in the midst of the booming 1920s while the first major cutback in funding deductions occurs in 1942 when the government is under severe fiscal stress due to World War Two.

\textsuperscript{87} The Tax Equity and Fiscal Responsibility Act of 1982, P.Law 97-248, which imposed new nondiscrimination rules, imposed more stringent funding and benefit limitations; The Deficit Reduction Act of 1984, P.Law 98-369, which froze maximum annual pension benefit and contribution limits through 1987 and made substantial changes to nondiscrimination rules; The Retirement Equity Act of 1984, P.Law 98-394, which instituted spousal protections on pension benefits and changed age requirements for enrollment and vesting; The Consolidated Omnibus Budget Reconciliation Act of
over a long trend of very large federal budget deficits. Tax expenditures related to pensions reach a high of $76 billion in 1982, but these steadily decline as a result of the restrictive legislative enactments. After 1994, Congress enacted laws of smaller scope in 1996 and 1997\textsuperscript{88} that lead to the massive 2001 Economic Growth and Tax Relief Reconciliation Act of 2001\textsuperscript{89} (EGTRRA). These laws generally expanded the ability of employers and employees to contribute to pension plans, and as a result, tax expenditures related to pensions reach historic highs (in real 2000 dollars) of $84 billion. Finally, the last major pension bill was the Pension Protection Act of 2006 (PPA), which generally tightens funding rules for defined benefit plans but also allows for increased deductions for funding the plans.\textsuperscript{90}

This perspective is also supported by qualitative data. Some of the interviews were with lobbyists who were active on retirement policy issues in the 1980s, and they provided their own perception of the larger environment in which retirement policy played out. In the following quote, a lobbyist comments on the mindset prevalent in the 1980s:

\begin{itemize}
  \item 1985, P.Law 99-272, which raised PBGC premiums for employers and restricted the availability of insured plans terminations; The Omnibus Budget Reconciliation Act of 1987, P.Law 100-203, which tightened minimum funding standards, set a maximum funding limit, and increased PBGC premiums; The Technical and Miscellaneous Revenue Act of 1988, P.Law 100-647, which increased excise taxes on excess pension assets upon termination of pension plans; The Omnibus Budget Reconciliation Act of 1989, P.Law 101-239, which increased the tax penalty for overstatement of pension liabilities for deduction purposes; The Omnibus Budget Reconciliation Act of 1990, P.Law 101-508, which raised taxes on transfers from a pension plan to corporate assets and raised PBGC premiums; Omnibus Budget Reconciliation Act of 1993, P.Law 103-66, which reduced the compensation limit on which benefits could be based; The Uruguay Round Agreements Act (GATT) of 1994, P.Law 103-465, which provided for greater contributions to underfunded plans, slowed cost-of-living adjustments, and phased out caps on PBGC premiums (Employee Benefits Research Institute 2005).
  \item 88 The Small Business Job Protection Act of 1996, P.Law 104-188, which a new savings incentive for small business (the SIMPLE plan); The Tax Relief Act of 1997, P.Law 105-206, which created a new, nondeductible IRA, the Roth IRA, that permits after-tax contributions, can be used for retirement or other expenses such as home purchase, and is more widely available than deductible IRAs.
  \item 89 P.Law 107-16.
  \item 90 P.Law 109-280. Descriptions of the PPA were taken from a number of commentators, including Frueh (2006).
\end{itemize}
Table 3.2: Effect of Selected Major Pension Laws on Pension Funding, Tax Expenditures for Pensions, and Fiscal Surplus/Deficit in Year Passed (in billions of 2000 dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Law</th>
<th>Effect on Pension Funding</th>
<th>Tax Loss for Pensions</th>
<th>Budget Surplus or Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>Revenue Act of 1921</td>
<td>Expand</td>
<td>n/a</td>
<td>4.4</td>
</tr>
<tr>
<td>1926</td>
<td>Revenue Act of 1926</td>
<td>Expand</td>
<td>n/a</td>
<td>7.4</td>
</tr>
<tr>
<td>1928</td>
<td>Revenue Act of 1928</td>
<td>Expand</td>
<td>n/a</td>
<td>8.0</td>
</tr>
<tr>
<td>1942</td>
<td>Revenue Act of 1942</td>
<td>Restrict</td>
<td>n/a</td>
<td>-199.4</td>
</tr>
<tr>
<td>1974</td>
<td>Employee Retirement Income Security Act</td>
<td>Mixed</td>
<td>15.6</td>
<td>-20.0</td>
</tr>
<tr>
<td>1978</td>
<td>Revenue Act of 1978</td>
<td>Expand</td>
<td>23.6</td>
<td>-141.1</td>
</tr>
<tr>
<td>1981</td>
<td>Economic Recovery Tax Act</td>
<td>Expand</td>
<td>41.9</td>
<td>-142.0</td>
</tr>
<tr>
<td>1982</td>
<td>Tax Equity and Fiscal Responsibility Act</td>
<td>Restrict</td>
<td>76.0</td>
<td>-214.8</td>
</tr>
<tr>
<td>1984</td>
<td>Retirement Equity Act/ Deficit Reduction Act</td>
<td>Restrict</td>
<td>67.3</td>
<td>-282.8</td>
</tr>
<tr>
<td>1985</td>
<td>Consolidated Omnibus Budget Reconciliation Act</td>
<td>Restrict</td>
<td>71.5</td>
<td>-313.1</td>
</tr>
<tr>
<td>1986</td>
<td>Tax Reform Act of 1986</td>
<td>Restrict</td>
<td>70.5</td>
<td>-318.4</td>
</tr>
<tr>
<td>1987</td>
<td>Omnibus Budget Reconciliation Act/ Technical and Miscellaneous Revenue Act of 1987</td>
<td>Restrict</td>
<td>63.4</td>
<td>-209.6</td>
</tr>
<tr>
<td>1988</td>
<td>Technical and Miscellaneous Revenue Act</td>
<td>Restrict</td>
<td>60.1</td>
<td>-210.9</td>
</tr>
<tr>
<td>1989</td>
<td>Omnibus Budget Reconciliation Act</td>
<td>Restrict</td>
<td>56.1</td>
<td>-200.0</td>
</tr>
<tr>
<td>1990</td>
<td>Omnibus Budget Reconciliation Act</td>
<td>Restrict</td>
<td>57.6</td>
<td>-280.4</td>
</tr>
<tr>
<td>1993</td>
<td>Omnibus Budget Reconciliation Act</td>
<td>Restrict</td>
<td>56.6</td>
<td>-292.3</td>
</tr>
<tr>
<td>1994</td>
<td>Uruguay Round Agreements Act</td>
<td>Restrict</td>
<td>54.8</td>
<td>-228.2</td>
</tr>
<tr>
<td>1996</td>
<td>Small Business Jobs Protection Act</td>
<td>Expand</td>
<td>59.4</td>
<td>-115.2</td>
</tr>
<tr>
<td>1997</td>
<td>Taxpayer Relief Act</td>
<td>Expand</td>
<td>74.8</td>
<td>-23.0</td>
</tr>
<tr>
<td>2001</td>
<td>Economic Growth and Tax Relief Reconciliation Act</td>
<td>Expand</td>
<td>84.2</td>
<td>236.2</td>
</tr>
<tr>
<td>2006</td>
<td>Pension Protection Act</td>
<td>Restrict</td>
<td>84.7</td>
<td>-361.3</td>
</tr>
</tbody>
</table>

Source: Author’s compilations of budget data from the Office of Management and Budget, various years; Office of Management and Budget (2006b); Employee Benefits Research Institute (2005); Holden, Brady, and Hadley (2006); and qualitative interviews.
If you think about pension funding, there has been a long standing conversation, to use a neutral term, between the government and sponsors of pension plans about funding their pension plans... They did tons of stuff, all of which translated into less money going into retirement plans. In fact, [name of lobbyist] was interesting because [he] was on the Hill during part of this. We were talking to him. He was on the [Senate] Finance Committee and he looked at us and said, ‘We can’t afford for everybody to go and put enough money away for them to retire.’ (Interview 12 2006)

Another lobbyist who previously served as a congressional aide and in the executive branch made the same observation:

We are partly, we are largely budget driven... But then you were in a constant cutback mode because the federal budget deficits were out of control. And everyone was told they had to give at the office, every area, every potential tax cut and you were also doing that in an environment where we had a Republican president who was firm on not increasing tax rates. And so you were doing a lot of little things through the backdoor to raise the money, and it was simple as that. (Interview 11 2006)

In summary, the four stakeholders hold interests conflict with each other and/or conflict within their own communities of actors. The institutional environment is one in which stakeholders are in competition with each other rather than a situation in which there is collaboration or consultation. The next section looks at the lobbyists and activists who represent these stakeholders.

**Trends in Retirement Lobbying and Activism, 1998-2005**

Rather than a single retirement program sponsored by a government in negotiation with peak associations of labor and industry, the diffuse nature of retirement and retirement policy has opened the policy domain as a different dimension (apart from, e.g., retail and wholesale sites) for market competition. From 1998 through 2004, 392 organizations filed lobbying registration reports, either on their own behalf or on...
behalf of other organizations, with the Congress at least once, but during any one period of time the figure is much lower. Figure 3.3 below illustrates the frequencies of the number of lobbying organizations (‘actors’) in the retirement policy domain over time as well as the number of issues in each time period. The number of actors in any time period shows a general increase beginning with just under a hundred in the first half of 1998 to nearly 190 by the end of 2004. In contrast, the frequency of issues being lobbied shows more variability but variability that is somewhat patterned. Issues seem to rise within each Congress only to fall with a new Congress coming in every two years.

Figure 3.4 builds on Figure 3.3 by showing the growth of both lobbying disclosure reports filed and the number of organizations making such filings over the 1998-2004 time period. In terms of both overall filings (the top line) and the number of organizations filing (the lower line), Figure 3.4 shows a steady rise. However, the number of filings has a higher rate of increase than the number of organizations filing. The difference is explained by the increase in the number of for-hire lobbying organizations working in the retirement policy domain over this time period. If an organization represents more than one entity, that organization would have to file a separate report for each entity. That requirement represents the difference in the two lines.
Figure 3.3: Frequency of Lobbyists and Issues in Retirement Policy, 1998-2004
Source: Author’s compilation of lobbyist registration reports and other publicly available data
Figure 3.4: Frequency of Lobbying Disclosure Reports and Organizations Filing, 1998-2004.
Source: Author’s compilation of lobbyist registration reports and other publicly available data
Why should there be an increase in filings, organizations, and for-hire lobbyists? Figure 3.4 provides some important political events as possible explanations. In 1999, protests by workers and retirees against corporate pension cutbacks gained more visibility and hence more legislative and regulatory interest. In 2001, a significant recession took hold in such a way as to expose significant pension liabilities on corporate accounting books. Finally, in 2001 and 2003, Congress passed and President Bush signed important and broad tax legislation that included pension provisions. In summary, then, lobbying activity was likely pushed by exogenous political and economic forces as well as pulled by opportunities for new pension legislation.

Pension activism has shown similar growth from the mid-1990s through to the present. Workers are assuming an increasing burden for their retirement security or seeing reductions in pension benefits, but they have not developed a widespread and coordinated response by workers to these changes despite a flurry of localized litigation and protest. After 1999, when IBM publicly announced a major shift in its pension programs, generating large media coverage, the number of activist groups and their connections to each other grew substantially. Figures 3.5 and 3.6 below compare pension activism in 1999 relative to 2005 by using Internet web sites and information from these sites as proxies for studying the growth of activism.91 The dots represent retiree activist groups, and the arrows indicate when a group links to another group on its website. In 1999, there were not many groups in existence, and the linkages were few. By 2005, however, the number of groups and linkages greatly increased.

91 These figures were developed from data obtained by ‘crawling’ the Internet Archives.
Figure 3.5: Pension Activist Groups in 1999
Source: Author’s compilations of ‘web crawl snapshot’ of Internet Archives and other sources.
Figure 3.6: Pension Activists in 2005
Source: Author’s compilations of ‘web crawl snapshot’ of Internet Archives.
The structure of the private retirement system influences the structure of worker-retiree collective action. The private retirement system is voluntary for employers, varies from employer to employer, and largely benefits middle- to upper-income Americans. Retiree groups must first mobilize fellow workers and retirees within each company before they can forge links and a common identity with groups based on other firms. Thus, we see few links among groups at first, but links gradually increase over time.

Now that I have discussed the context for this research, I next provide the conceptual approach and related hypotheses for the analyses that follow, the variables that proxy for the concepts contained in the hypotheses, and the methods of analysis.

**Data and Methodology**

The prior section gave some background on the institutional context and major stakeholders for the research site – the retirement policy domain. This section will give detail on the specific sources and methods used for the study. A technical appendix provides detailed specifications of data sources and collection, variable coding, and model specification. In this section, I first briefly review the conceptual approach to the research and then I pass on to the development of hypotheses from the propositions outlined in Chapter 1. The concepts expressed in the hypotheses are then translated into measures and variables. Finally, in the section on methods, the key variables are used to specify the statistical models used to test the hypotheses.

**Conceptual Approach** – The conceptual approach of this project is a longitudinal study of the structure of the retirement policy domain. The conceptual approach is largely deductive in that I have defined certain propositions on the basis of extant sociological theories. However, my research framework is subject to an iterative process in which the qualitative interviews and other information inform the framework on an ongoing basis. Moreover, the interaction between outsider groups
with the lobbyists is assessed by focusing on a specific case study of a social movement in the retirement policy domain. Beginning in 1999 and continuing to the present, workers at several U.S. corporations began protesting against changes to the company pension plans, and these protestors applied pressure on policy makers in order to effect a reversal of these pension changes.

Propositions and Hypotheses – While it is not always necessary to derive hypotheses from propositions, it is often a useful exercise when there are different conceptualizations of mechanisms in the propositions. In this section, I restate each proposition from Chapter 1 and then derive hypotheses that can be tested with the data collected.

The Policy Domain Proposition: Lobbying organizations that consistently work on a similar set of public policy issues are more likely to have relationships among each other that are close-knit in nature. Perhaps another way to say this is that a policy domain consists of a core set of actors who know each other and who interact with each other based on their knowledge. If we can take a set of policy issues that are conceptually related to each other (retirement, pensions, Social Security, etc.), we should see two forms of stability: (a) a stable set of policy actors with (b) a stable set of relations. This is not to say that some actors come and go; they do. I am saying that in the ebb and flow of activity, we are likely to see a core of actors who are more or less consistently present, who recognize each other, and who establish durable relations amongst themselves. For part (a), therefore, stability in the set of actors implies time or history: Over time, we see the same set of policy actors. Why? Some lobbyists do focus on different policy issues at different points in time. For-hire lobbyists are particularly prone to issue turnover as a client’s issues in one time period may be different in another time period (not to forget different clients as well). But if the interests of actors are relatively stable over time, then the issues that they focus on
will be relatively stable. Moreover, it is less costly to focus on a smaller and similar set of issues; one does not have to repeatedly climb the learning curve.

Finally, the policy process itself takes time: Many bills in Congress, for example, languish and die at the end of a Congress, only to be reintroduced, with some modifications, when a new Congress reconvenes following an election. As I noted in Chapter 2, lobbying reform has been repeatedly proposed since 1876, but only meaningful reform has been passed in 1946 and 1995. Usually, focusing on any issue is a long-term commitment. Thus, the first hypothesis is,

*Hypothesis 1.1: A policy domain will consist of a set of lobbying organizations that consistently lobby on the same set of issues over time and that recognize each other as members.*

For the other form of stability mentioned above, stability in relations means simply that relations among actors are less likely to change over time. That is, ties tend to replicate and reproduce themselves. How does this replication/reproduction process work? There are at least two key mechanisms at play. First, there is an institutional funneling, as noted in Chapter 1, in which issues and hence interested actors are funneled via jurisdictional rules to congressional committees, agencies, and key decision makers. This sorting process throws actors together. Second, politics is largely an in-person process. Despite grassroots advocacy and advances in technology, most institutional actors work in a face-to-face environment that is facilitated by geographical proximity and concentration. So the funneling process is as much physical as it is interest-based. From these two mechanisms, key actors bring people together. Congressional staffers or bureaucrats, by virtue of their central positions, connect interested parties who learn to recognize and interact with each other. This is a first stage reproductive process, but a second, more common stage process occurs when lobbyists go to each other based on past interaction. This is
business as usual. The same lobbyists get together periodically to swap information and strategies. Similarities in interests and tactics increase, and relations become more stable.

Further, as these ties or relations among the stable actors reproduce themselves over time, they are also reproducing themselves across levels of relations. For example, those organizations that share a similar set of issues might also belong to the same associations.

Moreover, stability of relations suggest that the group or community is close-knit in terms of broadly distributed power and a flow of information within this set of stable relations (Ellickson 1991): Each has the opportunity to interact with each other, sanction each other, and learn about others’ behaviors. These conditions suggest that we should see a particular quality to the ties among the stable actors relative to actors that come and go, which qualities are expressed in the following hypotheses:

Hypothesis 1.2: Inter-organizational relations among long-term organizations in the policy domain will be more stable over time as compared to short-term organizations.

Much like a market of firms (White 1981), lobbying organizations are sending signals to each other about which issues are important, which issues are moving and which are not. Signals from established organizations are more credible and more likely to be acted upon than those from organizations that only occupy space in the policy domain for a relatively short period of time. Longevity and stable relations thereby translates into better information, which in turn translates into more centralized network positions with more freedom of action. The stable set of actors within a policy domain forms a core around which more temporary actors positions themselves. If you are new to a set of policy issues, you go to the experts or those
who have tacit and explicit knowledge about what is happening. That core is itself stable and replicates itself, as argued in the following hypotheses:

Hypothesis 1.3: Long-term organizations in the policy domain will occupy superior positions within the policy domain than short-term organizations.

Finally, through the iterative process of information exchange described in the prior paragraph, organizational representatives reach consensus as to what is on the agenda and what tactics should be used. Thus, long-term organizations, even if they are different in terms of interests and organizational structure, will be more alike in terms of the issues on which they work.

Hypothesis 1.4: Long-term organizations in the policy domain will exhibit more similarity with each other than with more short-term organizations.

Coalition Proposition: Organizations tied to other organizations by close-knit, as opposed to arm’s length, ties are more likely both to participate and be leaders in coalitions. First, what is a coalition? Gamson (1961) states that coalitions are temporary, means-oriented alliances among actors that differ in goals, but this definition does not consider the inter-actor dynamics and conflicts that occur within coalitions and that are resolved by resort to norms and rules. For this project, I borrow and paraphrase from Levi and Murphy (2006): Coalitions of lobbying organizations are collaborative, means-oriented arrangements that permit distinct organizational entities to pool resources in order to effect change and that have rules for resolving conflict and defining membership. Coalitions are distinct from other types of joint activity, like exchanges of information or holding fundraisers together. “Joint activities may not always involve pooling resources, and not all cooperative activity requires rules for managing dissent or defining membership” (Levi and Murphy 2006:654). Rules in this case are procedures, generally in the form of norms, that manage conflict over the distribution and use of resources. These procedures highlight
the importance of networked relations among lobbying organizations in building trust and brokerage.

Second, in Chapter 1, I said that increasing embeddedness, or durable relations, among actors in a policy domain should lower the costs of coalitional activity. How? Costs of coalitional activity are real and high – It takes a great deal of time to form and run a coalition as well as (often) money and social capital. In other words, there are search costs and operational costs. The Policy Domain Proposition states that a policy domain should be characterized by a stable set of actors. A stable set of actors lowers both types of costs of coalitional activity: Searching for and evaluating the trustworthiness of potential partners (i.e., whether they will contribute and ‘behave’ in a group setting) is easier when there is a history to the relationship and if the actors share the same set of values. In a somewhat more formal manner, if costs to coalitions \( (C_c) \) are a function of network position \( (p) \) for each lobbying organization \( (C_c = f(p)) \), then costs should decline as network position improves \( (\partial C_c/\partial p < 0) \).

Moreover, a prior history also implies that the learning curve for coalition formation and operation is low: If a group ran a successful coalition effort once, doing the same thing will be easier the next time the need for joint effort comes up. This last point leads to an additional implication: Coalition participation should replicate itself such that embedded actors should be in coalitions again and again. These ideas lead to the following hypotheses:

**Hypothesis 2.1:** An organization with a superior position in the policy domain network will participate in more coalitions.

**Hypothesis 2.2:** An organization that participates in prior coalitions in the policy domain network is more likely to participate in future coalitions.

**Influence Proposition:** Lobbying organizations increase the likelihood of their influencing policy when linked to a group network formed around close-knit ties. In
specifying what leads to access or influence researchers tend to focus on organizational resources or policy preferences. “Groups that seek influence must have the kind of costly resources that enable them to know, to attain, to frame, and to deliver the sort of political and policy information (and interpretations) that are relevant to the goals of those legislators who have the power to make decisions that affect policy (Leyden 1994; Austin-Smith and Wright 1992). Organizational attributes and resources are no doubt important. However, just as in the Coalition Proposition, I argue here that an organization’s ‘resources’ includes social relations within the policy domain, which relations lower the costs of search and operation of influence.

For example, if a congressional committee is holding a hearing on an important issue, how do lobbyists get invited to testify (or have their requests to testify accepted)? Lobbying organizations spend considerable time establishing ties with committee staffers or members in order to convince them that the information they wish to convey is relevant or important to the hearing proceedings – The importance of prior and repeated contact, in terms of months or years in advance, is stressed by researchers in political science (Leyden 1994). When a congressional staffer has to find witnesses for a hearing, she wants assurances that a witness has credibility and will behave in the way the staffer (and her boss) desires. While organizational attributes certainly are important, an organization’s network position (or social capital) provides important signals that lower the search costs (Who can I call?) and operational costs (Will they say and do what I want them to? Are they representative of a broad perspective?). Specifically, I would expect that organizations that are more centrally located in their issue network to have better access to information, perceived as more representative, and hence more attractive as a potential witness.

An alternative way to think about network position is that position may be less about access to information or resources and more about freedom of action. In the
lobbying and congressional testimony context, a lobbying organization that is highly constrained by its ties to other organizations may have little latitude in presenting information that elevates it above the other lobbying organizations. Moreover, a committee looking for witnesses may want only those organizations that stand out from the group and that can reliably deliver testimony that suits the purposes of the committee chair and members. If A, B, C, and D are tied to each other in dense networks, why pick A when you can pick B, C, or D?

Representativeness in terms of networked relations may also affect influence. An organization that has a high degree of similar interests with organizations is likely thought to be representative of all the issue preferences of active lobbying organizations. In addition, a high agenda overlap measure may indicate an organization’s expertise in the policy domain.

In summary, superior network position would be an important factor to congressional staffers who are looking for witnesses. A parallel line of reasoning runs for other types of influence activities, such as appearing in the news media. Thus,

Hypothesis 3.1: The more superior the network position of an organization within its policy network, the more influence that organization will possess.

Finally, an important hypothesis concerns the effect of joint activity. The prior proposition argued for the importance of networked relations in participating in lobbying coalitions, and I would expect in turn that coalition participation would be influential as well. The very purpose of participating in coalitions is to elevate the issues of common interest as well as to raise the profile of participating organizations. Prominence within a coalition or across coalitions may signify an organization’s

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92 This can clearly be an iterative process or feedback loop in that some success at influence however conceptualized may improve social network position. To save space, however, I do not go into any iterative mechanisms here.
expertise on an issue as well as the gravity of the issue itself. If an organization participates in more coalitions, it seems reasonable that its prominence would be higher both among other lobbying organizations and to policymakers.

_Hypothesis 3.2: The more coalitions in which an organization participates, the more influence that organization will possess._

**Cooperative Norms Proposition**: _Lobbyists whose relations are characterized by close-knit ties are more likely to maintain social norms that maximize group welfare._

Creating and maintaining relations is a choice, a choice that entails real costs for lobbyists. When two lobbyists have a relationship or tie, the cost of that relation is reduced through the selection of trust-based social norms. As discussed in the first chapter, people cooperate because norms of cooperation and reciprocity ensure that violators of the norms will be sanctioned through a variety of means such as future non-cooperation or reputation loss. This idea is especially critical in a complex and crowded environment where organizations have to search for information and resources: Those that conduct searches through a cooperative strategy will choose partners who share similar norms of cooperation and reciprocity and value trust.

What about the enforcement of norms and rules? Again, Ellickson suggests that not only do actors want to minimize the amount of ‘deadweight losses’, what he calls losses from failures to cooperate, but also the transaction costs related to enforcement of substantive norms like cooperation. Therefore, we would expect to see members of a close-knit community not only cooperate but also in the unusual situations in which they had to punish deviants that they tend to apply the least costly forms of punishment (Ellickson 1991:174).

How would this proposition work out in practice? The proposition is borrowed from Ellickson (1991), and he argues that an observer of a society would notice that detected defections from norms were regularly punished, that most players did
cooperate when placed in a game theoretic situation, and that society was rife with aspirational statements about the virtues of cooperation. Aspirational statements are likely to provide the best evidence only when patterns of primary and secondary behavior are unknown. Hence, the following hypothesis:

**Hypothesis 4.1:** Organizational representatives that value or exhibit durable ties to other organizations in the policy domain will also value trust, uphold trust-based norms of cooperation and reciprocity, and choose the least costly forms of sanctions.

**Collusion Proposition:** When a group characterized by close-knit ties is challenged by socially distant actors, the challenging actors are likely to frame group-specific norms of cooperation as ‘collusive’ or ‘corrupt’. To summarize from Chapter 1, groups seeking to change policy (e.g., social activists) are faced with a choice of tactics and actions in which to make their claim(s). This choice is a function, in part, of the level of embeddedness of the opposing group (e.g., lobbyists) and the amount of social distance between the challenging group and the opposing group. If the level of embeddedness is high enough and the social distance great enough, the choice of the challenging group would likely shift from a tactic that is solely focused on the claim to a tactic or frame that is focused on the other group. Thus, the following hypothesis:

**Hypothesis 5.1:** The greater the social distance between challenging and challenged groups and the greater the level of embedded relations within the challenged group, the higher the likelihood that the challenging group will focus its action on the opposing group itself.

**Data and Population of Interest** – The population of interest in this project is the set of all organizations that are present in Washington, D.C. and that lobby in the retirement policy domain. The population of lobbyists is derived largely from publicly available disclosure reports that were filed by lobbying organizations on a biannual basis with the U.S. Congress over a seven-year period (1998-2004) for a total of 14
time periods.\textsuperscript{93} I collected reports only for registered lobbyists such that the study excludes organizations that are represented by registered lobbyists (and do not have lobbyists themselves) or that are not required to register.\textsuperscript{94} These reports indicate issues or bills on which organizations lobbied, policy domains in which the organization is active, and basic organizational information amount of expenses related to lobbying (or income from lobbying in the case of for-hire lobbying organizations), the number of staff, and the total number of policy domains in which the organization lobbies.

In order to make the data manageable and accessible, I only include lobbying organizations with a headquarters or office in the greater Washington, D.C., area. A further limitation is that the organization must have indicated on their disclosure form that they lobbied on retirement policy. Therefore, from 1998 through 2004, as noted above, 392 organizations filed lobbying disclosure reports for the retirement policy domain, either on their own behalf or on behalf of other organizations. However, during any one period of time the figure is much lower. The number of actors in any time period is smaller beginning with just under a hundred in the first half of 1998 to nearly 190 by the end of 2004.

Variables – Because of the number of propositions and hypotheses, there are a few variables that will serve as both dependent and explanatory measures. So, this section will discuss each concept and its operationalization in turn. In addition, I should note that this section discusses the creation of quantitative variables. However, for the Cooperative Norms and Collusion Propositions, I will be using a qualitative approach

\textsuperscript{93} Lobbying for registration purposes is relatively narrow as it only includes informal contacts between lobbyists and policy makers (Furlong 1998). Also, because of expenditure minimums, groups relying on volunteers, those active only for a short time, or those active on a single issue may not be required to register (Baumgartner and Leech 2000). Preliminary interviews in each issue area will help identify potentially missing organizations and coalitions.\textsuperscript{94} The website for the federal lobbyist registration reports is http://sopr.senate.gov/.
in evaluating the hypotheses – The data simply do not lend themselves to easy quantitative analyses.

Social network positions – An organization’s position in the policy network is the critical concept that is woven throughout the argument of this research. Social networks show two things that are relevant to analyzing the hypotheses discussed above. First, by analyzing an organization’s position relative to its peers, we can understand that organization’s access to resources and its visibility and credibility among its peers as complementary to its own organizational attributes. Second, an understanding of the broad pattern of inter-organizational ties or relations enables an understanding of the policy domain; the overall nature of embedded relations and their sources and consequences.

It may be helpful to discuss first how the data was constructed and used to create the social network variables.\textsuperscript{95} The data from the lobbyist registration reports for each of the 14 six-month time periods (from January-June 1998 through July-December 2004) was entered into matrices in which the rows represent lobbying organizations and the columns represent different legislative bills or issues. These organization-by-issue matrices were transformed into organization-by-organization affiliation matrices based on common issues that serve as ties between organizations. This transformation occurs when the original organization-by-issue matrix, $A$, is multiplied by its transpose, $A'$. Fourteen affiliation matrices were thus created, and within each matrix a set of social network measures and non-network measures were created, which are more fully discussed below.

Another set of variables come from a directed network of association membership that is not longitudinal in nature and a longitudinal network of for-hire relations. The

\textsuperscript{95} For social network measures, I use the social networks software program UCINET (Borgatti et al. 2002).
association network was created by looking up membership lists of the associations that had lobbying organizations as members. While most organizations had longitudinal data on their membership, some did not so I only used the most recent membership data. Most data was collected for the year 2004, the last year of this study but in a few instances data came from 2005 or 2006 sources. For relationships based on hiring lobbying firms (referred to here as ‘for-hire firms’), information was obtained from the lobbyist disclosure reports for 1998 through 2004. The for-hire relationships are very sparse, particularly in the early years of the study. I merged the association-level and for-hire level networks in order to get a comprehensive map of which organizations are paying others for membership or representation services – I refer to this as the “resource network”. In total, there are two network levels, one at the level of issue-based relations and another at the level of flows of resources.

I identify an organization’s network position over both issue and resource networks using two measures, centrality and constraint. In general, centrality is a measure of network prominence that indicates actors with many ties. This study will use a particular measure of centrality known as betweenness centrality. Betweenness centrality is a measure of the proportion of paths linking all actors in a network that pass through a particular actor. In general, betweenness centrality measures information control (Borgatti et al. 2002), which is particularly apt for a study of lobbyists.

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96 A number of network measures are also available, but they are not appropriate or duplicate the measures actually used. For example, betweenness and closeness centrality are appropriate for directed networks rather than the affiliation networks that I focus on here. Moreover, using measures like the k-core did not add to the statistical models of Chapter 4.

97 More specifically, let $b_{jk}$ be the proportion of all paths linking nodes j and k which pass through node i. The betweenness of node i is the sum of all $b_{ik}$ where i, j and k are distinct. Betweenness is therefore a measure of the number of times a vertex occurs on a geodesic. The normalized betweenness centrality is the betweenness divided by the maximum possible betweenness expressed as a percentage.
The constraint measure is based on Burt’s (1992) notion of structural holes, and constraint measures the extent to which an actor is invested in other actors who in turn are invested in each other. If I have ties to a group of people, and those people only have ties to each other, I will be highly constrained in my network. Conversely, if I have ties to different groups who are not tied to each other, I will not be constrained in my actions and indeed have the flexibility to engage in a number of roles such as a broker or representative.

**Agenda Overlap** – A measure related to network position but somewhat distinct is agenda overlap. Taken directly from lobbyist disclosure reports, agenda overlap is an expression of common or similar issues between any two lobbying organizations. Agenda overlap is a measure of the number of issues two organizations have in common divided by their total set of issues. More specifically, the agenda overlap index is equal to the total number of common issues between organizations i and j divided by the square root of the product of the total number of issues each for i and j. Constructed in this way, the measure provides an index ranging from 0 to 1. An organization that has a high agenda overlap number averaged over all organizations therefore is representative of all the issue preferences of active lobbying organizations. In addition, a high agenda overlap measure may indicate an organization’s expertise in the policy domain.

**Coalitions** – Coalitions are an important variable in this study. As noted above when I defined coalitions, not all joint activities are coalitions. There has to be an element of resource pooling and rules for managing behavior within the coalition. However, it is difficult to find coalitions that existed over the time period of this study. In order to provide a proxy for these conditions, I have collected data on coalitions that were visible and had an identifiable membership. Such coalitions are likely to be more formal in terms of rules and norms among participating organizations than
informal exchange relationships. This measure was created by researching various websites related to retirement policy and finding information produced by coalitions devoted to retirement policy.\textsuperscript{98} I used qualitative information from interviews as well as from internet archives (www.archive.org) for this search and was able to identify 31 coalitions from 1998 through 2004 for which membership information was available.

The coalition variable focuses on an organization’s participation in group activity. The variable for coalitions is a continuous variable counting the number of coalitions in which an organization is a member over a particular period of time. I focus on the number of coalitions rather than a dummy variable for any participation in order to capture the level of coalition activity.

\textit{Influence} - Influence is a notoriously difficult term to define and put into practice (Victor 2002), and it may not be the perfect word. Influence has been used in a number of ways by researchers, but in this study I am focused on an organization’s visibility in at least two settings.\textsuperscript{99} We cannot at present directly measure the informal access and influence that an organization likely has, but we can get at it through an organization’s visibility at congressional hearings and mentions in the news media. Such visibility can serve as a proxy for more hidden forms of influence. More to the point, visibility is itself a form of influence: Testifying at a congressional hearing or getting quoted in the press help shape the opinions of members of Congress, other policy actors, and the public at large.

I focus on two variables that represent influence in different but related ways. The first influence variable measures the number of times that an organization testifies before a congressional committee of jurisdiction. In the Congress, there are four

\textsuperscript{98} For example, a press release by a coalition would describe the coalition and its issue.
\textsuperscript{99} In Chapter 5, which will present the analysis for influence, I will add a third setting for influence, that of reputation. But this is not a central part of the analysis and is complementary so I leave off the discussion of that type of influence for Chapter 5.
committees that have broad jurisdiction over retirement policy issues. In the House of Representatives, the committees are the Ways and Means Committee and the Education and the Labor Force Committee, and in the Senate there are the Finance and Health, Education, Labor, and Pensions Committees. I looked at every full committee or a subcommittee hearing on a retirement-related issue over 1998 through 2004, the time period of this study, and collected data for each instance that one of the organizations included in this study testified before a committee. These counts were aggregated into six month time periods in order to correspond with the six month reporting periods for lobbyist disclosure filings.

For news media mentions, I used the Lexis-Nexis database to search mentions of lobbying organizations in the major U.S. newspaper and wire service sub-database in connection with some aspect of pensions or retirement. I checked the news stories to filter out irrelevant news stories (e.g., obituaries in which the deceased’s affiliation with an organization was mentioned). I made, however, an important distinction in collecting news data relative to congressional committee. For the news media variable, I only used those organizations that were associations with a membership base, such as trade associations, professional associations, broad-based public interest groups, and labor unions. The reason for this narrowing is that a corporation will make the news for a variety of reasons completely unrelated to its activities on policy. In contrast, membership organizations are inherently representative of some group and are likely to be quoted or mentioned for that reason. By narrowing the category of organizations in this way, the sample was reduced from 392 to 120, but as we are looking at the same organizations over time, there are in fact 835 total observations.

Control Variables – Apart from the key measures for social network positions, coalitional activity, and influence, I also include a number of control measures. An important concept that underlies network position is history or time. I constructed a
variable for time, which equals the number of times that an organization reports lobbying, on a biannual basis, in the retirement policy area from 1998 through 2004.

Network position could be a function of expertise such that an expert organization only works in a couple of policy domains. Network position may also be a function of broad stature and reputation that comes from being visible across many policy domains. To control for these possible effects, I use a control variable for the total number of policy domains in which an organization operates. The lobbyist registration reports require lobbying organizations to record the policy domains in which they lobby using three-letter codes for 84 policy domains, including retirement policy. This variable is the sum of the number of policy domains (including the retirement policy domain) in which an organization lobbies. For example, if an organization lobbies on defense policy, environmental issues, and retirement policy, the number of policy domains would equal three.\textsuperscript{100}

I also control for a number of organizational attributes. Because financial resources often are thought to be important, I control for an organization’s lobbying expenses (or income in the case of for-hire firms) as a proxy for resources. An organizations’ average expense in terms of amounts spent on lobbying averaged over each (non-missing) time period and divided by the number of policy domains in which that organization is active.\textsuperscript{101}

In addition, the type of organization and/or its fundamental interest may have an effect on outcomes. Internal dynamics may differ, for example, between membership-based organizations and for-hire firms. Two dummy variables were used to indicate

\textsuperscript{100} These figures were collected for each Congress rather than each time period and are therefore averaged over the four Congresses figures were collected for each Congress rather than each time period and are therefore averaged over the four Congresses. The four Congresses are: 1998 – 105\textsuperscript{th} Congress, second session; 1999-2000 – 106\textsuperscript{th} Congress; 2001-2002 – 107\textsuperscript{th} Congress; 2003-2004 – 108\textsuperscript{th} Congress.

\textsuperscript{101} The disclosure reports ask for the specific amount if over $10,000. If the organization checked the box that indicated ‘under $10,000’, then expense was coded as $5,000 for this study.
type of lobbying organization. One variable is Association, which is comprised of trade associations, public interest groups, unions, and professional associations. The second organizational dummy is self-representing organizations (like corporations) that are not membership-based organizations. The organizations in the reference group are law/political consulting/public relations firms that represents other organizations on retirement issues on a contractual or ‘for hire’ basis. To capture interests, I also include a dummy variable for organizations that represent financial services interests. Private retirement plans in the United States hold roughly $5 trillion in assets, and the retirement plan industry is large.

With these categories and variables, we can see some key differences. In terms of spending on lobbying, private employers spend, on average, $638,293 while labor organizations spend $218,213.

Table 3.3 below provides descriptive statistics for the sample, and Table 3.4 provides a correlation matrix for the variables of interest.

Methods – Above, I discussed a variety of hypotheses. To test these hypotheses, I need to use different methods, and this section provides a brief summary. A more detailed discussion of the different methods as well as technical issues surrounding data collection and variable construction can be found in the Technical Appendix. However, Table 3.5 provides a summary of the hypotheses and the related measures and models.
## Table 3.3: Descriptive Statistics (n=392)

<table>
<thead>
<tr>
<th></th>
<th>Mean or Pct.</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of Organization Type (pct.):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>31.64</td>
<td></td>
</tr>
<tr>
<td>Self-Represented Organization</td>
<td>35.71</td>
<td></td>
</tr>
<tr>
<td>For-Hire Lobbying Firm</td>
<td>32.65</td>
<td></td>
</tr>
<tr>
<td>Frequency of Interest Types (pct):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Employer</td>
<td>42.60</td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>24.49</td>
<td></td>
</tr>
<tr>
<td>Public Interest</td>
<td>9.95</td>
<td></td>
</tr>
<tr>
<td>Labor/Employee</td>
<td>9.44</td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td>6.89</td>
<td></td>
</tr>
<tr>
<td>Public Employer/Civil Service</td>
<td>5.61</td>
<td></td>
</tr>
<tr>
<td>Military</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>Average Lobbying Expense over 1998-2004</td>
<td>$487,128</td>
<td>$923,459</td>
</tr>
<tr>
<td>Average Lobbying Expense Per Policy Domain</td>
<td>$60,720</td>
<td>$93,367</td>
</tr>
<tr>
<td>Average Policy Domains per Organization</td>
<td>7.15</td>
<td>5.45</td>
</tr>
<tr>
<td>Average Number of Staff</td>
<td>3.21</td>
<td>12.35</td>
</tr>
<tr>
<td>Average Time Periods in Retirement Policy</td>
<td>5.29</td>
<td>4.19</td>
</tr>
<tr>
<td>Average Issue Centrality</td>
<td>10.55</td>
<td>7.96</td>
</tr>
<tr>
<td>Average Resource Centrality</td>
<td>0.39</td>
<td>1.24</td>
</tr>
<tr>
<td>Average Level of Issue Constraint</td>
<td>0.32</td>
<td>0.35</td>
</tr>
<tr>
<td>Average Level of Resource Constraint</td>
<td>1.91</td>
<td>1.00</td>
</tr>
<tr>
<td>Average Number of Coalition Memberships</td>
<td>0.74</td>
<td>1.39</td>
</tr>
<tr>
<td>Average Appearances Before Cong. Committees</td>
<td>0.33</td>
<td>1.39</td>
</tr>
<tr>
<td>Average Total Mentions in the News Media</td>
<td>35.80</td>
<td>91.37</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of lobbyist registration reports and other publicly available data.
Table 3.4: Variable Correlations (n=392)

<table>
<thead>
<tr>
<th></th>
<th>SelfRep</th>
<th>Assn</th>
<th>Staff</th>
<th>Domain</th>
<th>Expense</th>
<th>Coalition</th>
<th>IssueCtr</th>
<th>Clique</th>
<th>Fin Svc</th>
<th>AssnCtr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Represent</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>-0.511</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>-0.083</td>
<td>-0.053</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domains</td>
<td>0.230</td>
<td>0.177</td>
<td>-0.062</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense</td>
<td>0.229</td>
<td>-0.015</td>
<td>-0.038</td>
<td>0.103</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coalitions</td>
<td>0.191</td>
<td>0.105</td>
<td>-0.044</td>
<td>0.236</td>
<td>0.154</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue Centrality</td>
<td>0.247</td>
<td>-0.069</td>
<td>0.053</td>
<td>0.124</td>
<td>0.211</td>
<td>0.215</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue Cliques</td>
<td>0.063</td>
<td>0.024</td>
<td>0.062</td>
<td>0.207</td>
<td>0.257</td>
<td>0.227</td>
<td>0.639</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>0.074</td>
<td>-0.170</td>
<td>0.040</td>
<td>-0.155</td>
<td>0.128</td>
<td>-0.046</td>
<td>0.109</td>
<td>0.242</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Assn. Centrality</td>
<td>0.035</td>
<td>0.174</td>
<td>-0.025</td>
<td>0.125</td>
<td>0.325</td>
<td>0.275</td>
<td>0.139</td>
<td>0.275</td>
<td>0.151</td>
<td>1.000</td>
</tr>
<tr>
<td>Time</td>
<td>-0.085</td>
<td>0.227</td>
<td>-0.023</td>
<td>0.242</td>
<td>0.207</td>
<td>0.225</td>
<td>0.100</td>
<td>0.364</td>
<td>0.082</td>
<td>0.252</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of lobbyist registration reports and other publicly available data
In the following Chapter 4, this study first explores the quality of embeddedness as applied to lobbyists as a test of the Policy Domain Proposition and related hypotheses 1.1 through 1.4. The analysis for the Policy Domain Proposition is mostly descriptive as I review the composition of the retirement policy domain in terms of certain characteristics and using visual representations. Hypothesis 1.2 concerns the durability of network relations among lobbyists by examining changes in network structure over time.\textsuperscript{102} For this argument, the level of analysis thus shifts from the individual organization to the whole network. To do this analysis, I calculate correlations between any two networks through the use of Quadratic Assignment Procedures (QAP). The QAP analysis provides Pearson correlations of network structures such that we can identify in a statistically significant way whether one network structure is similar to another. Correlations are provided for the lobbyist network structure for each time period (e.g., first half of 1998) and every subsequent year (e.g., second half of 1998 – second half of 2004). The QAP correlations are performed for two levels of network relations, agenda overlap and coalition participation. As hypotheses 1.3 and 1.4 are focused on differences between long-term organizations and all others in the policy domain along different variables, I also employ t-tests of group means.

\textsuperscript{102} I use the social networks software program UCINET for generating network measures and network analysis.
Table 3.5: Overview of Hypotheses, Methods, and Key Dependent Variables
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Method/Model</th>
<th>Dependent Variable(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Embeddedness Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis 1.1: Over time, a policy domain will consist of a set of lobbying organizations that consistently lobby on the same set of issues over time.</td>
<td>Descriptive statistics; social network analysis; qualitative description</td>
<td>Time in the retirement policy domain</td>
</tr>
<tr>
<td>Hypothesis 1.2: Inter-organizational relations among long-term organizations in the policy domain will be more stable over time as compared to short-term organizations.</td>
<td>Quadratic Assignment Procedure correlation analysis</td>
<td>Issue-level network; coalition-level network</td>
</tr>
<tr>
<td>Hypothesis 1.3: Long-term organizations in the policy domain will occupy superior positions within the policy domain than short-term organizations.</td>
<td>T-tests of group means</td>
<td>Agenda overlap; network centrality; network constraint</td>
</tr>
<tr>
<td>Hypothesis 1.4: Long-term organizations in the policy domain will exhibit more similarity with each other than with more short-term organizations.</td>
<td>T-tests of group means</td>
<td>Organizational attributes</td>
</tr>
<tr>
<td><strong>Coalitions Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis 2.1: An organization with a superior position in the policy domain network will participate in more coalitions.</td>
<td>Zero-inflated negative binomial regression</td>
<td>Number of coalitions in which an organization participates</td>
</tr>
<tr>
<td>Hypothesis 2.2: An organization that participates in prior coalitions in the policy domain network is more likely to participate in future coalitions.</td>
<td>Zero-inflated negative binomial regression</td>
<td>Number of coalitions in which an organization participates</td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Method/Model</td>
<td>Dependent Variable(s)</td>
</tr>
<tr>
<td>------------</td>
<td>--------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Influence Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis 3.1: The more superior the network position of an organization within its policy network, the more influence that organization will possess.</td>
<td>Over-time negative binomial regression</td>
<td>Number of congressional hearings at which an organization testifies; number of mentions in the newsmedia</td>
</tr>
<tr>
<td>Hypothesis 3.2: The more coalitions in which an organization participates, the more influence that organization will possess.</td>
<td>Over-time negative binomial regression</td>
<td>Number of congressional hearings at which an organization testifies; number of mentions in the newsmedia</td>
</tr>
<tr>
<td><strong>Cooperative Norms Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis 4.1: Organizational representatives that value or exhibit durable ties to other organizations in the policy domain will also value trust and uphold trust-based norms of cooperation and reciprocity.</td>
<td>Qualitative analysis</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Collusion Proposition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis 5.1: The greater the social distance between challenging and opposing groups and the greater the level of embedded relations within the opposing group, the higher the likelihood that the challenging group will focus its action on the other group.</td>
<td>Qualitative analysis</td>
<td>n/a</td>
</tr>
</tbody>
</table>
In order to examine the Coalition Proposition, I test the effects of key network variables on coalition membership. The dependent variable in this case is the number of coalitions in which an organization participates over a two-year time period. As this is a count variable, it resembles a Poisson distribution, but a classic Poisson distribution is characterized by a mean that is equal to its variance (Kennedy 1998). However, the variable for coalition participation exhibits a large variance. More specifically, in the case of coalitions for the 2001-2002 time period (the 107th Congress), the mean number of coalitions equals 0.543 and the variance is 1.159, and for 2003-2004 the mean is 0.773 and the variance is 1.513. Figures 3.7a and 3.7b below provide the histograms of the two coalition dependent variables.

Because of the large variance, a negative binomial model is more appropriate than a Poisson model because of the over-dispersion but one that incorporates the fact that many organizations have zero occurrences for both variables. When considering which model to apply to the data, an important consideration is that different processes may be producing the excess number of zeroes. An organization may not be participating in a coalition because there are no organizations that share the same issues. It may also be that the organization is not currently lobbying on retirement policy issues and therefore has no need for a retirement policy coalition. In the latter case, we have an organization that is referred to as a ‘certain zero’. Thus, the number of zeroes may be inflated and the number of organizations with zero participation in coalitions cannot be explained in the same manner as the number of organizations that participated in one or more coalitions. A standard negative binomial model does not distinguish between these two processes, but a zero-inflated negative binomial model allows for the different processes outlined above and permits testing between the standard negative binomial model and the zero-inflated negative binomial.
Figures 3.7a and 3.7b: Frequency Distribution of Coalition Participation for 2001-02 and 2003-04 (n=392)

Source: Author’s compilation of data
Thus, the Coalition Proposition and hypotheses 2.1 and 2.2 will be tested by zero-inflated negative binomial (ZINB) regression. ZINB regression generates two separate models and then combines them. First, a logit model is used to determine whether selected independent variables predict whether or not an organization would be a “certain zero”. Then, a negative binomial model is generated predicting the counts for those organizations that are not certain zeroes.\textsuperscript{103} The results for the Policy Domain and Coalition Propositions are presented in Chapter 4.

For the Influence Proposition and hypotheses 3.1 and 3.2, a negative binomial regression methodology will be used, similar to the ZINB model for the Coalition Proposition but with some differences. The two dependent variables that proxy for influence, one for testifying at a congressional hearing and the other for mentions in the news media, are count variables whose means are much less than their variances. However, these measures differ somewhat from the coalition participation measures in that I have exact dates for both hearing appearances and mentions in the news media (the coalition data did not indicate when a coalition began or ended). Therefore, I can more fully exploit the over time nature of the data using a multilevel method, which controls for multiple observations for an organization over time. For both dependent variables, estimates are obtained using the \texttt{xtnbreg} command in Stata version 10. There is a trade-off for using this over-time analysis as the \texttt{xtnbreg} command does not incorporate the effect of zero-inflated results. These results will be presented in Chapter 5.

Qualitative methods address the Cooperative Norms and Collusion Propositions. The interviews provide information on the nature of the interactions, relationships, and mechanisms of social norms within each policy domain. In addition, the interviews with both social movement actors and insiders give a sense of how outside actors view

\textsuperscript{103} The regression results were produced by the \texttt{zinb} routine in STATA version 10.
the social organization of lobbyists as a test of the collusion proposition. Using qualitative data software, interview transcripts will be coded and analyzed in order to assess the role and mechanisms of social norms and embeddedness in lobbyist interactions across individual interviews and policy domains. Interviews were conducted with 26 individuals from January through September 2006. In addition, archival data and secondary sources provide additional qualitative information that will be combined with the interview data. Chapter 6 will discuss the Cooperative Norms Proposition, and Chapter 7 will discuss the Collusion Proposition.

As mentioned at the end of Chapter 1, in general I use organizations as the unit of analysis while the discussion of norms relies on qualitative analysis of individual data – Chapter 7’s discussion considers both organizational data and individual qualitative interviews. This mixed-method approach, then, results in two levels of analysis. In part, having two units of analysis is a function of available data: I have neither social network data at the individual level (a small exception is discussed in the chapter on influence) nor organizational data on norms. Therefore, I cannot test the hypotheses consistently across one level of analysis. But beyond just the convenience of available data, organizational position interacts with personal level relationships and norms – One cannot easily separate the two levels when discussing norms and network positions as individual position does not easily distinguish itself from the organizational position. A lobbyist accounts for her organizational role when considering her social interactions with other lobbyists and associated norms. Of course, there are times when the organizational and individual levels separate, as when affectual considerations are present, but for the most part such considerations are not present and were not present in the qualitative interview data.
CHAPTER 4:
THE POLICY DOMAIN AND COALITIONS

If you want to get along, go along.
- Sam Rayburn

The prior three chapters laid out the theoretical basis for this study, background on lobbying at the level of the federal government, and a discussion of the substantive policy area in which the lobbyists studied work. Chapter 1 laid out the following propositions:

- Policy domains can be characterized by embedded or cohesive ties among actors.
- Actors in embedded relationships are likely to engage in joint activity.

This chapter and the next two provide empirical support for the arguments made in Chapter 1. The first part of this chapter addresses the nature of the policy domain, which can contain a variety of policy organizations and relationships among those organizations. In arguing that durable relations among long-term policy actors constitute a policy domain, I draw upon more than one method, but these methods are largely descriptive in nature. This is not too surprising in that the policy domain proposition is largely a depiction of a community of relations and as such provides a foundation for the other propositions. Empirical support for this proposition takes the form of descriptive statistical and social network analysis by showing correlations of network structures over time as well as correlations between time and the network positions of lobbying organizations.

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104 Sam Rayburn (1882–1961), U.S. legislator, Democratic politician, former Speaker of the House of Representatives
The second half of this chapter concerns the nature of joint activity within the policy domain. Here I combine an organization’s social network positions and standard regression methods to analyze both the decision to join in joint activity as well as model the overall level of joint activity. In general, certain network positions are associated with increased joint activity.

**The Policy Domain Proposition:** The policy domain proposition states that networks of relations among organizations that replicate themselves over time constitute policy domains. In Chapter 3, we derived the following hypotheses:

*Hypothesis 1.1:* A policy domain will consist of a set of lobbying organizations that consistently lobby on the same set of issues over time and that recognize each other as members.

*Hypothesis 1.2:* Inter-organizational relations among long-term organizations in the policy domain will be more stable over time as compared to short-term organizations.

*Hypothesis 1.3:* Long-term organizations in the policy domain will occupy superior positions within the policy domain than short-term organizations.

*Hypothesis 1.4:* Long-term organizations in the policy domain will exhibit more similarity with each other than with more short-term organizations.

If embeddedness in terms of durable and long-lasting relations characterizes a policy domain, then we should see a set of actors who have participated in the policy domain for a long period of time as the most central or prominent in the policy domain network. In other words, we should see a correlation between longevity within a policy domain and overall centrality and importance in the policy network. As noted in Chapter 3, I am focused on three types of network position, which are betweenness centrality, agenda overlap, and structural constraint. Therefore, the more an organization lobbies within the retirement policy domain, the more central its position
and the less subject to constraint. Moreover, the more an organization lobbies within
the retirement policy domain, the greater its agenda overlap with other, long-term
organizations. In addition, I would expect that organizations that have long-term
relationships within a policy domain would be less likely to be constrained by ties to
other actors.

These network positions can exist at different levels of relationships.
Organizations can have relationships in the form of common issues, membership in a
an organization such as a labor union or trade association, contractual relations as
when one an organization hires another to represent it, and/or when two organizations
engage in joint activity such as a coalition. This chapter will explore some of these
dimensions in more detail.

The Policy Domain Map – Figures 4.1 through 4.5 visually represent the different
social networks in the retirement policy domain. Figure 4.1 provides an index to the
figures that follow. Different colors indicate different interests (employer, labor,
financial services, public interest, public/civil service, professional, and military).
Different shapes indicate the types of organizations (triangles for membership
organizations like trade associations and unions; circles for self-represented (or non-
membership) entities like corporations and public interest groups; squares for for-hire
organizations like law firms and consulting firms). In all figures, the size of the node
(representing an organization) is proportional to the total amount of time (in terms of
six months increments) that the actor has spent in the policy domain from 1998 to
2004. In addition to node size, the number of shared interests is indicated by the
thickness of the line that connects any two nodes.
Figure 4.2 shows the network of actors who are affiliated by shared retirement policy issues in the time period of July to December 2004. I selected this time period because it ought to show the full effect of over time participation in the policy domain. Most of the actors\textsuperscript{105} in Figure 4.2 are connected to each other in terms of shared issues, but a single grey triangle labeled AICPA (the American Institute of Certified

\begin{itemize}
  \item Membership
  \item Self-Represent
  \item For-Hire
  \item Private Employer
  \item Financial Services
  \item Public Interest
  \item Public Employer
  \item Labor
  \item Military
  \item Professional
\end{itemize}

\textbf{Figure 4.1: Organization and Interest Types}

\textsuperscript{105} Isolated organizations are not shown in Figure 4.2 or the following figures. For Figure 4.2, an organization is isolated if it does not have an issue in common with any other organization. There are seven such isolates in the last half of 2004 out of a total of 190 organizations that lobbied during that time frame.
Public Accountants, a professional association) is the sole connector between two large clusters of organizations. In the lower right area of the figure, three labor unions (red triangles) – the American Federation of Musicians (AFM), the Teamsters, and the painters union (IUPAT) – are connected to each other as well as to a for-hire organization (red square labeled Hood). Also in the lower right area, three public interest groups (pink triangles labeled Seniors, TREA, and RetireSafe) are connected to each other as well as to a for-hire firm (pink square labeled Acors). For these two clusters of unions and public interest groups, they are tied to each other, and a for-hire firm, in terms of shared issues in which no other organization has an interest. While there are a number of short-term organizations, in general, long-time members of the policy domain tend to cluster among a thick set of relations.

Figure 4.3 is a map of relations by membership in associations and unions, and here the ties have arrowheads on them to reflect the direction of membership: If there is an arrow pointing from A to B, A belongs to, or is a member of B. In Figure 4.3, there are also two large components that are not connected to each other. In the upper left part of the graph, there is a cluster of red triangles, and these are labor unions that are chiefly the constituent unions of the AFL-CIO. The other, larger cluster is a collection of management and financial services trade associations and their members. In this case the relations are not nearly as dense as in Figure 4.2, and it is apparent that a handful of long-serving trade associations and unions are the recipients of the vast majority of incoming ties and links; the more short-term organizations are on the periphery, for the most part. In the case of the management and financial services component, long-term, self-representing organizations (the circles) act as bridges among the major trade associations (see the area denoted by a yellow dotted-line oval). This central position among a dozen or so organizations may serve as a coordinating function among the different trade associations.
Figure 4.4 provides a map of for-hire relationships in 2004. As an organization can hire another lobbying organization to represent it, this social network map is directional in nature. That is, an arrow going from organization A to organization B indicates that A has hired B. The map shows a sparse network of 16 components and in which relatively few firms are hiring, and the hired firms only represent one or two organizations. However, because some organizations will hire more than one lobbying firm, one can see a chain of 30 organizations that create a large ‘C’ shape in the figure with a node Abernathy at one end and Hohlt at the other end. A significant number of organizations are linked, at least in this time frame, through hiring practices. Here, long-term organizations (that is, those nodes with larger sizes) are often key links in the chain (e.g., nodes ABC, Groom, Davis, MassMutual, wcyc, SIA, and OB-C).

Finally, Figure 4.5 illustrates the social network of coalition membership aggregated over the 31 coalitions used in this study and over all time periods. Because of the aggregation, this is probably the most dense graph of all in that both labor and management are connected to each other, albeit indirectly. This is a situation unlike that of Figure 4.3 where labor and management/financial services organizations were not connected to each other at all, as we would expect. As noted in Chapter 3, some labor unions sponsor their own pension plans and thus have some interest similar to private employers, and some other unions are joint trustees with private employers of plans and therefore find common cause on some policy issues.
Figure 4.2: Network of Retirement Lobbyists, July-Dec. 2004, by Interest Type (color), Time in Policy Domain (node size), and Number of Shared Issues (tie thickness)

Source: Author’s compilation of lobbyist disclosure reports for year-end 2004
Figure 4.3: Social Network of Association Membership in the Retirement Policy Domain, circa 2004, by Interest Type (color), Organization Type (node shape), and Time in Policy Domain (node size).
Source: Author’s compilation of lobbyist associational membership data from various public sources.
Figure 4.4: Social Network of Client Relationships in the Retirement Policy Domain, June 2004, by Interest Type (color), Organization Type (node shape), and Time in Policy Domain (node size).
Figure 4.5: Social Network of Coalition Membership in the Retirement Policy Domain, 2000-2005, by Interest Type (color), Time in Policy Domain (node size), Organization Type (node shape) and Number of Shared Memberships (tie thickness).

Source: Author’s compilation of coalition materials data from various public sources.
In these last four figures, organizations that participate in retirement policy over a long period of time appear to have dense ties to other actors. But are long-term organizations unique? Are organizations that spend long periods of time in retirement policy different from organizations with more short-term focus on retirement issues? Tables 4.1 through 4.3 shed some light on this question by providing the results of t-tests of group means on selected organizational and network measures. Table 4.1 examines differences in means between long-term organizations (at least six years in retirement policy out of a total of seven) and short-term organizations (six months only). On average, long-term organizations will have more staff working on retirement policy (4.1 persons versus 2.2 for short-term organizations). Long-term organizations are more likely to be membership organizations (57 percent were membership organizations versus 28 percent for short-term organizations), and they spend more with an average expense or income of $99,754 on a per policy domain basis as against $29,543 for short-term organizations. Long-term organizations also participate in more coalitions (nearly 3 coalitions per long-term organizations versus 0.23 coalitions for short-term organizations) and are called more frequently to testify before congressional committees (1.3 hearing appearances versus 0.014). Only 20.8 percent of long-term organizations are for-hire lobbying firms as compared with 45 percent of short-term organizations. There is no significant difference between long-term and short-term organizations in terms of whether they are self-represented (that is, whether they have their own in-house lobbyist).

Table 4.2 extends this analysis using the same variables but focusing on the difference between long-term organizations and all other organizations that lobbied on retirement policy issues from 1998 through 2004. The results are much the same as in the prior table: Long-term organizations have larger staffs, are membership organizations, spend more money, work in more policy domains, join more coalitions,
and testify more often. They are less likely to be self-representing and be a for-hire lobbying firm.

From tables 4.1 and 4.2, we see that for-hire lobbying firms, the so-called ‘hired guns’ of K Street, are present but only episodically. They go where the clients pay them to go. Long-term organizations are more stable because either they are representing themselves or have a membership base. Stability translates into size or larger resources to throw at an issue. They also have a broader focus in terms of the number of total policy domains, not just in retirement policy, in which they lobby. Short-term organizations, as perhaps befits the presence of for-hire firms, are more narrowly focused.

Table 4.1: T-tests of Difference in Means of Selected Variables by Short-Term versus Long-Term Participation in Retirement Policy (n=143)

<table>
<thead>
<tr>
<th></th>
<th>Long-Term Orgs</th>
<th>Short-Term Orgs</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean Std. Error</td>
<td>Mean Std. Error</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>4.111 0.455</td>
<td>2.169 0.225</td>
<td>-3.808***</td>
</tr>
<tr>
<td>Self-Represented</td>
<td>0.222 0.049</td>
<td>0.267 0.052</td>
<td>0.627</td>
</tr>
<tr>
<td>Association</td>
<td>0.569 0.058</td>
<td>0.281 0.053</td>
<td>-3.610***</td>
</tr>
<tr>
<td>Hired Gun</td>
<td>0.208 0.048</td>
<td>0.450 0.059</td>
<td>3.170***</td>
</tr>
<tr>
<td>Expense</td>
<td>99,754 16,323</td>
<td>29,543 4,479</td>
<td>-4.123***</td>
</tr>
<tr>
<td>Policy Domains</td>
<td>9.459 0.853</td>
<td>4.915 0.446</td>
<td>-4.700***</td>
</tr>
<tr>
<td>Coalitions</td>
<td>2.972 0.501</td>
<td>0.225 0.067</td>
<td>-5.396***</td>
</tr>
<tr>
<td>Hearings</td>
<td>1.347 0.347</td>
<td>0.014 0.014</td>
<td>-3.809***</td>
</tr>
</tbody>
</table>

***Pr(|T| > |t|) < 0.01
Notes: The t-test is evaluating the null hypothesis that the difference in group means is not different from 0. The degrees of freedom equal 141. The groups are short-term organizations that lobby in retirement policy for only six months and long-term organizations that lobby in retirement policy for more than five years (out of a possible seven).
Table 4.2: T-tests of Difference in Means of Selected Variables by Long-Term Participation in Retirement Policy (n=392)

<table>
<thead>
<tr>
<th></th>
<th>Long-Term Orgs</th>
<th>All Other Orgs</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Error</td>
<td>Mean</td>
</tr>
<tr>
<td>Staff</td>
<td>4.111</td>
<td>0.455</td>
<td>2.437</td>
</tr>
<tr>
<td>Self-Represented</td>
<td>0.222</td>
<td>0.049</td>
<td>0.387</td>
</tr>
<tr>
<td>Association</td>
<td>0.569</td>
<td>0.058</td>
<td>0.259</td>
</tr>
<tr>
<td>Hired Gun</td>
<td>0.208</td>
<td>0.048</td>
<td>0.353</td>
</tr>
<tr>
<td>Expense</td>
<td>99,754</td>
<td>16,323</td>
<td>51,937</td>
</tr>
<tr>
<td>Policy Domains</td>
<td>9.459</td>
<td>0.853</td>
<td>6.638</td>
</tr>
<tr>
<td>Coalitions</td>
<td>2.972</td>
<td>0.501</td>
<td>0.662</td>
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<tr>
<td>Hearings</td>
<td>1.347</td>
<td>0.347</td>
<td>0.103</td>
</tr>
</tbody>
</table>

*Pr(|T| > |t|) <0.10  **Pr(|T| > |t|) <0.05  ***Pr(|T| > |t|) <0.01

Notes: The t-test is evaluating the null hypothesis that the difference in group means is not different from 0. The degrees of freedom equal 390. The groups are long-term organizations that lobby in retirement policy for more than five years (out of a possible seven) and all other organizations.

Table 4.3 below focuses on the social network positions of the long-term organizations relative to all other organizations. Because network position may change from year to year, I present two separate t-test of group means analyses for the 2001-2002 and 2003-2004 congressional periods. The results are generally consistent across time as long-term organizations are more central for both issue and membership networks. They are less subject to constraint at the membership level, which means that long-term organizations have more diverse networks that are rich in structural holes. In terms of agenda overlap, there is no significant difference between

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106 For Table 4.3, I only use organizations that actually lobby during the time periods in question. For that reason the observations in Table 4.3 is less than the overall sample size of 392 organizations.
long-term organizations and all other organizations in 2001-2002, but in 2003-2004 long-term organizations have greater agenda overlap on average than more short-term organizations.

We can also map social network positions against time spent in the retirement policy domain, which is shown in Figure 4.6 below. The four network measures – issue centrality, membership centrality, agenda overlap, and membership constraint – have been rescaled for a common starting point of zero. In terms of specific network measures, Time shows a positive correlation with both of the centrality measures, which rise sharply after year 5. Membership constraint, which should be lower for more long-term organizations, does drop after year 4. This is what we would expect: In other words, organizations are less constrained by their network relations and become more central in the network as they spend more time in the retirement policy domain. In contrast, agenda overlap rises after the first year but does not show an appreciable change with successive years.

The discussion thus far suggests that time matters (for the most part) in terms of position and prominence within the retirement policy network. Certain, but not all, lobbying organizations possess dense ties with other lobbyists partly as a function of time spent in the field. Presumably, these dense ties translate into improved network positions and, hence, greater freedom of action and/or opportunities for information brokerage. The next section examines the degree to which the structure of relations changes over time.
<table>
<thead>
<tr>
<th>Variable</th>
<th>2001-2002 (n=238)</th>
<th>2003-2004 (n=247)</th>
<th>t-test</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long-Term Orgs</td>
<td>All Other Orgs</td>
<td>Mean</td>
<td>SE</td>
</tr>
<tr>
<td>Agenda Overlap</td>
<td>0.119</td>
<td>0.007</td>
<td>0.111</td>
<td>0.005</td>
</tr>
<tr>
<td>Issue Centrality</td>
<td>0.241</td>
<td>0.040</td>
<td>0.048</td>
<td>0.007</td>
</tr>
<tr>
<td>Member Centrality</td>
<td>0.312</td>
<td>0.113</td>
<td>0.033</td>
<td>0.007</td>
</tr>
<tr>
<td>Member Constraint</td>
<td>0.545</td>
<td>0.054</td>
<td>0.728</td>
<td>0.031</td>
</tr>
<tr>
<td>Coalitions</td>
<td>1.555</td>
<td>0.231</td>
<td>0.391</td>
<td>0.064</td>
</tr>
<tr>
<td>Hearings</td>
<td>0.444</td>
<td>0.116</td>
<td>0.078</td>
<td>0.024</td>
</tr>
</tbody>
</table>

*Pr(|T| > |t|) <0.10  **Pr(|T| > |t|) <0.05  ***Pr(|T| > |t|) <0.01

Notes: The t-test is evaluating the null hypothesis that the difference in group means is not different from 0. The degrees of freedom equal 236 for 2001-2002 and 245 for 2003-2004. The groups are long-term organizations that lobby in retirement policy for more than five years (out of a possible seven) and all other organizations.
Figure 4.6: Organizations’ Average Social Network Measures (for 2003-2004) by Time Spent in Retirement Policy Domain (n=247).

Source: Author’s compilation of lobbyist disclosure reports for 1998-2004
Stability of Network Structures – How much change occurs in the networks of lobbyists over time? A structure of networks should be reproduced over time such that there should be positive and statistically correlations between any two networks. Tables 4.4 and 4.5 provide results of the Quadratic Assignment Procedure (QAP) correlations for agenda overlap. Recalling from Chapter 3 that QAP correlations are correlations of entire network structures, Table 4.4 should be read as the correlations for each network listed in the column label and each successive network (all correlations are statistically significant). Looking at the first column of results, for example, the correlation between the network in the first half of 1998 (denoted as ‘m98’) with the second half of 1998 (‘e98’) is 0.502. Moving down the column, the next correlation is between m98 and the first half of 1999 (‘m99’), which is 0.285. Turning our attention to patterns, one can see that in each column of Table 4.4, the correlations generally decline the farther in time one gets from the initial time period. This makes sense as we would expect that social networks would become more dissimilar with the passage of time. However, all of the correlations remain positive throughout and statistically significant.

In addition, the correlations are very high when within the same Congress relative to networks in different Congresses. A congressional term lasts two years until an election occurs and a new Congress comes into place. Any bills that are introduced during a prior session are dropped as the new Congress starts fresh. Lobbying relationships are likely to be highly correlated within a particular session of Congress, and that is what Table 4.4 shows us with the shaded results. For example, looking at the third column labeled ‘m99’, the first three results are shaded indicating that they occurred within the 106th Congress (1999-2000). The correlations between the first half of 1999 (‘m99’) and the next three time periods (e99, m00, e00) are 0.698, 0.378,
and 0.405, respectively. In general, the shaded results are higher than correlations between networks across sessions of Congress.

However, we also can see a strong correlation between the end of a Congress and the start of a new Congress. These correlations are indicated by numbers in bold. There are three transitions over this time period: From the 105\textsuperscript{th} to the 106\textsuperscript{th} Congress (e98 – m99), from the 106\textsuperscript{th} to the 107\textsuperscript{th} (e00-m01), and from the 107\textsuperscript{th} to the 108\textsuperscript{th} (e02-m03) The correlations for these transitions are 0.472 (e98 and m99), 0.423 (e00 and m01), and 0.325 (e02 and m03), respectively. Thus, the network of interest affiliations tends to replicate itself over time, and the correlations evidence stability in the relationships.

Table 4.5 compares these correlations against the same correlations for long-organizations only (full results for long-term organizations as shown in Table 4.4 are not shown but are available). In all categories, long-term organizations had higher correlations. Across all time periods, the correlation of agenda overlap for long-term organizations was 0.391 as compared to 0.338 for all others. Within each two-year congressional session, longer-serving organizations’ agenda overlap correlation was 0.598 versus 0.559. And from the end of one congressional session through the start of a new Congress, the correlation for long-term organizations was 0.525 as against 0.421 for all other organizations.
### Table 4.4: QAP Correlations between Issue Network Structures Using QAP Analysis, 1998-2004

<table>
<thead>
<tr>
<th></th>
<th>m98</th>
<th>e98</th>
<th>m99</th>
<th>e99</th>
<th>m00</th>
<th>e00</th>
<th>m01</th>
<th>e01</th>
<th>m02</th>
<th>e02</th>
<th>m03</th>
<th>e03</th>
<th>m04</th>
</tr>
</thead>
<tbody>
<tr>
<td>m98</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>e98</td>
<td>0.502</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>m99</td>
<td>0.285</td>
<td>0.472</td>
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<td></td>
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<td></td>
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<tr>
<td>e99</td>
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<tr>
<td>m00</td>
<td>0.166</td>
<td>0.287</td>
<td>0.378</td>
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<tr>
<td>e00</td>
<td>0.237</td>
<td>0.307</td>
<td>0.405</td>
<td>0.591</td>
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<tr>
<td>m01</td>
<td>0.198</td>
<td>0.189</td>
<td>0.322</td>
<td>0.320</td>
<td>0.402</td>
<td>0.423</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e01</td>
<td>0.212</td>
<td>0.229</td>
<td>0.294</td>
<td>0.316</td>
<td>0.284</td>
<td>0.370</td>
<td>0.469</td>
<td></td>
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<tr>
<td>m02</td>
<td>0.182</td>
<td>0.259</td>
<td>0.321</td>
<td>0.347</td>
<td>0.384</td>
<td>0.397</td>
<td>0.325</td>
<td>0.376</td>
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<td>e02</td>
<td>0.177</td>
<td>0.199</td>
<td>0.344</td>
<td>0.342</td>
<td>0.255</td>
<td>0.370</td>
<td>0.348</td>
<td>0.383</td>
<td>0.629</td>
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<tr>
<td>m03</td>
<td>0.110</td>
<td>0.132</td>
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<td>0.250</td>
<td>0.265</td>
<td>0.242</td>
<td>0.243</td>
<td>0.233</td>
<td>0.260</td>
<td>0.325</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e03</td>
<td>0.110</td>
<td>0.152</td>
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<td>0.254</td>
<td>0.257</td>
<td>0.250</td>
<td>0.214</td>
<td>0.203</td>
<td>0.282</td>
<td>0.288</td>
<td>0.633</td>
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</tr>
<tr>
<td>m04</td>
<td>0.138</td>
<td>0.162</td>
<td>0.252</td>
<td>0.298</td>
<td>0.294</td>
<td>0.286</td>
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<td>0.326</td>
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<tr>
<td>e04</td>
<td>0.136</td>
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<td>0.245</td>
<td>0.237</td>
<td>0.250</td>
<td>0.274</td>
<td>0.290</td>
<td>0.408</td>
<td>0.525</td>
<td>0.712</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of lobbyist registration reports.

Note: Each time period represents a six-month period corresponding to lobbyist reporting periods. An ‘m’ indicates a mid-year filing period while an ‘e’ represents an end-of-year filing period. For example, ‘m98’ is the period January through June of 1998 while ‘e98’ is the period July through December of 1998. **Bolded** areas indicate correlations of networks that occur in the same session of Congress. **Shaded** areas indicate correlations of networks that occur between the end of one Congress and the start of a new Congress.
Table 4.5: Average QAP Correlations for Agenda Overlap Networks by Long-term Organizations and All Other Organizations

<table>
<thead>
<tr>
<th></th>
<th>All Lobbying</th>
<th>Long-Term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organizations</td>
<td>Organizations Only</td>
</tr>
<tr>
<td>All Time Periods</td>
<td>.338</td>
<td>.391</td>
</tr>
<tr>
<td>Within Congress</td>
<td>.559</td>
<td>.598</td>
</tr>
<tr>
<td>Immediate Inter-Congress</td>
<td>.421</td>
<td>.525</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of coalition data from various sources.
Note: Long-term organizations are those lobbying organizations that lobby on retirement policy more than five years out of the total seven years for this study (1998-2004). There are a total of 72 long-term organizations.

While not completely resolving the issue, the discussion presented so far indicates that this particular policy domain evidences durable and strong relationships over time, especially for long-term groups. The next sections discuss how network position and structure relate to joint activity.

**Coalition Proposition**

Organizations tied to other organizations by embedded, as opposed to arm’s length, ties are more likely both to participate and be leaders in coalitions. This proposition led to the following two hypotheses:

*Hypothesis 2.1: An organization with a superior position in the policy domain network will participate in more coalitions.*

*Hypothesis 2.2: An organization that participates in prior coalitions in the policy domain network is more likely to participate in future coalitions.*

For this proposition, I first look at the structure of coalitions over time. Then, I employ a zero-inflated negative binomial regression in order to model the relationship between the level of coalition participation (i.e., the number of coalitions in which an organization participates) and key network and other independent variables.
Correlation of Coalition Network Structures – How much change occurs in the networks of coalitions over time? Is more time spent in the retirement policy domain associated with more stable relations in terms of joint activity? A structure of networks should be reproduced over time such that there should be positive and statistically significant correlations between any two networks. Tables 4.6 and 4.7 provide results of the QAP correlations for coalition participation. As with Table 4.4 above, Table 4.6 should be read as the correlations for each network listed in the column label and each successive network (all correlations are statistically significant). Looking at the first column of results, for example, the correlation between the network in the first half of 1998 (denoted as ‘m98’) with the second half of 1998 (‘e98’) is 0.748. Moving down the column, the next correlation is between m98 and the first half of 1999 (‘m99’), which is 0.667. Turning our attention to patterns, one can see that in each column of Table 4.6, the correlations generally decline the farther in time one gets from the initial time period.\footnote{All the correlations remain positive throughout and statistically significant in Table 4.6.}

Again, as with Table 4.4 above, the correlations are very high when within the same Congress relative to networks in different Congresses. For example, looking at the third column labeled ‘m99’, the first three results are shaded indicating that they occurred within the 106\textsuperscript{th} Congress (1999-2000). The correlations between the first half of 1999 (‘m99’) and the next three time periods (e99, m00, e00) are 0.876, 0.737, and 0.681, respectively. In general, the shaded results are higher than correlations between networks across sessions of Congress.

However, networks also are strongly correlated between two different Congresses. These correlations are indicated by numbers in \textbf{bold}. There are three transitions over this time period: From the 105\textsuperscript{th} to the 106\textsuperscript{th} Congress (e98 – m99), from the 106\textsuperscript{th} to the 107\textsuperscript{th} (e00-m01), and from the 107\textsuperscript{th} to the 108\textsuperscript{th} (e02-m03) The correlations for
these transitions are 0.942 (e98 and m99), 0.696 (e00 and m01), and 0.785 (e02 and m03), respectively. Thus, the network of interest affiliations tends to replicate itself over time, and the correlations evidence stability in the relationships involving joint activity.

Table 4.6 compares these correlations against the same correlations for long-organizations only (results for long-term organizations and non-long-term organizations are not shown here). In all categories, long-term organizations had higher correlations. Across all time periods, the correlation of agenda overlap for long-term organizations was 0.752 as compared to 0.521 for organizations that are not long-term organizations. Within each two-year congressional session, longer-serving organizations’ agenda overlap correlation was 0.843 versus 0.689 for all other organizations. And from the end of one congressional session through the start of a new Congress, the correlation for long-term organizations was 0.888 as against 0.732 for all other organizations. In summary, long-term organizations are not only involved in more coalitions, but coalition relationships among long-term organizations are more durable or stable. This result, of course, makes sense. I would expect that in relationships that involve some costs and level of risk, such as participating in a coalition, organizations that have experience with other organizations in the same policy area would be more willing to engage in such relationships. This result points to the importance of trust in reducing the costs and risks associated with relationships, and trust is a topic that is discussed below in Chapter 6.
Table 4.6: QAP Correlations between Coalition Network Structures Using QAP Analysis, 1998-2004

<table>
<thead>
<tr>
<th></th>
<th>m98</th>
<th>e98</th>
<th>m99</th>
<th>e99</th>
<th>m00</th>
<th>e00</th>
<th>m01</th>
<th>e01</th>
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<tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e99</td>
<td>0.595</td>
<td>0.840</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m00</td>
<td>0.491</td>
<td>0.694</td>
<td>0.737</td>
<td>0.788</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>e00</td>
<td>0.454</td>
<td>0.641</td>
<td>0.681</td>
<td>0.801</td>
<td>0.922</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>m01</td>
<td>0.361</td>
<td>0.497</td>
<td>0.525</td>
<td>0.595</td>
<td>0.693</td>
<td>0.696</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e01</td>
<td>0.382</td>
<td>0.328</td>
<td>0.371</td>
<td>0.458</td>
<td>0.654</td>
<td>0.646</td>
<td>0.547</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m02</td>
<td>0.313</td>
<td>0.520</td>
<td>0.552</td>
<td>0.574</td>
<td>0.664</td>
<td>0.693</td>
<td>0.552</td>
<td>0.552</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e02</td>
<td>0.432</td>
<td>0.716</td>
<td>0.759</td>
<td>0.686</td>
<td>0.818</td>
<td>0.766</td>
<td>0.641</td>
<td>0.619</td>
<td>0.748</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m03</td>
<td>0.296</td>
<td>0.546</td>
<td>0.583</td>
<td>0.540</td>
<td>0.612</td>
<td>0.583</td>
<td>0.471</td>
<td>0.460</td>
<td>0.619</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e03</td>
<td>0.312</td>
<td>0.575</td>
<td>0.614</td>
<td>0.576</td>
<td>0.640</td>
<td>0.619</td>
<td>0.498</td>
<td>0.458</td>
<td>0.644</td>
<td>0.839</td>
<td>0.784</td>
<td></td>
<td></td>
</tr>
<tr>
<td>m04</td>
<td>0.300</td>
<td>0.550</td>
<td>0.587</td>
<td>0.605</td>
<td>0.648</td>
<td>0.660</td>
<td>0.512</td>
<td>0.480</td>
<td>0.665</td>
<td>0.796</td>
<td>0.774</td>
<td>0.939</td>
<td></td>
</tr>
<tr>
<td>e04</td>
<td>0.256</td>
<td>0.475</td>
<td>0.507</td>
<td>0.506</td>
<td>0.565</td>
<td>0.559</td>
<td>0.441</td>
<td>0.407</td>
<td>0.594</td>
<td>0.694</td>
<td>0.715</td>
<td>0.862</td>
<td>0.867</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of lobbyist registration reports.

Note: Each time period represents a six-month period corresponding to lobbyist reporting periods. An ‘m’ indicates a mid-year filing period while an ‘e’ represents an end-of-year filing period. For example, ‘m98’ is the period January through June of 1998 while ‘e98’ is the period July through December of 1998. Shaded areas indicate correlations of networks that occur in the same session of Congress. **Bolded** numbers indicate correlations of networks that occur between the end of one Congress and the start of a new Congress.
Table 4.7: Average QAP Correlations for Coalition Networks by Long-term Organizations and All Other Organizations

<table>
<thead>
<tr>
<th></th>
<th>Long-Term Organizations</th>
<th>All Other Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Time Periods</td>
<td>0.752</td>
<td>0.521</td>
</tr>
<tr>
<td>Within Congress</td>
<td>0.843</td>
<td>0.689</td>
</tr>
<tr>
<td>Immediate Inter-Congress</td>
<td>0.888</td>
<td>0.732</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of coalition data from various sources.
Note: Long-term organizations are those lobbying organizations that lobby on retirement policy more than five years out of the total seven years for this study (1998-2004). There are a total of 72 long-term organizations.

Determinants of Coalition Participation: In this section, we move from largely descriptive analysis to one looking at determinants of coalition participation. Because the data on coalition participation is count data of the number of coalitions in which an organization is a member, I use zero-inflated negative binomial regression to account both for the large number of non-participants (the zero-inflated portion) and for the relatively few organizations that participate in many coalitions.

Table 4.8 provides the ZINB regression results for participation in coalitions over 2000-2001. Models 1a and 1b comprise a baseline model, provides the independent variables for self-represented organizations, the number of policy domains covered by lobbying organizations, the average lobbying expense per domain, the number of staff employed by the organization, and the financial services dummy variable. I use two different indicators for time. In modeling whether or not an organization would join any coalition (models 1a and 2a), I use a variable indicating whether the organization lobbied at any point during the 2001-2002 time period. For this part of the model, I thought it reasonable to assume that a factor in the decision to join a coalition would be current interest in retirement policy issues. However, in assessing the level of participation in coalitions (models 1b and 2b), not just the dichotomous ‘join or not
join’, I use a variable indicating the total amount of time spent lobbying on retirement policy issues. The assumption here is that higher levels of activity would be a function, in part, of an organization’s level of commitment to the retirement policy domain.

In the baseline model 1a, two variables are statistically associated with the decision to join or not join a coalition. The average number of policy domains has a value of 0.932, which translates into a log odds of 2.54 ($2.54 = \text{exponent}(0.932)$). This means that the more policy domains in which an organization lobbies, the log odds of participation in any coalition increases by 154 percent. The other variable of significance is the number of personnel that an organization has working on retirement policy issues. The coefficient for staff is -0.802, which translates into an odds ratio of 0.448 ($= (1 – \text{exponent}(-0.802))$ such that for each additional staff person working on retirement policy, the odds of that organization joining a coalition decline by 55 percent. In summary, the lobbying organization that works across a number of policy areas is more likely to be in a coalition, but the tendency to join a coalition declines as an organization employs more people on retirement issues. These baseline results may reflect a tendency of organizations to use coalitions as a way to leverage their resources. It may also be that an organization that works in more policy areas is more visible and hence a more attractive coalition partner.

Model 1b indicates an organization’s level of participation in a coalition after the initial decision to be part of one, and this is found in the second column of results in Table 4.8. Three variables achieve statistical significance, the first of which is the total time spent lobbying in the policy domain. Time has a coefficient of 0.130 for an odds ratio of 1.139. Therefore, for each additional six-month period that an organization has spent and will spend on retirement policy lobbying, its level of coalition participation will increase by a factor of 13.9 percent. An organization that
is self-represented (i.e., it employs its own lobbyists) has a coefficient of -0.661 for an odds ratio of 0.516. This means that the level participation in coalitions for a self-represented organization declines by a factor of 48.4 percent (1 – 0.516). Self-representing organizations are not likely to join in coalitions, all else being equal, perhaps preferring to operate through their trade associations. Finally, more staff working on retirement policy is associated with increased levels of coalition participation. The coefficient for staff is 0.084 for an odds ratio of 1.087; for each additional staff person, coalition participation increases by a factor of 8.7 percent.

Models 2a and 2b add variables representing network position. Model 2a, which is the third column of results in Table 4.8, shows the propensity to join any coalition, and only one variable is significant here. Agenda overlap has a huge effect on this initial decision with a coefficient of 9.452 such that the odds ratio is 12,733. Agenda overlap with other organizations strongly predicts the initial decision to join a coalition. Model 2b, which is the last column of results, indicates that level of participation or the number of coalitions. Again, there is only one statistically significant variable. The number of coalitions in 1999-2000 is associated with higher coalition activity in 2001-2002: The coefficient is 0.472 for an odds ratio of 1.603. The more coalitions an organization joined in the two years prior increases the level of participation in the current period by a factor of 60 percent.
Table 4.8: Zero-Inflated Negative Binomial Regression of Coalition Participation, 2001-2002 (Standard errors in parentheses)

<table>
<thead>
<tr>
<th></th>
<th>1a Coalition Decision</th>
<th>1b Coalition Level</th>
<th>2a Coalition Decision</th>
<th>2b Coalition Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Constraint</td>
<td>1.087</td>
<td>0.0162</td>
<td>(0.69)</td>
<td>(0.21)</td>
</tr>
<tr>
<td></td>
<td>-8.327**</td>
<td>1.207</td>
<td>(3.88)</td>
<td>(1.46)</td>
</tr>
<tr>
<td>Agenda Overlap</td>
<td>2.860</td>
<td>0.206</td>
<td>(2.23)</td>
<td>(0.41)</td>
</tr>
<tr>
<td></td>
<td>22.46</td>
<td>0.474***</td>
<td>(6922)</td>
<td>(0.10)</td>
</tr>
<tr>
<td>Currently Lobbying</td>
<td>-0.546</td>
<td>-0.881</td>
<td>(0.83)</td>
<td>(0.71)</td>
</tr>
<tr>
<td>Time In Retirement Policy</td>
<td>0.130***</td>
<td>0.0205</td>
<td>(0.021)</td>
<td>(0.025)</td>
</tr>
<tr>
<td>Expense</td>
<td>-0.409</td>
<td>-0.00190</td>
<td>(0.26)</td>
<td>(0.0081)</td>
</tr>
<tr>
<td>Self-Represented</td>
<td>-1.032</td>
<td>-0.661***</td>
<td>(1.45)</td>
<td>(0.24)</td>
</tr>
<tr>
<td></td>
<td>-0.932**</td>
<td>0.00967</td>
<td>(0.44)</td>
<td>(0.015)</td>
</tr>
<tr>
<td>Policy Domains</td>
<td>-0.932**</td>
<td>0.0417</td>
<td>(0.44)</td>
<td>(0.015)</td>
</tr>
<tr>
<td></td>
<td>0.00167</td>
<td>0.00167</td>
<td>(0.15)</td>
<td>(0.014)</td>
</tr>
<tr>
<td>Staff</td>
<td>-0.802*</td>
<td>0.0835**</td>
<td>(0.43)</td>
<td>(0.037)</td>
</tr>
<tr>
<td></td>
<td>-0.157</td>
<td>-0.00557</td>
<td>(0.15)</td>
<td>(0.030)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>1.494</td>
<td>-0.332</td>
<td>(1.13)</td>
<td>(0.27)</td>
</tr>
<tr>
<td></td>
<td>0.329</td>
<td>-0.0591</td>
<td>(0.70)</td>
<td>(0.29)</td>
</tr>
<tr>
<td>Constant</td>
<td>2.344**</td>
<td>-1.290***</td>
<td>(1.08)</td>
<td>(0.28)</td>
</tr>
<tr>
<td></td>
<td>2.828***</td>
<td>-0.404</td>
<td>(1.02)</td>
<td>(0.32)</td>
</tr>
<tr>
<td>Observations</td>
<td>392</td>
<td>392</td>
<td>282</td>
<td>282</td>
</tr>
</tbody>
</table>

*** p<0.01, ** p<0.05, * p<0.1
Source: Author’s compilation of lobbyist registration reports and other publicly available data
Table 4.9 below provides the regression results using coalition participation in the next time period, 2003-2004. As in Table 4.8 above, I present the baseline models 1a and 1b and start with the logit model for the initial decision to join in any coalition (model 1a). For this first column of results for model 1a, three variables reach statistical significance. Each dollar increase in average expense or income per domain is associated with a with a five percent increase (exponent(0.048) = 1.050) in the odds ratio of coalition participation. Moreover, each addition policy domain in which an organization lobbies is associated with a 31 percent increase in the odds ratio of coalition participation. In other words, an organization that engages in more policy domains is more likely to join a coalition. In addition, indicating on one’s lobbyist disclosure report that one’s organization is currently lobbying on retirement policy domain issues is associated with a nine-fold increase in the odds of coalition participation. That is, organizations that are currently lobbying on retirement policy are likely to join a coalition. Turning to the second set of results for the overall level of coalition participation (model 1b), three different variables show statistical significance. In terms of the total time in retirement policy, each additional six-month time period is associated with an 8 percent increase in the level of coalition participation – More time spent on retirement policy results in a greater number of coalitions. If an organization is self-represented by its own lobbyists, the level of coalition participation drops by a factor of 31 percent (=1 – exponent(-0.367) = 1 – 0.693). Being a financial services organization also reduces the level of coalition participation during 2003-2004 by a factor of 33.4 percent.
Table 4.9: Zero-Inflated Negative Binomial Regression of Coalition Participation, 2003-2004 (Standard errors in parentheses)

<table>
<thead>
<tr>
<th></th>
<th>1a Coalition Decision</th>
<th>1b Coalition Level</th>
<th>2a Coalition Decision</th>
<th>2b Coalition Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Centrality</td>
<td>2.578 (1.950)</td>
<td>0.100** (0.047)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership Constraint</td>
<td>-0.177 (0.640)</td>
<td>-0.018 (0.170)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agenda Overlap</td>
<td>2.894 (3.260)</td>
<td>0.494 (0.810)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue Centrality</td>
<td>-0.0001 (0.021)</td>
<td>0.005 (0.007)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Coalitions</td>
<td>2.578 (1.950)</td>
<td>0.100** (0.047)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currently Lobbying</td>
<td>2.364*** (0.520)</td>
<td>1.119 (0.70)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time In Retirement Policy</td>
<td>0.076*** (0.020)</td>
<td>0.029 (0.018)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense</td>
<td>0.048* (0.027)</td>
<td>0.006 (0.007)</td>
<td>0.010 (0.029)</td>
<td>0.006 (0.006)</td>
</tr>
<tr>
<td>Self-Represented</td>
<td>0.928 (0.590)</td>
<td>-0.367* (0.210)</td>
<td>2.794*** (0.73)</td>
<td>-0.192 (0.180)</td>
</tr>
<tr>
<td>Policy Domains</td>
<td>0.273*** (0.080)</td>
<td>0.0127 (0.013)</td>
<td>-0.012 (0.054)</td>
<td>0.031*** (0.009)</td>
</tr>
<tr>
<td>Staff</td>
<td>-0.127 (0.097)</td>
<td>0.019 (0.034)</td>
<td>0.023 (0.12)</td>
<td>-0.026 (0.025)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>-0.045 (0.610)</td>
<td>-0.407* (0.250)</td>
<td>-1.226* (0.67)</td>
<td>-0.087 (0.200)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.535*** (0.610)</td>
<td>-0.173 (0.280)</td>
<td>-3.800*** (0.77)</td>
<td>-0.117 (0.230)</td>
</tr>
<tr>
<td>Observations</td>
<td>392</td>
<td>387</td>
<td>387</td>
<td>387</td>
</tr>
</tbody>
</table>

*** p<0.01, ** p<0.05, * p<0.1

Source: Author’s compilation of lobbyist registration reports and other publicly available data

The next two columns of results (models 2a and 2b) are for the model that includes network position variables. For model 2a, the initial decision to join a coalition, prior experience in coalitions during 2003-2004 enhances the odds ratio by an enormous factor of 147. Similarly, being a self-represented organization increases the chances
of being in any coalition 16 times over. Financial services firms see their odds ratio of coalition participation drop by 71 percent. Looking at the last column of results for overall level of coalition participation (model 2b) indicates that greater centrality at the level of membership and client ties produces an increase in the level of participation by over 10 percent. Prior experience in coalitions during 2003-2004 enhances the number of coalitions by over 15 percent. Finally, each additional policy domain in which an organization lobbies increases the level of coalitional activity by a factor of 3 percent.\textsuperscript{108}

Looking at common effects across the two time periods, we can see the importance of prior coalition participation, which significantly boosted the level of current coalition participation. This could be a learning curve effect by which organizations learn to establish and operate coalitions over time. Both tables also indicate the addition of the network variables in model 2b erases the significance of time spent in retirement policy. As time spent in retirement policy is likely related to network position and prior experience in coalitions, it is not surprising that we see a reduction in significance for the time variable. A similar process also occurs for the self-represented (model 1b) and policy domains (model 1a) variables, which lose their significance when network-related variables are added in the subsequent models. Finally, across both time periods we see inconsistent effects from the network variables (other than prior coalition experience).

\textbf{Conclusions}

The goal of this chapter was to show the relationship between certain concepts of embeddedness and political activity. In particular, I focused on relational embeddedness due in part to the nature of the data, but also because relational

\textsuperscript{108} In terms of whether a zero-inflated negative binomial model is significantly different from a negative binomial model, the z score is consistently significant at the .01 level across all models, and the use of the ZINB approach is appropriate.
embeddedness gets to the heart of political life in which personal relationships are thought to be paramount. Using a unique longitudinal dataset of lobbyists in one policy domain, I constructed and used social network variables that, while somewhat correlated with each other, provide a somewhat different approach to the idea of embeddedness. In general, I showed that relational variables like agenda overlap, centrality, and prior work in coalitions are associated with political activity. Perhaps just as importantly, I also reaffirmed the importance of time in operationalizing embeddedness. Time spent in any field is critical to establishing relationships and building a track record of trust and cooperation.

The hypotheses related to the Policy Domain Proposition were largely supported. We do see long-term organizations that have stable and similar relations within the retirement policy domain. However, I will have to leave it to Chapter 6 for evidence about whether and how lobbyists recognize each other in a policy domain. For the most part, we do see long-term organizations with superior network positions in the policy relative to more short-term organizations, although the type of network is relevant. The results provided by this chapter suggest that a policy domain is more than just a collection of lobbying organizations that work on a set of related issues. In this case, we see a set of organizations within a broader field that not only work on the same issues but that have a consistent set of ties and positions.

In addition, this chapter examined the Coalition Proposition, which argues that lobbying organizations that have deep and durable ties to other organizations in the policy domain are more likely to participate in coalitions and be leaders of coalitions. In general, as shown in Table 4.7, organizations with long-term ties to the retirement policy domain will have more stable ties to other organizations through coalitions – That is, coalitions are more likely to replicate themselves with long-term organizations than with more short-term organizations. In terms of the determinants of coalitions
participation (Tables 4.8 and 4.9), I found a strong effect for coalition participation in prior time periods, which again shows the replicating nature of coalition work. Network structure had little effect on coalition participation: Agenda overlap in 2001-2002 had a negative effect on the initial decision to participate, but increasing centrality in the membership-level relationships had a positive effect. Thus, Hypothesis 2.1 is only weakly supported. Some of the control measures achieved some significance in one time period or the other, but no control variable had a consistent effect over the two time measures.

An important finding of the negative binomial regressions is the significance of prior coalition work on the level of coalition participation (as opposed to the initial decision to join in a coalition). This certainly confirms Hypothesis 2.2, which stated that prior participation indicates a greater likelihood of future participation in coalitions. The finding suggests that prior experience acts as a multiplier effect: Organizations are able to somehow leverage that experience into greater joint activity. Chapter 6 may shed some light in terms of qualitative evidence as to why prior experience is so important, but it might suffice for now to say that perhaps prior experience provides a level of comfort against the fear that others may free ride or otherwise take advantage of coalition partners.

The next chapter moves to the issue of influence. Are these long-term organizations effective in some way, and if so, how? Does embeddedness and joint activity matter? I will take a particular stance on influence and discuss its relevance to the policy domain.
CHAPTER 5: INFLUENCE

Here shall the Press the People's right maintain, Unaw'd by influence and unbrib'd by gain; Here patriot Truth her glorious precepts draw, Pledg'd to Religion, Liberty, and Law.

- Joseph Story\textsuperscript{109}

The key to successful leadership today is influence, not authority.

- Kenneth Blanchard\textsuperscript{110}

In the prior chapter, I discussed the structure of the policy domain and the connection between social relations within a policy domain and participation in coalitions. As noted before, membership in coalitions is another level of social relationship that exists concurrently with agenda overlap, membership in associations, and lobbyist-client relations. In this chapter, we extend the discussion to consider some of the outcomes of relationships within a policy domain. Specifically, the outcomes for this chapter are an organization’s propensity to testify before a congressional committee and the number of times an organization is mentioned in a major U.S. newspaper or wire service story. These outcomes I have collectively labeled as ‘influence’. Does increasing embeddedness enhance influence?

The discussion in this chapter will proceed as follows: I will restate the Influence Proposition from Chapter 1 as well as hypotheses that follow from the proposition. I

\textsuperscript{109} Joseph Story (1779-1845) was an American legal scholar and U.S. Supreme Court justice.
\textsuperscript{110} Kenneth Blanchard is an American author and management expert.
then briefly review the problems with the concept of “influence” and why I adopt a particular perspective on that term. I next discuss how I operationalized the relevant influence concepts and review the applicable methodology. The policy domain in terms of the influence characteristics of the participating organizations is reviewed, and then I present and discuss the main empirical results. To join local and global conceptualizations of influence, I bring in qualitative evidence from a small survey of lobbyists. The chapter concludes with a summary of the findings in the context of the prior chapter’s empirical findings.

The Influence Proposition: As presented in Chapter 1, the Influence Proposition states that lobbying organizations increase the likelihood of their influencing policy when linked to a group network formed around embedded ties. Chapter 3 provided the following hypotheses from the Influence Proposition:

Hypothesis 3.1: The more superior the network position of an organization within its policy network, the more influence that organization will possess.

Hypothesis 3.2: The more coalitions in which an organization participates, the more influence that organization will possess.

Influence

The issues of political power, access, and influence have been theoretical and empirical puzzles for quite some time (Hunter 1953; Dahl 1961; Bachrach and Baratz 1962). The explosion in interest group activity beginning in the 1960s convinced many scholars in sociology and political science that interest groups do, in fact, have influence over the political process (see, for example, Salisbury 1992; Arnold 1990; Wilson 1974; Berry 1999; Smith 2000). But despite the plethora of studies on lobbying, there are few conclusions about the nature and processes of influence. “The literature on influence is an interesting example of avoidance based on a recognition
that previous studies had mostly generated more smoke than fire, more debate than progress, more confusion than advance” (Baumgartner and Leech 1998: 13).

A second problem (and probably a reason for the contradictory findings mentioned above) is that there is little or no agreement on exactly what is influence. Each study produces its own definition of influence, which in turn means that each definition has its own measure. Is influence the ability to change the contents of a bill? Is influence the power to change a legislator’s vote? Because of data availability, roll call votes are a popular method of studying influence, but findings of studies have not produced agreement on what interest group activities generate changes in roll call voting (Smith 1995). Most scholars agree that if legislators are influenced by interest groups at all, they are least likely to be influenced when votes are cast (Baumgartner and Leech 1998). A second area of focus for prior studies has been on campaign contributions from political action committees (PACs). But here again, the large number of studies have produced contradictory findings most likely because there are a wide variety of resources available to politicians other than PAC money (Cigler 1991).

I do not intend in this chapter to reconcile these divergent approaches to influence. The point is that the difficulty associated with studying influence is that the underlying quality of influence is one of multidimensionality. Influence is a form of capital – Another term for influence might be political capital. Much like money, influence circulates through the political system, crossing boundaries (Parsons 1963). And like other forms of capital such as financial, human, and social, political capital or influence can be created from a variety of sources, stored, and then expended or used for a variety of other purposes. Influence can be created from financial sources, expertise over an issue, credibility, and persuasiveness through interpersonal relations, to name a few. Influence can then be applied to enhance the public visibility of a group, gain access to important meetings, engage in gossip, and help shape the content
of policy products. This study argues that social capital translates into political capital or influence.

Robert Salisbury (1994) criticized influence studies because they treat politics as a game with clear winners and losers when in fact the political process often continues without either a discernable endpoint or winner, with even the rules of the game evolving over time. With this admonition in mind, it might be better to view influence, at least in some political contexts, not so much as an input that creates a political output but rather as a signal (Spence 1976) or mark of status (Podolny 1993) within a political domain characterized by a set of relations. A signal is usually defined as an indicator of quality that has two criteria: the signal must be at least partially manipulable by the actor and the difficulty of obtaining the indicator must be inversely related to the level of quality (Spence 1976). Lobbying organizations, as we shall see in the next chapter, have some control over their reputations, and a reputation for influence is more difficult to obtain if you are not a “player.” Status in turn can be defined in this context as the perceived quality or importance of that actor’s previous contributions to the development of policy (Podolny and Stuart 1995).

Influence is more a perception in this case and can be contrasted rather than conflated with power. Weber (1978) defined power as the probability that one actor in a social relationship will be able to carry out his own will despite resistance. Few lobbying organizations have actual power in this sense of the word. On the other hand, influence can be direct and/or indirect. One can observe another’s influence even when the other does not act, and if actors perceive influence as real, then influence will be real in its consequences (Thomas and Thomas 1928). For example, when the lobbying organization AARP claims to represent over 35 million Americans, few actually believe that all 35 million support the AARP. But, the clout of the AARP is undeniable.
Because of the role of perceptions, influence might be thought of as a concatenation of mechanisms (Gambetta 1998) that creates and reinforces a hierarchy (Podolny 1993). High status actors can become “focal points” (Schelling 1960) for the allocation of resources by the broader array of actors within or around the policy domain (Podolny and Stuart 1995). Those lobbying organizations with large “influence” may become the leaders of coalitions or be quoted more often by journalists, and prior leadership and media mentions beget additional status or influence. A “Matthew Effect” may thus take hold in part because influence-as-status engenders a “self-fulfilling prophecy” (“Call Sarah – She’s plugged in…”) with respect to the contribution of the lobbying organization (Merton 1968; Podolny and Stuart 1995). Thus, in conceptualizing influence, as discussed in the next section, I am viewing influence as perceived status.

**Conceptualizing Influence**

How might the proposition and hypotheses operate in practice? Unlike our joint activity measure of coalition participation in which the lobbying organization decides to join, our influence measures are determined by a third party. In the case of a congressional hearing, a member of Congress (in practice, the staffer to the member of Congress) invites the lobbying organization to testify before a committee; for media stories, the decision is in the hands of the journalists who are writing a story. However, the reasons one is invited to testify are different from the processes that lead to an organization being quoted in a news article. The next sub-section discusses separately congressional hearing testimony and news media appearances.

**Congressional Hearings** – Members of Congress believe that committee hearings are an important vehicle for efficiently gathering information and for exerting influence over pending issues (Kingdon 1981). The final shape of a bill is often affected by conflicts among witnesses about how issues should be framed.
(Baumgartner and Jones 1993), and simply holding a hearing broadcasts the judgment of the committee that the issue under discussion is important (Diermeier and Fedderson 2000). And why should lobbying organizations participate in hearings? Hearings are often scripted affairs in which questions (and sometimes answers) are crafted in advance. In some cases hearings might be thought of as propaganda channels. However, the fact that organizations with private information usually testify is crucial. Legislators considering whether to support a bill may find testimony from experts informative (Burstein and Hirsh 2007), and experts may care about establishing a reputation for correctly predicting policy outcomes (Diermeier and Fedderson 2000). Testimony may be the first time that an organization’s private information or claims on an issue become public and so may be especially influential (Baumgartner and Leech 1998). In short, the lobbyists themselves see committee testimony as a measure of influence (Laumann and Knoke 1987).

In the interest group and policymaking literature, linking interest group preferences to committee preferences has been done in the case of congressional testimony (Baumgartner and Jones 1993; Jenkins-Smith, St. Clair, and Woods 1991). These studies conclude that hearing testimony tends to target sympathetic lawmakers. Lobbyists tend to specialize and interact with similar types of people, be they lobbyists, legislators, congressional staff, or administration officials (Leyden 1994).

Moreover, committees, particularly in the House of Representatives, exert considerable gate-keeping and agenda-setting powers. Theoretical work on interest groups often begin with the assumption that members of Congress seek to promote their conceptions of good policy, to be reelected, and to gain the recognition of their legislative peers (Fenno 1973). In order to promote these goals, members seek information of three types: agenda information about the importance of problems they are asked to address (Kingdon 1981; Baumgartner and Leech 1998); political
information on the electoral consequences of their decisions (Amenta et al. 1992) and policy information regarding the consequences of a policy change (Arnold 1990; Hansen 1991). Thus, interest groups likely influence legislators through the information that they provide, and the concept of information is a broad one that encompasses not only facts but the context that gives meaning to those facts, including causal arguments or claims (Burstein and Hirsh 2007).

In specifying what leads to access or influence, whether through congressional testimony or other avenues, researchers tend to focus on organizational resources or policy preferences. “Groups that seek influence must have the kind of costly resources that enable them to know, to attain, to frame, and to deliver the sort of political and policy information (and interpretations) that are relevant to the goals of those legislators who have the power to make decisions that affect policy (Leyden 1994; Austin-Smith and Wright 1992). Interpersonal relations, however, are also important. Lobbying organizations spend considerable time establishing ties with committee staffers or members in order to convince them that the information they wish to convey is relevant or important to the hearing proceedings – The importance of prior and repeated contact, in terms of months or years in advance, cannot be stressed enough (Leyden 1994). These relationships and contacts provide a helpful basis for conceptualizing the hypotheses that flow from the Influence Proposition.

In testing Hypothesis 3.1 in terms of superior network positions, I focus on the three network measures developed in prior chapters. First, I would expect that organizations that are more centrally located in their issue network to have better access to information. Therefore, their superior network position would be appealing to congressional staffers who are looking for witnesses. The greater the centrality of an organization within its policy network, the more likely that organization will be asked to testify before a congressional committee.
Moreover, an organization that has a high degree of agenda overlap with other organizations in the policy domain may be a useful witness for a couple of reasons. Recall from prior chapters that agenda overlap is simply a measure of the number of issues two organizations have in common divided by their total set of issues. An organization that has a high agenda overlap number averaged over all organizations therefore is representative of all the issue-based interests of active lobbying organizations. In addition, a high agenda overlap measure may indicate an organization’s expertise in the policy domain. In either case, the higher the organization’s agenda overlap with other groups, the more likely that organization will be asked to testify before a congressional committee.

A third network measure is structural constraint, and this measure may also be important for predicting a group’s tendency to testify. Recall from prior chapters that constraint measures the extent the other organizations to which an organization is tied are themselves tied to each other. In other words, if organization A has ties to B, C and D, and if B, C, and D are in turn tied to each other, then the sheer group density of the ties may inhibit A from acting in a way that is contrary to the wishes of B, C, and D. In the lobbying and congressional testimony context, a lobbying organization that is highly constrained may have little latitude in presenting information that elevates it above the other lobbying organizations. Moreover, a committee looking for witnesses may want only those organizations that stand out from the group and that can reliably deliver testimony that suits the purposes of the committee chair and members. The greater the constraint on a lobbying organization in terms of its membership relations, therefore, the less likely is that organization to testify before a congressional committee.

More technically, the agenda overlap index is equal to the total number of common issues between organizations i and j divided by the square root of the product of the total number of issues each for i and j. This measure provides an index ranging from 0 to 1.
In terms of Hypothesis 3.2, the prior chapter established the importance of networked relations in participating in lobbying coalitions, and I would expect in turn that coalition participation would be influential in being asked to testify. The very purpose of participating in coalitions is to elevate the issues of common interest as well as to raise the profile of participating organizations. Prominence within a coalition or across coalitions may signify an organization’s expertise on an issue as well as the gravity of the issue itself. If an organization participates in more coalitions, it seems reasonable that its prominence would be higher both among other lobbying organizations and to congressional committees. The more coalitions in which an organization participates, the more likely that organization will be asked to testify before a congressional committee.

News Media Stories – The interest group literature often makes a distinction between inside and outside strategies, with inside strategies being those actions that target government insiders such as personal lobbying and outside strategies focused on outside actors such as the general public (Baumgartner and Leech 1998). Working with the news media has been considered, however, both an insider and an outsider tactic (Gais and Walker 1991). Lobbyists are a frequent source of comment on policy proposals for journalists because they often are conveniently located near the halls of power and they are attuned to what the press needs and wants (Berry 1977). Usually, lobbying organizations have spokespersons who are articulate and have some expertise on an issue.

Speaking with journalists is a fairly common tactic among lobbyists: Studies have found that between 72 percent and 86 percent of lobbyists who were surveyed report using the mass media (Schlozman and Tierney 1986; Walker 1991; Nownes and
Kollman (1998) notes that press conferences by lobbying organizations are an important tactic, but that the targets of press conferences are not necessarily the general public: “It seems that group leaders tend to use press conferences to explain technical material to the press or to communicate to people within the policymaking community” (1998: 95-6). When asked about media publicity campaigns, 51 percent of interest groups in the Kollman study responded that their primary targets were the president or Congress as opposed to the general public.

How do lobbying organizations get quoted in the national press? There has not been much work on this topic. What research exists suggests that an organization's media strategy matters, but that organizational structure and organizational identity color these strategies (Rohlinger 2002).

In line with the prior discussion on congressional testimony, I suggest that social relationships and positions within the web of group relations have an effect on who gets quoted in the news media. In terms of quotes, reporters are looking for trusted sources of information much as policymakers are. Moreover, prominence at some level of interaction is likely to be attractive in writing a news story as the readers will recognize the group. Since the logic for news media mentions is the same or very similar as that for the congressional hearings, I will not repeat them here. Rather, I would expect to see the following:

- The greater the centrality of an organization within its policy networks, the more likely that organization will be mentioned in the news media.
- The higher the organization’s agenda overlap, the more likely that organization will be mentioned in the news media.

But see Knoke (1990) who reports only 15 percent of lobbyists surveyed report using the mass media. Baumgartner and Leech (1998) suggest that the low percentage may be due to the large number of apolitical groups in his sample.
• The greater the constraint on a lobbying organization in terms of its membership relations, the less likely that organization will be mentioned in the news media.

• The more coalitions in which an organization participates, the more likely that organization will be mentioned in the news media.

Variables and Model

Dependent Variables – As noted above, there are two dependent variables. The first dependent variable measures the number of times that an organization testifies before a congressional committee of jurisdiction during a six-month time period. As discussed in Chapter 3, there are four committees that have broad jurisdiction over retirement policy issues. In the House of Representatives, the committees are the Ways and Means Committee and the Education and the Labor Force Committee, and in the Senate there are the Finance and Health, Education, Labor, and Pensions Committees. I looked at every full committee or a subcommittee hearing on a retirement-related issue over 1998 through 2004, the time period of this study, and collected data for each instance that one of the organizations included in this study testified before a committee. These counts were aggregated into six month time periods in order to correspond with the six month reporting periods for lobbyist disclosure filings.

From 1998 through 2004, the four committees of jurisdiction held 64 hearings related to retirement policy. The lobbying organizations used in this study made a total of 119 hearing appearances over this time. In terms of the types of interests represented in these committee appearances, the following list shows the percentage of witnesses:

• Private employers – 37 percent
• Financial services – 23 percent
• Labor – 15 percent
• Professionals – 13 percent
• Public interest groups – 12 percent
• Public employers and workers – 0.8 percent

A similar method was used to collect every instance that a lobbying organization was mentioned in the news media. I used the Lexis-Nexis database to search mentions of lobbying organizations in the major U.S. newspaper and wire service sub-database in connection with some aspect of pensions or retirement. I checked the news stories to filter out irrelevant news stories (e.g., obituaries in which the deceased’s affiliation with an organization was mentioned). I made, however, an important distinction in collecting news data relative to congressional committee. For the news media variable, I only used those organizations that were membership-based such as trade associations, professional associations, broad-based public interest groups, and labor unions. The reason for narrowing the sample is that a corporation will make the news for a variety of reasons completely unrelated to its activities on policy. In contrast, membership organizations are inherently representative of some group and are likely to be quoted or mentioned for that reason. By narrowing the category of organizations in this way, the sample was reduced from 392 to 120, but as we are looking at the same organizations over time, there are in fact 835 total observations.

The 120 lobbying organizations were mentioned in news media stories 4,323 times over the seven year timeframe. In terms of the types of interests represented in these news stories, the following list shows the percentage of mentions:
• Labor – 51 percent
• Public interest groups – 21 percent
• Private employers – 14 percent
• Financial services – 9 percent
• Professionals – 5 percent
• Public employers and workers – 0.4 percent

Network Position and Coalitions – As noted above, I use three social network position variables over two types of relations:

• A centrality measure that captures an organization’s position at the level of reported issues;
• An agenda overlap variable that is the average of an organization’s agenda overlap (in terms of common issues) with all other organizations; and
• Centrality and Burt’s constraint measures at the level of membership relations (i.e., common and overlapping membership in trade associations and connections through joint hiring of lobbying firms).

I also use a variable for coalition participation, which is the total number of coalitions in which an organization participates.

Controls – In order to isolate the structural effects on influence stemming from network position and coalition participation, I control for organizational attributes. I control for group interest like professionals, financial services, labor, and private employers, with public interest groups being the reference category. I also include variables for organizational resources (number of staff and amount of expense or income averaged on a per policy domain basis), activity (in terms of total policy domains in which an organization is active), and longevity (a dummy variable indicating a long-term presence – six or more years in the retirement policy domain).\textsuperscript{113} I also add two period-specific variables in order to capture exogenous events. There is a dummy for the 2001-2002 period in which George W. Bush was president and during which the country was in recession (Bush recession) as well as

\textsuperscript{113} The analyses drops three variables due to collinearity: Dummies for being a membership organization or for being a self-representing organization and a variable for the amount of time spent in the retirement policy domain in terms of six-month increments.

**Models** – I divide the independent variables into four models. There is a baseline model, which includes only the control variables. The Network model adds the social network measures. In the Coalition Model, I add a variable for coalition participation. The Full Model incorporates the control variables, the social network variables, and the coalition variable.

As in Chapter 4, the negative binomial regression is used to model the relationship between the number of times an organization testifies before Congress and key network and other independent variables. Two sets of analyses are performed, one for each dependent variable. These dependent variables exhibit three qualities that dictate the modeling choice: They are over-dispersed, longitudinal count data. Approaches based on the Poisson distribution are appropriate for analyzing count data, but because the variance for both the hearing (1.29) and news media (91.38) variables exceed their means (0.35 and 35.84 respectively), the negative binomial regression model is favored. The longitudinal format of the data further complicates the methodology by violating the assumption of independence in conventional models (Long 1997). Problems of autocorrelation and heteroskedasticity result, producing spuriously low standard error estimates. However, random effects models for cross-sectional time series data have been developed to account for the non-independence of events. I use a random effects design rather than a fixed effects because those organizations with “0” outcomes – organizations that do not testify and/or do not get mentioned in the news media – are dropped from the fixed effects analyses, resulting in substantial attrition. The models are estimated using the ‘xtnbreg’ function in STATA 10 with
standard error estimates adjusted for clustering within organizations (in terms of multiple observations over time).\textsuperscript{114}

**Results and Discussion** – Before proceeding to the regression analysis and in line with the discussion in Chapter 4, I first map in a scatter plot the relationship of time spent in the policy domain against the outcome measures of congressional hearing testimony and news media appearances in Figures 5.1 and 5.2, respectively. In both cases, there is a clear upward slope in the distribution of the scatter plot. In particular, we see that organizations that spend a great deal of time in the retirement policy domain have many more appearances before congressional committees and in the news media.

This implicit slope is confirmed by examining the correlation between the amount of time spent in the retirement policy domain and each measure of influence: The number of appearances at congressional hearings is positively correlated with time spent in retirement policy at 0.36, and the correlation for news media stories is 0.33. If lobbying organizations need to cultivate ties to congressional committees and journalists, time and history matter in the process. Those organizations that focus on retirement policy have likely developed an expertise that is useful for the informational goals of a hearing, but there may also be a trust factor in that long-term organizations are well-known and dependable.

\textsuperscript{114} I also conducted a logistic regression analysis by recoding the dependent variables as binary. For example, rather than the number of times that an organization testified before Congress within a six-month period, the dependent measure was coded as “1” if the group testified one or more times during the same time period and “0” if not at all. The results of the logistic regressions were similar to the main effects reported here and are therefore not presented.
Figure 5.1: Number of Hearings by Time Spent Lobbying in the Retirement Policy Domain

Source: Author’s compilation of lobbyist registration reports and committee hearing data
Figure 5.2: Number Times an Organization is Mentioned in News Stories in Major U.S. Newspapers and Wire Services

Source: Author’s compilation of lobbying data and news media records
Congressional Hearing Testimony - Table 5.1 below provides the results for congressional committee hearing appearances with four models. In terms of the baseline model, there are two statistically significant associations. As suggested in Figures 5.1 and 5.2, organizations that have a long-term presence in retirement policy see the level of participation in congressional committee hearings increase by a factor of 5 (exponent(1.608) = 4.99), which is a very strong effect. The other significant variable in the Baseline Model is the marker for the Bush recovery period (2003 through 2004). Relative to the 1998 through 2002 time period, lobbying organizations were much less likely to testify in front of Congress during the 2003-2004 period, perhaps reflecting the economic pressures on pensions during the 2001-2003 recession were driving the focus of hearings and hence the witness list.

The Network Model adds the four social network measures for issue centrality, agenda overlap, membership centrality, and membership constraint. None of these network variables is significant while the variables for long-term retirement policy presence and the Bush recovery variables retain their effects from the Baseline Model. The presence of the long-term variable is likely absorbing any effects of the network variables. In addition, the staff variable indicates a positive and mildly significant effect (at the 0.10 level). Thus, controlling for network position and other factors, there is some indication that having more resources in terms of staff may help an organization secure a spot as a witness at a congressional hearing.
### Table 5.1: Results of Negative Binomial Regression of Testimony at Congressional Hearings, 1998-2004 (n = 392).

<table>
<thead>
<tr>
<th></th>
<th>Base</th>
<th>Network</th>
<th>Coalition</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals</td>
<td>0.728</td>
<td>0.783</td>
<td>0.156</td>
<td>0.198</td>
</tr>
<tr>
<td></td>
<td>(0.760)</td>
<td>(0.710)</td>
<td>(0.600)</td>
<td>(0.560)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>0.474</td>
<td>0.535</td>
<td>-0.130</td>
<td>-0.028</td>
</tr>
<tr>
<td></td>
<td>(0.640)</td>
<td>(0.640)</td>
<td>(0.480)</td>
<td>(0.490)</td>
</tr>
<tr>
<td>Labor</td>
<td>0.687</td>
<td>0.906</td>
<td>0.366</td>
<td>0.487</td>
</tr>
<tr>
<td></td>
<td>(0.720)</td>
<td>(0.720)</td>
<td>(0.530)</td>
<td>(0.560)</td>
</tr>
<tr>
<td>Private Employers</td>
<td>0.635</td>
<td>0.683</td>
<td>-0.930*</td>
<td>-0.862</td>
</tr>
<tr>
<td></td>
<td>(0.590)</td>
<td>(0.590)</td>
<td>(0.550)</td>
<td>(0.560)</td>
</tr>
<tr>
<td>Expense/Domain</td>
<td>0.002</td>
<td>0.002</td>
<td>0.003</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(0.006)</td>
<td>(0.007)</td>
<td>(0.006)</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Staff</td>
<td>0.106</td>
<td>0.117*</td>
<td>0.096*</td>
<td>0.108**</td>
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<td>(0.067)</td>
<td>(0.068)</td>
<td>(0.051)</td>
<td>(0.051)</td>
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<tr>
<td>Policy Domains</td>
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<td>-0.022</td>
<td>-0.019</td>
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<tr>
<td></td>
<td>(0.026)</td>
<td>(0.026)</td>
<td>(0.023)</td>
<td>(0.024)</td>
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<tr>
<td>Long-Term</td>
<td>1.608***</td>
<td>1.569***</td>
<td>0.449</td>
<td>0.448</td>
</tr>
<tr>
<td></td>
<td>(0.390)</td>
<td>(0.380)</td>
<td>(0.370)</td>
<td>(0.370)</td>
</tr>
<tr>
<td>Bush Recession</td>
<td>0.049</td>
<td>-0.006</td>
<td>0.060</td>
<td>0.062</td>
</tr>
<tr>
<td></td>
<td>(0.220)</td>
<td>(0.220)</td>
<td>(0.220)</td>
<td>(0.230)</td>
</tr>
<tr>
<td>Bush Recovery</td>
<td>-0.613**</td>
<td>-0.671**</td>
<td>-0.589**</td>
<td>-0.531*</td>
</tr>
<tr>
<td></td>
<td>(0.270)</td>
<td>(0.300)</td>
<td>(0.270)</td>
<td>(0.290)</td>
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<tr>
<td>Issue Centrality</td>
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<td></td>
<td>-0.498</td>
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<td></td>
<td>(0.390)</td>
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<td></td>
<td>(0.430)</td>
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<td>Agenda Overlap</td>
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<td>-2.059</td>
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<td></td>
<td>(1.550)</td>
<td></td>
<td></td>
<td>(1.540)</td>
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<td>Membership Constraint</td>
<td>-0.549</td>
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<td></td>
<td>-0.289</td>
</tr>
<tr>
<td></td>
<td>(0.350)</td>
<td></td>
<td></td>
<td>(0.330)</td>
</tr>
<tr>
<td>Membership Centrality</td>
<td>0.005</td>
<td></td>
<td></td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(0.004)</td>
<td></td>
<td></td>
<td>(0.004)</td>
</tr>
<tr>
<td>Coalitions</td>
<td></td>
<td></td>
<td>0.251***</td>
<td>0.255***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.046)</td>
<td>(0.048)</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.199</td>
<td>9.642</td>
<td>0.451</td>
<td>11.620</td>
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<tr>
<td></td>
<td>(2.510)</td>
<td>(400.000)</td>
<td>(3.190)</td>
<td>(464.000)</td>
</tr>
</tbody>
</table>

Log Likelihood: -351.659, -348.605, -334.824, -332.460

*** p<0.01, ** p<0.05, * p<0.1.

Note: Standard errors are in parentheses. There were 2,107 total observations over time.
The Coalition Model adds a variable for the number of coalitions in which an organization participates, and the result is a positive and strongly significant association with hearing appearances. Each additional number of coalitions an organization participates in is associated with a 29 percent increase (exponent(0.251) = 1.285) in the level of appearances before congressional committees. Thus, joint activity may heighten visibility and attractiveness for congressional committees. However, the addition of the coalitions variable results in the long-term variable losing both the strength and significance of its effect, which reflects the relationship between long-term participation in policy and the level of participation in coalitions. In addition, an organization that is or represents a private employer shows a weakly negative relationship with hearing appearances. Membership in multiple coalitions may be bringing out a negative effect in being a private employer.

The Full Model confirms the main effects discussed above. The more coalitions in which an organization participates, the more it will be involved in congressional committee hearings. The effect of coalitional participation is also shown by the model fit statistic of Log Likelihood. The model fit is significantly improved in the two models in which the coalition is included. These effects confirm our Hypothesis 3.2 for congressional hearings. As I discussed above, prominence within a coalition or across coalitions (which the number of coalitions in which a group participates acts as a proxy) may signify an organization’s expertise on an issue as well as the gravity of the issue itself. Although the other hypotheses were not confirmed, these results show, in addition to organizational resources such as the number of staff working on retirement policy issues, the importance of joint activity and the social relations that underpin that activity.

In terms of congressional hearing appearances, Hypothesis 3.1 is not confirmed as the social network measures showed no significant effects, but Hypothesis 3.2 does
appear to be confirmed. Coalition participation clearly trumps network position, and this may occur in this context for a couple of reasons. First, because congressional committees have (somewhat) clear boundaries in terms of jurisdiction over policy issues, those organizations with a long history of working on those issues may have a clear advantage in being invited to testify over organizations that just dabble in a policy domain. Second, because congressional staffers running hearings typically have more requests to testify than actual slots, inviting those organizations that are part of broad coalitions may be easier to justify both to committee members and to disappointed applicants. Third, a latent effect may also be significant. As mentioned above, relationships with congressional staffers may matter a great deal more in terms of getting an invitation to testify than inter-organizational relations in a policy field, but I do not have a direct measure for the congressional staffer relationship.

News Media Appearances - We see similar results for news media analysis, which is presented in Table 5.2, and for that reason I will not present a model-by-model description. As in the prior table, being a long-term player in retirement policy boosts the level of news media visibility, but this effect dissipates into insignificance when the coalition variable is added to the mix. The coalition variable is strongly significant at the p<0.01 level. We also see a consistently negative, strong, and significant effect of representing a private employer.115

A striking difference from the results for congressional testimony in Table 5.1 is the effect of private employers’ interests. Relative to other types of interests, groups and trade associations that represent private employers are not likely to be receive as much media attention and this effect is strengthened when the coalition variable is added to the model as was the case with congressional hearings. Why might this be

115 Recall that in this portion of the analysis, I am only looking at organizations that represent other organizations on a membership basis. Thus, private employers are excluded.
so? Recall that this sample only covers membership groups like trade associations and unions. One answer may be that a news story that focuses on employer or corporate interests may be more likely to quote the corporation or employer directly rather than its representative trade association. Larger employers certainly have their own public relations staff.

We do see some significant effects for two network variables. Membership-level constraint is negatively and robustly associated with media attention although its statistical significance is weak at the 0.10 level. Thus, being more constrained by redundant ties to others in the network of trade association and for-hire relationships is likely to dampen an organization’s ability to attain media visibility. This makes sense in that redundant ties probably indicate a lack of distinguishing characteristics or limited information that would be of use to the news media. In addition, higher centrality at the membership level boosts, albeit weakly, an organization’s visibility in the news media. In general, an organization that can belong to other organizations in a way that makes it the center of relationships with diverse ties to other membership organizations is likely to receive more mentions in national news media coverage. It’s possible that journalists may have a sense through repeated interaction that organizations with such central network positions are able to provide more insights on policy questions.

In terms of our hypotheses, then, we see some weak support for hypothesis 3.1, which argued that superior network position boosts influence in the form of news media visibility. However, we see consistent and strong support for hypothesis 3.2, which stated that greater participation in coalitions would be associated with greater influence although this effect is not as strong as was the case with congressional committee testimony.
Table 5.2: Results of Negative Binomial Regression of Number of News Media Stories, 1998-2004 (n = 120).

<table>
<thead>
<tr>
<th>Models</th>
<th>Base</th>
<th>Network</th>
<th>Coalition</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals</td>
<td>-0.742</td>
<td>-0.701</td>
<td>-0.750</td>
<td>-0.743</td>
</tr>
<tr>
<td></td>
<td>(0.510)</td>
<td>(0.500)</td>
<td>(0.500)</td>
<td>(0.490)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>-0.475</td>
<td>-0.571</td>
<td>-0.633</td>
<td>-0.694</td>
</tr>
<tr>
<td></td>
<td>(0.510)</td>
<td>(0.500)</td>
<td>(0.510)</td>
<td>(0.500)</td>
</tr>
<tr>
<td>Labor</td>
<td>-0.209</td>
<td>0.080</td>
<td>-0.231</td>
<td>0.041</td>
</tr>
<tr>
<td></td>
<td>(0.470)</td>
<td>(0.470)</td>
<td>(0.460)</td>
<td>(0.460)</td>
</tr>
<tr>
<td>Private Employers</td>
<td>-0.907*</td>
<td>-0.866*</td>
<td>-2.034***</td>
<td>-1.882***</td>
</tr>
<tr>
<td></td>
<td>(0.490)</td>
<td>(0.470)</td>
<td>(0.630)</td>
<td>(0.630)</td>
</tr>
<tr>
<td>Expense/Domain</td>
<td>0.001</td>
<td>0.001</td>
<td>0.003</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(0.002)</td>
<td>(0.003)</td>
<td>(0.002)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Staff</td>
<td>0.059</td>
<td>0.070</td>
<td>0.036</td>
<td>0.049</td>
</tr>
<tr>
<td></td>
<td>(0.045)</td>
<td>(0.045)</td>
<td>(0.043)</td>
<td>(0.043)</td>
</tr>
<tr>
<td>Policy Domains</td>
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<td>-0.006</td>
<td>0.002</td>
<td>-0.006</td>
</tr>
<tr>
<td></td>
<td>(0.013)</td>
<td>(0.013)</td>
<td>(0.012)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Longterm</td>
<td>0.551*</td>
<td>0.544*</td>
<td>0.324</td>
<td>0.343</td>
</tr>
<tr>
<td></td>
<td>(0.290)</td>
<td>(0.290)</td>
<td>(0.290)</td>
<td>(0.290)</td>
</tr>
<tr>
<td>Bush Recession</td>
<td>0.396***</td>
<td>0.319***</td>
<td>0.423***</td>
<td>0.348***</td>
</tr>
<tr>
<td></td>
<td>(0.086)</td>
<td>(0.088)</td>
<td>(0.086)</td>
<td>(0.088)</td>
</tr>
<tr>
<td>Bush Recovery</td>
<td>0.329***</td>
<td>0.202**</td>
<td>0.347***</td>
<td>0.220**</td>
</tr>
<tr>
<td></td>
<td>(0.087)</td>
<td>(0.096)</td>
<td>(0.086)</td>
<td>(0.096)</td>
</tr>
<tr>
<td>Issue Centrality</td>
<td>0.008</td>
<td></td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.062)</td>
<td></td>
<td>(0.060)</td>
<td></td>
</tr>
<tr>
<td>Agenda Overlap</td>
<td>0.378</td>
<td></td>
<td>0.320</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.490)</td>
<td></td>
<td>(0.490)</td>
<td></td>
</tr>
<tr>
<td>Membership Constraint</td>
<td>-0.271*</td>
<td></td>
<td>-0.266*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.140)</td>
<td></td>
<td>(0.140)</td>
<td></td>
</tr>
<tr>
<td>Membership Centrality</td>
<td>0.005***</td>
<td></td>
<td>0.004**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.002)</td>
<td></td>
<td>(0.002)</td>
<td></td>
</tr>
<tr>
<td>Coalitions</td>
<td></td>
<td>0.111***</td>
<td>0.102**</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.040)</td>
<td>(0.042)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.594</td>
<td>0.604</td>
<td>0.568</td>
<td>0.602</td>
</tr>
<tr>
<td></td>
<td>(0.530)</td>
<td>(0.520)</td>
<td>(0.530)</td>
<td>(0.520)</td>
</tr>
</tbody>
</table>

Log Likelihood  
-1346.552  -1340.746  -1342.588  -1337.683

Note: Standard errors are in parentheses.

*** p<0.01, ** p<0.05, * p<0.1.
Local versus Global Influence – The results from Tables 5.1 and 5.2 suggest that influence, at least as operationalized here, is partly a function of network position and social relations in the form of joint activity like coalitions. This kind of influence is visible and can be thought of as global in the sense that it is objective from third parties such as congressional committees and news journalists. But there are other forms of influence, some of which exist at a micro-level and are more local in nature.

In early 2007, I mailed a survey out to the 392 DC-based lobbying organizations that worked on retirement policy from 1998 through 2004. Because the response rate was relatively low (51 organizations), I have decided not to include its results for the empirical analysis of this project. However, the survey responses provide some interesting qualitative data that illustrate some larger ideas and nicely complement the quantitative data. Among others, the survey asked the following three questions:

1. List up to 5 organizations, if any, that you regularly (e.g., weekly or bi-monthly) discuss general issues or developments in retirement or pension policy.

2. In your opinion, which 5 organizations (other than your own) are especially influential in developing retirement policy issues and policy positions PRIOR to introduction of legislation or issuance of proposed regulations?

3. In your opinion, which 5 organizations (other than your own) are especially influential in affecting retirement policy issues and setting policy positions AFTER introduction of legislation or issuance of proposed regulations?

Overall the response rate is little more than 15 percent of the sample. However, it should be kept in mind that approximately 150 organizations lobby on retirement policy at any one moment in time and that only 50 organizations consistently lobby on retirement policy. So, the responses may not be as low as they appear on first glance.
These three questions address local influence: who talks to whom, and who has the most credible reputation for influencing policy both prior to and after policy proposals are made public.

Figure 5.3 maps the flows of regular discussion of policy interests from question 1 (what I am calling the ‘regular discussion network’). Overall, one can see a division that we saw in earlier network maps and that is also intuitive: Financial service (dark green) and pro-management (light green) are clustered together among themselves, and labor (red) and public interest (pink) groups tend to talk only among themselves. The two large clusters are connected by a professional (grey) association, number 261, that is in the center of the network and which talks to organizations in both clusters. Organization 261 acts as a bridge among the two major clusters of business/financial service organizations and labor/public interest organizations.

Looking at individual organizations, we can see in each cluster that only a few organizations are the targets of many organizations for regular discussion. In effect, we have hubs of information. On the management/financial services side, we can see organizations 121, 120, 177, 223, 208, 155, and 194 as the beneficiaries of a number of in-coming ties, each of which indicates that sending organizations go to them for policy-related conversation. On the labor/public interest side, organizations 234 and 273 perform similar roles.

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117 In this figure, one can see a few ‘halo-like’ effects around certain organizations (e.g., organization number 234). These loops indicate organizations that hold regular discussions about retirement policy within their organization.
Figure 5.3: Map of Organizations that Regularly Discuss Retirement Policy Issues With Each Other
Source: Author’s compilation of survey data
Similarly, we see the patterns of influence nominations in terms of question 2 (influence prior to introduction of legislation) and question 3 (influence after introduction of legislation), which are mapped in Figures 5.4a and 5.4b below, respectively. Like the map of regular discussion patterns, the influence patterns are mostly clustered along lines of interest (i.e., financial/management versus labor/public interest), but the clusters are not as distinct as in the regular discussion network; there is more overlap. Some influence nominations, for example, go from the financial services and management side to organization 234, a public interest group. In sum, one’s influence is slightly more visible beyond the horizon of one’s discussion network.

Does this conception of local influence (local in the sense of your discussion group and a couple of ties beyond it) connect with the more global perspective that was discussed in the prior section on congressional testimony and the news media? Consider Table 5.3 below which provides the rankings of the organizations in terms of the number of groups linking to them in the discussion network, nominating them in the local influence networks (both prior and after legislation introduction), the number of appearances before congressional committees, and the number of news media mentions. Each column of categories (regular discussion, prior influence, after influence, media, and hearings) is ranked from highest (1) to lowest. The most central organizations in the regular discussion, prior influence, and after influence networks are ranked number 1 in each category. A number 1 ranking in media is the organization with the most news media mentions over 1998-2004, and a number 1 ranking in hearings is the organization with the most congressional committee hearing appearances over 1998-2004. A ranking of ‘1’ in the regular discussion network indicates that the organization is the most-frequently mentioned partner for policy-related conversations.
Figure 5.4a: Map of Nominations for Influence Prior to Legislation
Source: Author’s compilation of survey data
Figure 5.4b: After Introduction of Legislation
Source: Author’s compilation of survey data
Table 5.3: Ordinal Rankings (within category) of Congressional Hearing Appearances, News Media Mentions, and Centrality in Local Regular Discussion and Influence (both Prior to and After Introduction of Legislation) Networks (n=41)

<table>
<thead>
<tr>
<th>ID</th>
<th>Regular Discussion</th>
<th>Prior Influence</th>
<th>After Influence</th>
<th>Media</th>
<th>Hearings</th>
</tr>
</thead>
<tbody>
<tr>
<td>120</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>177</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>25</td>
<td>2</td>
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<tr>
<td>155</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>86</td>
<td>13</td>
</tr>
<tr>
<td>208</td>
<td>4</td>
<td>12</td>
<td>7</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>223</td>
<td>5</td>
<td>5</td>
<td>11</td>
<td>7</td>
<td>13</td>
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<tr>
<td>234</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>121</td>
<td>7</td>
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<td>6</td>
</tr>
<tr>
<td>194</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>273</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>1</td>
<td>3</td>
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<tr>
<td>153</td>
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<td>11</td>
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<td>16</td>
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<td>14</td>
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<tr>
<td>50</td>
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<td>8</td>
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<td>76</td>
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<td>9</td>
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<td>24</td>
<td>20</td>
<td>20</td>
<td>60</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Author’s compilation of congressional hearing data, news media reports from Lexis-Nexis, and survey responses from lobbying organizations.
As a general pattern, organizations that are very central in their regular discussion network are also highly ranked in the other networks or lists. When these lists are correlated with each other, the correlations are high and positive: The number of hearing appearances is highly correlated with the regular discussion network (0.78), the prior influence network (0.84), and the after influence network (0.76) while the number of news media mentions is not as highly correlated with the regular discussion network (0.28), the prior influence network (0.48), and the after influence network (0.44).

I do not wish to make more out of this survey data than is warranted, but the implications are interesting. The difference in the general pattern of correlations makes sense. We might expect higher correlations between the local networks and the number of hearing appearances because the process of testifying before Congress is much closer to these local networks of discussion and peer-based influence nominations than the process of news media mentions, which is diffused across the country. The congressional staffer who sends out invitations to testify probably has had many conversations and meetings with lobbyists and is familiar with the broad pattern of relationships. This connection between local and global influence may occur, for example, if a congressional aide taps into the discussion network or asks others for the reputation of potential witnesses.

**Conclusions**

The purpose of this chapter was to move the discussion from the focus on the organizations and their relations with other groups to an analysis of the outcomes, if any, associated with such relationships. There are such outcomes, and they make sense. The major finding, which confirms Hypothesis 3.2, is that joint activity in the form of participation in coalitions is likely to boost an organization’s influence as
operationalized in the form of congressional committee appearances and news media visibility. This is a striking result given that the outcomes are distinctly different. Underlying network positions such as centrality, constraint, and agenda overlap show some significant connection to influence but are not as important as coalitional activity. Thus, Hypothesis 3.1 is only weakly supported in the case of news media visibility and not at all in the case of congressional testimony.

Unlike prior studies of influence, this chapter has not tried to measure influence as an input, such as with campaign contributions. Rather influence is treated as an output, a reflection of position in the network of relationships. Status in the form of influence and network position reinforces each other as a continuous process. Those organizations with superior network position or that participate in more coalitions tend to get mentioned more in the news media. Others read those stories and seek out the representatives of those organizations, thereby contributing to their enhanced network position. As noted above, a “Mathew Effect” takes hold as a result: When discussing count variables in Chapter 3, I have shown a huge variance with the dependent variables in this study, necessitating the use of negative binomial models because the “rich get richer.”

So we have some basis to conclude that social relations among lobbying organizations matter in terms of cooperation and influence. But how do they matter? What is it about these relations that lead to these outcomes and others not studied here? Next, chapter 6 engages the qualitative evidence of networked relations among lobbyists and policymakers. In this chapter, we will hear these actors discuss what they think trust is and how it operates in policymaking. Not only will this discussion provide some ‘flesh on the bones’ of the structure we have examined so far, but it will also set up the following discussion in Chapter 7 about the interaction between policy domain insiders and those on the outside trying to effect change.
CHAPTER 6:
COOPERATIVE NORMS

So, those relationships of trust, you know, are, if not the most important, certainly the ones that come up most frequently because you interact with these people on a daily basis…I would say that there are a lot of really positive issues of trust that really make the whole system work.

- “Andy”, a lobbyist

This study began by asking why lobbyists cooperate and suggested that long-term relationships lead to trust and thence to cooperation. The first and third chapters sketched out a theoretical argument, and the last two chapters put some empirical flesh on the theoretical skeleton. This chapter and the next provide the spark of life by engaging the lobbyists themselves as they describe how trust and related norms operate.

Specifically, this chapter is focused on the role of trust and the associated cooperative norms as described by lobbyists. Such norms include general calls for cooperation, and they also include more particular expectations such as “provide both sides to an argument”, “be a straight shooter”, and others that are discussed more fully below. When actors are self-organized, trust and cooperative norms are mechanisms that make policy interactions possible over a long period of time. The everyday work of lobbying and policy making is made possible by these norms because they facilitate exchange and interaction by reducing risk and enabling joint problem-solving. In addition, however, norms that reflect trust and underpin cooperation within a cohesive community may also facilitate collusion.

118 All interviews that are cited in this chapter were conducted with promises of confidentiality. Therefore, I do not cite the identity of the interviewees and in the text recode their names to protect their identity. Quote is taken from an interview with the author conducted on January 20, 2006.
It may be helpful to restate the Cooperative Norms Proposition of Chapter 1 and its associated hypothesis of Chapter 3:

**Cooperative Norms Proposition:** Lobbyists whose relations are characterized by close-knit ties are more likely to maintain social norms that maximize group welfare.

Creating and maintaining relations is a choice, a choice that entails real costs and benefits for lobbyists. When two lobbyists have a relationship or tie, the cost of that relation is reduced through the selection of trust-based social norms. People continue to cooperate because norms of cooperation and reciprocity ensure that violators of the norms will be sanctioned through a variety of means such as future non-cooperation or reputation loss. This idea is especially critical in a complex and crowded environment where organizations have to search for information and resources – Those that conduct such searches through a reliance on others will choose partners who share similar expectations and values. Moreover, agents want to minimize not only the amount of ‘deadweight losses’ from failures to cooperate but also the transaction costs related to enforcement of cooperative norms (Ellickson 1991:174).

In practice, we should expect to see that most lobbyists with a long-term stake in a policy process cooperate, that detected defections from norms are regularly punished, and that society is rife with aspirational statements about the virtues of cooperation. When it is difficult to observe cooperation and enforcement, aspirational statements are likely to provide the best evidence (Ellickson 1991). Hence, the following hypothesis:

**Hypothesis 4.1:** Organizational representatives who value or exhibit durable ties to other organizations in the policy domain will also value trust, uphold trust-based norms of cooperation and reciprocity, and choose the least costly forms of sanctions.

What Hypothesis 4.1 suggests is that people in a lobbying community value the relationships that develop over time with others. As Hardin (2002) suggests, two
people who wish their relationship to continue will take each other’s interest into account when they act. In this way, lobbyists subscribe to norms (e.g., present both sides of an issue; don’t sign my name to a letter without my okay; stay focused on the meeting’s agenda) that are designed to help the group. Even if someone in the group merits a sanction, lobbyists should apply them in a way that does not punish others in the group. This is not to suggest that self-interest has no role here. It does. But what this chapter argues is that in pursuing their own goals, lobbyists in a close-knit community realize that they often can pursue their interests more effectively through the group and therefore take relations with other group members into account.

This chapter is organized as follows: I first provide background on the sources and nature of the qualitative data. I next discuss the nature of embedded or close-knit ties in the retirement policy domain and the associated importance of trust to those who work in the policy domain. The discussion then turns to the composition and operation of norms and their enforcement. Trust and associated norms arise in contexts of interactions among lobbyists and policymakers, and I will be focusing on typical interactions that involve joint activity, including the so-called ‘Hill visit’, coalitional work, and sharing of information. I will describe these situations in a little more detail below. Next, the importance of trust and cooperative norms are discussed through the words of the lobbyists themselves. The chapter concludes by summarizing the role of trust in a policy domain and previewing the next chapter, which focuses on the interactions between insiders and outsiders to a policy domain.

**Qualitative data sources**

The data for this chapter primarily come from a series of semi-structured interviews I conducted with a range of individual actors in the retirement policy domain, but I also rely on survey data collected from a sample of organizations. For the individual interviews, I met with 25 people from January through September 2006.
The interviews lasted anywhere between 45 minutes to nearly 2 hours. I used a set of standard questions, but I allowed interviewees considerable latitude in discussing topics. Moreover, as opportunities to probe and delve more deeply into specific topics presented themselves in the course of the discussion, I would depart from the standard interview format.

In terms of the composition of the interview sample, the following provides a breakdown in terms of interests:

- Private employer/management – 40 percent
- Financial services – 16 percent
- Public interest – 24 percent
- Labor – 4 percent
- Governmental (legislative and executive branches) – 12 percent
- Professional – 4 percent

These do not match the representation of interests in the broader sample, but there is a reasonable approximation. The interview sample is under-weighted in terms of the financial services, public interest, labor, and public employer/civil service/military sectors and somewhat over-weighted in terms of the public interest sector. In terms of the organizational types represented, the interviewees were constituted as follows:

- Membership organizations (unions/associations) – 40 percent
- For-hire firms (law firms/consulting firms) – 20 percent
- Self-representing organizations (corporations/non-profit organizations) – 28 percent
- Governmental organizations – 12 percent

Recall from the descriptive statistics of Chapter 3 that the distribution of organizational forms was approximately evenly divided among membership

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119 The interview questions are presented in the technical appendix.
organizations, for-hire firms, and self-representing organizations. The qualitative sample deviates from this distribution with more weighting towards membership organizations, but it does not seem unduly unrepresentative. It should also be noted that many of the interviewees have experiences in different organizations. A person might have worked over time as a congressional staffer, a lawyer, an executive branch official. I do not account for such overlapping experiences here, but for some these long periods of different experiences in policymaking no doubt color their remarks.

In general, I have tried to let the lobbyists speak for themselves with a minimal amount of comments from me. I have provided context when appropriate to clarify the passages, but much of the text contains lengthy quotes as I believe the informants make the best case for trust and cooperative norms.

Before we discuss the specifics of trust and cooperative norms from the perspectives of lobbyists, I will first discuss the interactional contexts in which these concepts operate.

**Focal Interactions**

Trust and cooperative norms arise in several situations, but I focus on certain routine or typical interactions that characterize workaday lobbying. As mentioned in Chapter 3 and borrowing from Ellickson (1991) and Uzzi (1996), trust serves as a governance mechanism of embedded relations in that it promotes voluntary, non-obligating exchanges of resources and services, and the norms facilitate workaday interactions in a way that maximizes group welfare. In the interviews, informants would often refer to typical situations that framed their comments so some preliminary background is appropriate. The typical interactions discussed here are coalitional work, the ‘Hill visit’, and information sharing.

**Coalitional Work** – I already spent some time in prior chapters discussing coalitions, but those discussions were more abstract. If one were to sit in on a
coalition meeting, one might observe the following events. Usually, there is a steering committee or lead person who performs a couple of coordinating functions. They send out the notices of the meeting times and place; they might host the meeting; they develop the agenda (with input from others); they call the meeting to order and facilitate the discussion. Depending on the size of the coalition, the steering committee usually is comprised of a few individuals from organizations that have the most at stake in the issue(s) around which the coalition is forming.

Outside of this inner group are organizational representatives who are of two types. One type is the organization that has a stake in the outcome of the relevant issue but whether because of time or other constraints cannot take a leading role. They likely will contribute something to the group, such as financial support, sign group letters, or help in setting up advocacy meetings with policymakers. They will have input but will not, however, drive coalition meetings or decisions. The other type is the organization that has an interest in the issue but is not deeply committed to it. They may be just monitoring developments or have an ancillary issue. This second type of organizational representative is not likely to contribute much in the way of time or other resources and may be present distantly (such as through telephone conference hookup or subscription to a coalition’s email listserve).

Many coalition meetings are conducted in person at an organization’s office, but telephone conferencing is usually made available. Meetings consisting solely of conference calls are not unknown, either. The facilitator opens the meeting by asking people to identify themselves and their organizations. Between 25 and 50 people could be present so not all will know each other, even after several meetings. Then the meeting goes through the agenda, which involves releasing the latest intelligence on the issues, bills, regulations of interest. “I heard Senator so-and-so is introducing his bill next week.” “The XYZ issue will not be added to the budget bill moving
through the House.” Much of this is gossip, but by sharing what they know, the group can get confirmation or disconfirmation by triangulation: “That’s not what I heard.”

After taking stock of where things stand, strategy and tactics are updated or revised. Should we send a group letter to the Hill? What about releasing it to the press? Can we schedule some visits with the key Republicans on the Ways and Means Committee? Did we get any response from our member organizations? Do we need to follow-up or rebut the other side with a study? Ideas are thrown out and a consensus is reached.

At that point, action items are agreed upon: “We need to set up meetings with key staffers on Capitol Hill – Who will take the lead?” The steering committee members (and others with a big interest) pull out their congressional directories and datebooks. “I know the staffer at Representative Smith’s office; I’ll call her to schedule a meeting.” “I’ll go with you – We have a client in her district.” Others on the periphery hang back and do not volunteer.

The meeting breaks up, and people linger in conversation and others leave quickly. The steering committee members stay behind to assess the meeting and perhaps schedule the next one (a notice goes out to the rest of the group later). Those lobbyists who schedule meetings with policymakers follow-up with emails about dates, times, and invitations.

The Hill Visit – The Hill visit is a catch-all term used by lobbyists to describe meetings with congressional staff (hence the reference to Capitol Hill) in which lobbyists advocate for their position. While such meetings can consist of one lobbyist and individual policymaker, here I focus on two or more lobbyists meeting with one or more policymakers. As mentioned in the prior section on coalitional work, one person sets up the meeting with the staffer (I will use the common meeting with the congressional staffer as an example) and then invites the rest of the group. At the
appointed hour, the lobbyists gather at the congressional office, waiting until all have arrived before notifying the staffer that they are present. After being ushered into a room, introductions, if necessary, are made and business cards are given to the staffer. As the lobbyists make their presentations, sometimes the staffer will interrupt with questions or wait until the end. After discussion of questions or issues that come up in the course of the meeting, the meeting ends with the staffer giving her feedback and any request for follow-up. Follow-up may include more detailed analyses of the issue, relevance to the member of Congress in terms of local constituents affected by the issue, and/or simply filling in gaps in information. Very often, the lobbyists will have prepared written materials that present the arguments made during the meeting with perhaps background material. These ‘leave-behinds’ are then left with the staffer before the lobbyists exit.

Whether in the hallway or in the cab ride back to the offices (many lobbyists are within walking distance of each other and hence share cabs), a brief post-mortem ensues. The lobbyists discuss additional steps need to be taken, new information to be digested or disseminated, and/or who will follow-up with the staffer.

Information Sharing – The act of information sharing occurs throughout the interactions that occur in the course of a lobbyist’s day, including the events described in the preceding paragraphs. Here I focus on a specific kind of information sharing in which the information is proprietary in nature and when there are very good reasons not to share. The story that opened Chapter 1 is a good – and actual – example. Congressional staffers do call on lobbyists to provide input and technical assistance during the course of legislative drafting. In terms of concrete examples, the staffer could send over a draft bill, as discussed in Chapter 1, or the staffer could convene a meeting during which suggestions for legislative content and strategy are requested. This kind of information transfer between policymaker and lobbyist can occur in other
contexts that can be more public or formal, such as a letter of endorsement for a legislator’s proposal or the giving of testimony at a congressional hearing. And certainly the information transfer is two-way as the policymaker can supply a lot of intelligence about process and substantive policy.

This sort of information sharing also can occur among lobbyists. Lobbyists are looking for information from each other about policy developments, strategy, and opportunities for policy advocacy.

I have not meant to cover the field of what constitutes a typical day or set of activities for lobbyists. Rather, I wanted to provide context for the discussion of the following comments by lobbyists themselves, who often refer to these typical situations when discussing the concepts of trust, cooperative norms, and sanctions. With these concrete contexts in mind, the next section reverts to our more abstract concepts and how they are described by lobbyists.

**The Importance of Trust**

Nearly to a person, lobbyists stated that trust was important for their work and that most of their peers could be trusted. In the survey of lobbyists that was described in Chapter 5, 70 percent of respondents state that lobbyists in the retirement policy domain could be trusted. To be sure, relying on trust carries risks, and these risks come from different sources. Certainly there is a risk that you could be a sucker in the proverbial Prisoner’s Dilemma – You cooperate, but your partner does not reciprocate. This is more likely when there is a power imbalance, such as between a decision maker like a member of Congress and a lobbyist. In introducing bills or staking out a position on an issue, members of Congress are particularly eager to show that they have support of different communities. The fear from the lobbying community is that communications could be misinterpreted. Andy, a lobbyist with a trade association
that represents employers, cites the risk that comes from sharing information with a member of Congress:

As you know, one of the things that members of Congress love to do - chairmen of committees and sponsors of bills - is to ask people in the advocacy community, 'Would you please give them letters of endorsement?' So there's always a dance: Do you 'commend' or do you 'applaud?' Or do you ever use the magical 'E' word of endorse or support, or do you just commend their efforts and not the final product? Whatever letter you may send that may be positive, even if it also lists a whole number of different concerns that you may have, that those letters get held up in a committee markup or on the floor of Congress, and the person says, "I am holding in my hands letters of support from [trade association A and trade association B]..." And we may not have meant it that way, but you take a certain calculated risk.120

In some cases, merely engaging in dialogue or meeting together can be misconstrued. In the following passage, Andy, a pro-business lobbyist, discusses a series of meetings convened by a liberal Democratic Senator in order to resolve a contentious employee benefits issue. The Senator took positions on the issue contrary to Andy’s trade association but had wanted different viewpoints represented at the meeting. For Andy, the comfort level of such a meeting with broad participation was not high enough:

We made it very clear from the outset that our participation in those meetings was not to be interpreted as, you know, supporting the direction he would go because we really didn't have a great deal of trust in the outcome. And we were afraid that our cooperation could do a couple of things that would be harmful. Number one, we could be co-opted because it would look like we had continued in good faith, you know, to work with them and then because we did not like the final product that we were disassociating ourselves from it. Since we didn't have a great deal, really, any confidence that we would like the final product, we were concerned, whether intentionally or not, that our ability to oppose it later on would be compromised.

120 Interview conducted with the author, January 24, 2006.
Dave, a lawyer representing financial interests, makes a related point about the perceptions of others: “You've got to be careful that you are not seen by your clients or your stakeholders as compromising too much, being insufficiently strong in defense of the business perspective.” Moreover, he notes that in the case of sharing information and services with congressional offices, you have to be concerned about how that information is shared after you send it:

But, nonetheless it wouldn’t even just be with the [Senator’s] staff, how the staff would characterize it. It is, how would other allies of the [Senator’s] staff characterize it? Even if the staff relates something objectively, how would that be characterized by other stakeholders? So you’ve kind of, and maybe this is something to point out to, you’ve got to have, you don’t always have a single audience…

This issue of different audiences or publics was mentioned by another lobbyist, Carl:

I mean it's it comes down to whether I trust him or not. I mean, I am less apt to call someone and pick someone's brain on a particular issue or tell them my strategy if… I think that telling them that is going to leak to the wrong person or they will perhaps ever use that against me in a conversation with somebody else. So you know, it is a small town, and you know, the people you keep closest alliances with are the people that you trust…

Carl’s quote suggests quite vividly the importance of encapsulated interest in supporting trust. He is clearly calculating how much the other has invested in their relationship before he provides confidential information.

These concerns are not just limited to situations of interacting with policymakers who have more power. Interactions with the news media, for example, are another situation in which trust is a factor that facilitates or impedes interaction.

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121 Interview conducted with the author, January 24, 2006.
As with lobbyists and policymakers, time or history of the relationship is relevant.

Betty lobbies for industrial firms, and she has had extensive dealings with journalists:

Media people who call here definitely have reputations, especially the trade press, and we know who has an agenda. They’ve written the story before they’ve even picked up the phone to call you, and they’re just going to fit your quote into what they’re saying. And I can name a few of those people, and when they call, we do talk to them but we are very cognizant of that fact. I mean there’s one [Washington] Post guy who calls frequently and I rarely get quoted because I am so guarded in what I say to him because I know the few times that I haven’t been guarded, I’ve regretted it. There’s other reporters around town that you can have a frank discussion with, whom you trust,...¹²²

With other lobbyists, a lobbyist could be concerned that a colleague may take advantage of joint activity like a coalition in order to further their own agenda. Carl stated, “You may not want them to, if you are in a meeting, you may not want them to take control and drive the bus, so to speak.” Working together, I was told, requires knowledge of how your allies will act and trusting that they will play their part. Andy spoke of situations in which your organization may be in a coalition with ‘allies of convenience’ such that all have the same goal but there might be some distrust or distance. In these cases, coalition members have similar concerns that untrustworthy allies might take advantage of cooperation for their own gain:

So, if you portray yourself as the leader of the coalition because you want to impress the media or your members or your prospective members, well, you know, why should this other organization that’s working equally hard, is just as much a leader, you know, cooperate with you because you’re trying to hog all the credit?

Trust is also critical to information sharing. In the following passage, Andy discussed a typical situation in which the lobbyist has valuable and nonpublic information. While hoarding such information has an opportunity cost in terms of

¹²² Interview conducted with the author, January 24, 2006.
potentially boosting one’s own prestige or influence, there are risks associated with sharing such information.

You know, you want to share it to be helpful in the common objective that you all want to achieve, but you may want to keep it quiet because you do want to be the first one to reveal it to the different audiences so there may be some competitiveness on your part to do that. Or sometimes because you are afraid that if you share it with so-and-so, it could deliberately or inadvertently end up in the wrong hands and that would undermine your objectives, and that of course relates to the trust between and amongst allies because you may be withholding information for all the right reasons but you are still withholding information.

However, cooperation occurs in the shadow of the relevant political institutions. For example, even though bills are introduced and revised in the course of formal processes like a committee meeting, substantial revisions can occur in the lead-up to introduction when groups informally give input. In the next quote, Andy discusses an invitation from a Senator who was convening different groups in informal meetings in order to resolve a legislative issue. Andy’s trade association declined to participate:

The other part of it was we didn't feel that this venue that he was setting up, this informal venue, was the appropriate place to hammer out a solution but rather there were the proper committees of jurisdiction that would ultimately have to develop something and that was the better place to do it. And it might be resented, frankly, by those who were operating within that realm that even though he was a member of one of the committees of jurisdiction, that the proper way for him to do that was within the committee within which he sat, not on his own independent agent.

While trust carries risks, trust can reduce risks and fosters cooperation in everyday situations. It can enable organizations to work together and share resources in more meaningful ways. When trust reduces the risk of rent-seeking such as
hoarding information or claiming credit for coalition success, greater cohesiveness can be achieved. Betty discussed why trust and cooperation in a group were important in putting out a unified front to policymakers:

One thing my old boss, [name omitted], who is a veteran lobbyist in D.C., always emphasized is the importance of keeping the business community united. That is always our goal because once you go up to the Hill and you’ve got somebody who’s off the reservation, staffers, particularly if they’re not ready to commit to supporting your idea, they see that little wedge in there. They’re going to use that as an excuse to not support your idea. And they are going to say, "Look, I am confused as to your position. You know, when you decide what your position is, come back and see me then." Or that kind of thing, to sort of put you off. So it can work to your detriment if you are not all on the same page and not speaking with one voice.

As Fay, a corporate lobbyist noted, information sharing provides a key example: “When you've developed a relationship and you know the person, you are willing to share.”123 As Andy explained:

And [trust] can come up in innumerable ways in terms of somebody in your respective membership or someone on Capitol Hill shared some information with you on the one hand, you have to make a judgment call between sharing the information because it would be helpful for the other person to know; not sharing the information because maybe the person who shared the information specifically does not want it to be shared with this other group who is your ally for whatever reason that relates to their own relationship or their own distrust that it remain confidential or whatever it might be.

In addition, a relationship based on trust enables more fine-grained information to be transferred because the credibility of the information is a function of the relationship that transmits the information. Dave, an attorney for a respected Washington law firm, remarked that when he is asked to review draft legislative proposals by congressional staffers, the usual worries about his input being evaluated.

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123 Interview conducted by the author, January 25, 2006.
mischaracterized as an endorsement may be alleviated by trust-based relations. The relationship creates tacit expectations: “There are some staffers, some offices where you wouldn’t have to ever think about that. It would just be understood...” Similar to a quote from Carl above, Dave also puts it this way about information sharing generally:

And you know it's a lot of what we do is sort of informational exchange. I often feel that I am a broker. Like I am gathering information from various sources and disseminating it out to various sources. It's a big part of what I do. And when you feel that you’ve clicked with someone, whether you're relatively early in that relationship or you've got a very significant relationship, it's easier to pick up the phone, it's easier to shoot the email than if you don’t feel that connection with someone because you are less worried about putting somebody out, you're less worried about somebody taking it out of context, you're less worried about confidentiality, all the things that facilitate trust and information flow are easier when there’s that sense of connection... And probably the degree to which you’re careful and a degree to which you’re explicit [in terms of explaining your position] rises as the commonality perspective decreases or the trust level decreases.\(^\text{124}\)

Eric, who represents an association of professionals, explained this in terms of whether being a powerful lobbyist versus being technically smart and useful matters more.

Certainly with the committee staff the relationships, probably on the technical staff, that’s where the relationships matter more because, like as we said, the stuff’s complicated, and they want to know that the person I am talking to, one, knows what they’re talking about and, two, is not going to give them bum advice or bum information.

\(^{124}\) Interview conducted by the author, February 20, 2006.
Martha, a long-time lobbyist who works for a trade association representing corporate employers, noted that close-knit relationships gave her access to views and information from policymakers relative to less experienced lobbyists:

Again I have noticed this in the last 4 or 5 years that we were having a meeting with other pension types downtown, and people would be worried about this or that or the other thing on, wondering where labor is, or wondering where AARP is, or wondering where [a pro-labor Democratic staffer] is, and I just would go and pick up the phone and call.125

These quotes demonstrate that the reasons for trust center on relationships and the need for ongoing relationships with the result that these trust-based relations provide real benefits in terms of better information. Trust and cooperative norms also support ongoing relationships through what Uzzi (1996) calls joint problem-solving arrangements. Relationships that are characterized by durable ties that have a history and are predicated on trust provide more rapid and explicit feedback than do mechanisms in arms-length relations like “exit” (Hirschman 1970): “They enable firms to work through problems and to accelerate learning and problem correction” (Uzzi 1996: 679). This process fosters new solutions and combinations of ideas. Some of the quotes referred to a competitive environment among lobbying organizations, and many organizations in the retirement policy domain do compete for members or clients. In this context, Andy described a coalition in which his trade association and another association were competitors in terms of membership.

There wasn’t a conflict between us and [the other trade association]; there were just problems that just arose in the course of this effort, and the existence of mutual trust helped us kind of end up in as good a place as we collectively wanted to be, you know. So that was an example of problems that arose that weren’t necessarily either organization’s fault but because there was this reservoir of trust and good faith we were able to work it through and get a

125 Interview conducted with the author, August 30, 2006.
resolution. Whereas if things had been more negative, it very much would have fallen apart.

In this sense, communication is not just about knowledge transfer; it is also about problem-solving. Eric characterizes problem-solving in terms of the ability to talk through it:

We will have a call, I think like Friday’s call, and we will see if there is a way to resolve the dispute, and there may not be, I mean, there is maybe an impasse and a difference of opinion. Mostly it’s communication.

Helen works for a pro-worker public interest organization, but she has been involved in a number of activities with pro-business lobbyists. She comments on the effect of personal relations and trust on solving broader problems in terms of substantive public policy:

I mean there is no way, first of all, you know I have a really good relationship with [certain business trade association lobbyists], I have got a really good relationship with [the president of a business trade association], … I think with [him] and I, when we’re on TV shows together now, it’s less adversarial in certain ways. I think we come off being more, looking at the same issue from different perspectives, we try to find common ground even we are doing TV shows and stuff like that together.

Trust is an important concept to lobbyists, and they recognize that it is a critical element to doing their jobs. But from where does trust originate? The next section discusses factors identified by the lobbyists as sources of trust in relationships.

**Sources of Trust**

In speaking to lobbyists, a combination of factors tend to produce interpersonal and within-group trust. These factors include time and history in a relationship, personality and common interests, and the roles or positions of the
lobbyists and/or their respective organizations. These factors come up in a variety of ways, but the most fundamental source is the direct contact such that interpersonal considerations are most important. As Carl said: “It is individual, it’s not organizational.” But trust can be more meaningful to some lobbyists than to others. As Helen noted, “But I do think that so much of lobbying relationships, the trust issues, is also likeability…People like to be among people that make them feel good about themselves. Washington’s all about that.” Certainly personal qualities and beliefs play a role in this, as Carl and Dave acknowledged separately:

Sometimes, it comes down to, I think it ultimately is whether you trust them. But trust is built off of how well you get along with them personally…Sometimes you have a personality that just clashes and, you know, for whatever reason, and sometimes it might have something to do with some of the traditional political affiliations that you align with.

You go in, you have a meeting, and you’ll sort of hit it off with the staffer or the member [of Congress]. The sense of humor is the same, the conversation is particularly stimulating, the back-and-forth across the issue is particularly interesting. So you go, 'Hmm. That was fun. That was a good engagement.' Therefore I’m more likely to take the volunteer assignment when a coalition has to go lobby that office. "I'll set up that office; I know that person." That can be a way that you can get more interactions.

Dave further comments on what he looks for in personal qualities, focusing on how other lobbyists do their jobs when he works with them:

So you have an occasion to lobby together with a lot of people and see how they do it, and that’s in a sense a very telling indicator: Do you like the way they lobby? Do you like their style? Do you like their approach? Do they lay things out like you would lay things out? Do they not lay things out as much as you think they should? So that sort of observation of their lobbying approach has a lot to do with trust. Style is part of that. Do they lobby in a style that you are comfortable with or do they lobby in a different style? And some of this, too, is, what is the culture of their individual company or trade? How above-board are they? How underhanded are they? Are they making side deals and backroom deals? Are they more Machiavellian in their
approach? Are they more straight-forward? Are they more data-based in their approach? You get to know that about particular institutions and particular lobbyists. So I think for me, personally, all that stuff gets factored into how closely I work with or how trusting I am in a particular lobbyist. I can work with a lot of people that I don't trust as well because we have a lot of commonality of issue agenda. I can be, I can trust extensively someone with whom I don't have much issue agenda in common.

Personal qualities, interests, and attributes can deepen existing professional relations as explained by Walter, who works for business-oriented consulting group:

But, I think you could probably talk to any of the lobbyists around town, there is an intersection between their personal circle and their professional circle, and when somebody is inside both of those circles in the Venn Diagram, that’s a unique relationship. So, I have personal friends who, for whom the friendship pre-dates in a professional connection, who are chiefs of staffs to Members of Congress, who are legislative directors to Senators, who are political appointees in the Bush Administration; that’s relevant to my lobbying and professional set of relationships…For me, for example, I’ve kind of got a gay/lesbian community circle. But, there’s a whole, we joke about it; we call it the ‘velvet mafia.’ There’s a whole sort of, the gay lobbyists and the gay Hill staff and the gay executive branch staff pretty much know who each other is. And there is to some extent kind of an extra ‘looking out’ for each other amongst that community. So that might, in some sort of instant way give me a little more rapport with the staffer or a little bit higher trust level with the staffer because of that dynamic. And that’s totally different from what you’d seen in certain standard literature but it’s very real in terms of people’s networks. The tax coalition, that sort of women tax professional group, which is current and former Ways and Finance staffers and lobbyists and women lobbyists who are just doing tax, exclusively for women, no male members. That’s a very connected group, and those women feel very, I mean, very loyal to one another. And that influences, clearly influences working relationships, not just personal relationships.

The tax coalition was sort of founded because of a professional-related thing, but it’s a way for those relationships to be deepened and strengthened and they flower into personal relationships that go well beyond professional relationships. And like the gay and lesbian community, these are people that primarily have been people that I’ve known anyway socially who have roles in the policy process, but sometimes it can be meeting someone for the first time through a lobbying contact, and kind of figuring out that they’re gay or lesbian and that can have some significance in terms of how deep the relation it gets or
how trusting a relationship gets. So that’s kind of the sort of secondary networks and the way they play into the primary network.

From initial personal qualities, time and history of the relationship are important at solidifying trust among lobbyists and policymakers. Eric, who represents a group of professionals, noted that these qualities matter in developing trust with congressional staffers: “You have got to be right, and you have got to be able to give folks correct answers and be balanced in terms of the presentation. And you have got to do that consistently.” Tom puts in a similar way: “You just spend time. You do issues with people and you just spend years on it…The only way to get them ultimately to rely on you is to help them do their jobs and that's true of associations, it’s true of outside consultants. I mean you have to add value the same way in anything in the world.” Dave notes that relations between lobbyists and congressional offices can come from variety of sources:

But typically for me, a relationship typically begins when I pay that first lobbying visit to a particular staffer or office. So, typically, that means the office or member sits on a committee of jurisdiction relevant to a piece of legislation that I am working on for a client. And I am going and making the initial visit on X, Y or Z issue. And from that point, I think the way they get deepened is, one, either that's a member in an office that's devoting some notable or unusual degree of emphasis to a particular topic like pensions, like savings, like long-term care by dint of the member's interest, by dint of a nexus to their district or to their state, whatever the cause may be where that office has a somewhat deeper interest than a run-of-the-mill office. You're more likely to get repeated discussions going with that office. They're more likely to be more interested in the expertise that you can bring to bear. So that's definitely one way that it happens, a pretty dominant way that it happens which is that there is a greater than ordinary degree of interest in that office in a particular topic.

In a similar way, opportunities for developing relations can come through organizational contexts, as Dave, a lawyer, remarked: “To some extent, if you are
hired into a role, the institution into which you are coming may have preexisting relationships.” For example, narrowly focused groups that specialize in a policy domain or two may talk to each other more because they see each other more.

For lobbyists without large resources, qualities related to trust may be critically important for their work. Andy, who works at a smaller trade association, is acutely aware of this fact:

I think that trust is the single most valuable asset that a good lobbyist has, particularly if you a lobbyist for an organization that is not intrinsically powerful. Because, you know, if you work for one of the behemoths that is influential by virtue of political money that you can distribute, the amount of grassroots that you can muster, you can get away more readily with cutting corners and not being trustworthy and not dealing as professionally with all sorts of people that you interact with. And maybe that's a bit of a helpful way of looking at how Mr. Abramoff went awry, because he was very well connected and, you know, if I can believe what I hear, rather arrogant in the way he comported himself because he could get away with it.126 But if you are like most of the advocacy community, you can't rely on that; then your word is your bond. And it's the old story, you know: Fool me once, shame on you. Fool me twice, shame on me.

If there are other organizations that are very, very important at advocacy and who deal with things at the 30,000 foot level, they may be somewhat less involved or interested in being cooperative with the adversaries because that's just not the level at which they are operating. Our strength and a good chunk of our credibility come from the fact that we are the organization that represents the people who actually have to make it work and actually care about the substantive outcome a great deal. And I don't mean that as a criticism of organizations that deal with this at another level.

Rhonda, who works for a small, pro-worker public interest association, mentioned the AARP, the giant public interest organization that claims to represent over 35 million elderly Americans, as an example of this.

You know AARP is the 800 pound gorilla in the room on any issue. They don’t tend to play well as groups because they are large. They tend to like to

126 Jack Abramoff was an influential lobbyist who was convicted in 2006 of defrauding clients and corrupting public officials.
work as independently as they can, don’t sign on a lot of group letters, don’t do a lot of group lobbying. Even if they do, they always have their almost side operations going on.

Thus, trust is produced in a variety of contexts and from a diverse set of sources. But how is trust made concrete in the everyday work lives of lobbyists? Part of the answer has to do with the nature of the community of lobbyists, which is a close-knit group. Cooperative norms are only possible in close-knit groups, as discussed below.

A Close-knit Group

One of the important conditions for the emergence and maintenance of cooperative norms are what Ellickson (1991) calls the existence of the close-knit group. In close-knit groups, there is widespread informal power, which means the credible and reciprocal prospects for the application of power against one another in order to enforce expectations about the group. In addition, close-knit groups have fine-grained information transfer. That is, information about past and present behavior flows easily. Fine grained information transfer involves more proprietary and more tacit information than what is exchanged in arm’s length relations. Finally, the identity of the individuals and the quality of their social ties are as important as the information itself. “Social relations make information credible and interpretable, imbuing it with qualities and value beyond what is at hand” (Uzzi 1996:678).

The lobbyists I interviewed certainly felt that a close-knit community existed. After I mentioned to Dave that I counted over 300 organizations working on retirement issues in recent years, he said, “Of the 300, it’s probably the 30 to 50 organizations and lobbyists who do this week in and week out. This is sort of the community on retirement.”
Tom has held positions in the legislative and executive branches but is a partner in a Washington law firm. He also characterizes the size of the pension community as small and in this way:

Now there are more associations who are interested, but having said that, like everything else in the world, there are only a few who do all the work. 20 percent of people do 80 percent of the work. That’s what happens here. So many of these people here, they go to meetings, they sit there, they take notes, they report back to the office. Well, they don’t set policy, they don’t drive policy, they don’t make a difference; there is only a few that make a difference ultimately. And in our world, it’s probably 5 or 6 on different issues, so.\(^{127}\)

We already saw above a concern that information could be misinterpreted because information in this community flows fairly easily to different audiences. Eric noted the close-knit nature of the pension community in Washington by noting how difficult it is to mischaracterize another’s position because information flowed so easily and quickly: “It always gets back to me. That’s the funny thing about this. I don’t understand why people don’t realize that it wouldn’t, and in the end it makes them look bad but…”

Echoing Eric’s thoughts, Jim represents a small trade association but has working in the retirement policy domain for several years, and he notes a similar characteristic of the retirement policy community:

It is such a small community, it’s a riot. There are no secrets at all, its just blows your mind and you can actually, I mean, you can see in the course of a day a story gets circulated and comes back to you. “I heard that.” And you know it could be something you started and it’s the first step down and it’s coming back to you, and you can trace the whole damn thing. It really shows how small we are…I send reporters down the line and, or the reporter talks to me, I can easily tell who they talked to before they talked to me even though

\(^{127}\) Interview conducted by the author, August 30, 2006.
they don’t name them, then I tell them, “You talked to so and so,” which is funny. It’s only, how many of us? A couple of dozen of us probably.  

The other part of the definition of a close-knit group is the ability of group members to wield informal power in order to enforce expectations. I reserve this discussion to the section below on sanctions, but from my conversations with the lobbyists and through personal observation, I would say that the lobbyists I studied were not averse to confronting others with whom they had very close ties. As discussed below, there is the concern about how sanctions and confrontation would impact others (such as in a coalition context), but enforcement of expectations does occur. First, I want to discuss what those expectations or norms are.

**Substantive Norms of Workaday Interactions**

In terms of specific norms, following Ellickson (1991), I divide norms among lobbyists into substantive and procedural norms. Substantive norms are the dos and don’ts of everyday interactions. In summary, the following are substantive norms that were discussed by the informants:

- A general call to cooperate
- Present both sides of an argument
- Don’t put another organization’s name on a coalition letter without their permission
- In a Hill visit with other groups, don’t pursue your own agenda at the expense of the group
- Don’t misrepresent or undermine another’s position
- Keep information confidential

As I will argue in the conclusion, these norms are mentioned by lobbyists because they maximize group welfare by fostering continuation of interpersonal and

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128 Interview conducted by the author, May 31, 2006.
group relations. The glue that holds these norms together is trust as emphasized by Hardin (2002), who argued that trust is a result of encapsulated interest: I trust you because I know that you want our relationship to continue. These norms as discussed below embody this idea of encapsulated interest and are a vibrant part of a close-knit community.

**Cooperation** – There is first a substantive norm that consists of a general call for cooperation, which in turn is made concrete in a number of informal rules that govern certain ordinary interactions. Andy spoke about occasions during which his organization was asked to provide feedback on ideas or proposals, either from policymakers or other lobbyists. In terms of cooperation in this instance, time and history figure quite large, as he explained:

And [another reason for trust] is the ongoing relationship; that these are the same people who, you know, may be our adversary on this issue but they may be our allies on another issue. And we have many issues in which the same member of Congress, in the same staff person, at the same time, is our champion on retirement policy and our adversary on health policy, and vice-versa. I mean, right now we're working very closely with Senator [name omitted] on some healthcare issues even though we are largely at loggerheads on this retirement policy issues. As you know, in years past we have worked very closely, collaboratively with Congressman [name omitted] on the pension issues but have been on the opposite side on healthcare issues.

But for the most part, we do agree [to cooperate] for many, many reasons. The first of it is that who is your friend and who is your opponent, adversary, in retirement policy is not by any means a clear cut issue. Right now on this pension funding issue, among some of our best allies are the Democrats who very often would be elsewhere because they share a lot of the same concerns about these pension funding bills that we do. They're not really our strongest allies necessarily on the issue of hybrid plans, for example. So it really can change very much on the basis of the dynamics of the particular issue.

Part of the issue with time is that lobbyists are generally forward-looking, that their future discount rate is quite low. In this context, Andy discussed cooperation in
terms of information sharing such as the situation, mentioned in fictionalized form at
the beginning of Chapter 1, in which a congressional staffer has requested a review of
draft legislation even though his association is likely to oppose the bill when
introduced:

So back to your original question, why cooperate? …there's always the
possibility that even if we are going to oppose it, and they know we are going
to oppose it, and we tell them that we are going to oppose it, that they could
win, we could lose, therefore we want to make the bill as good as we possibly
can. I mean, is it true that it's easy to oppose a really bad bill or a really bad
regulation rather than one that through our efforts and the efforts of others has
been made better? Sure. They do take away some of your arguments if they
address your concerns. And, they may even somewhat take away your
credibility - not credibility perhaps - but you've cooperated with them so you
have to be careful that it doesn't look like bad faith that you were cooperative
and now you're bashing them over it. So that's why there's this understanding
upfront that you are not making any commitments to support something and
you may even go further than that and say, "There's no way in the world that
we are going to support you. But, you know, you've been good enough to ask
for our help, or you haven't been good enough to ask for our help but we're
going to give it to you anyway. So here's your bill and here are our comments
and we're going to appeal to your sense that you will also want a bill that will
be administrable at the end of the day.” If you really mean what say, you are
not really looking to wreak havoc; you are looking to make things better, and
we can tell you based on our understanding and our expertise and the reactions
of our members that here are some helpful suggestions. So there's always the
idea that at the end of the day that you want to do this.

In another context, coalition work is also a form of cooperation. In some
cases, cooperation can play to complementary strengths among organizations.

This is why I think it's so interesting why there is collaboration among groups
like the [very large trade associations] on one level, and then other groups that
are more focused and narrow [smaller trade associations] on another -Tthere is
a very good synergy that we all bring our respective strengths, whether they be
political strengths or substantive strengths.
Roles and Staying on Message – Related to the idea of complementary strengths is a division of labor that is a form of cooperation. This is most likely to be a factor in group activity, such as coalitional work or, in the case of the following quote, a group visit to the office of a member of Congress. In the case of the Hill visit, there are agreed-upon expectations of who will do what during the meeting. Betty describes this arrangement:

I think also that there is an informal pecking order…If we are going into a meeting today, the first person who would talk would be the person who organized the meeting. If they want to turn it over, their choice to turn it over to someone more technically-oriented, whatever. And then if there are any companies that are constituents of that staff person, they definitely get top billing on that because at the end of the day, that's going to make a huge difference…But you almost got a script together after a while as to who was going to say what. There would be one person at the end who sort of cleans up and makes any point that people have just not made. And it's like a little routine that you get into that hopefully the staff person didn't realize it and say that. But you sort of know what your strength is…You have people that really do have assignments throughout the group. And actually with the most recent effort, there was a stage at which we were doing visits and before the meetings we would say, “Okay, who wants to talk about smoothing?” And someone would say this. “And who wants to talk about, you know, whatever, premiums,” or whatever the issue was. And someone would volunteer.

As noted above, the appearance of unity among the group (even if the reality is lacking) is critical in these situations. Staying within your role and on the group message prevents opponents and congressional staffers from driving wedges between group members. The lobbyist has to accept the part in the drama that is put on by the group even if their key issue might be somewhat different.

Don’t put someone’s name on a letter without their approval – Coalitional work involves group decision-making, and there are norms related to that process. Probably the most important tool that any coalition has is the group letter because it states the position of the group as well as often indicates the strength and unity of the
coalition ("we represent X million Americans..."). Letters from broad coalitions are
designed to impress policymakers with their long list of signatories so the temptation
is there to pad the membership list. However, as Tom, an attorney, noted, individual
organizations will closely guard the use of their names:

Yes, there are some dos and don'ts. There are clearly dos and don'ts although
people break the rules. There is a constant struggle I think and it’s come up in
the Pension Coalition to never put another association’s name on something
without their okay. And because of a few guys in association, you have lost,
you can’t let other people do that to you, it’s just wrong, but I mean lot of
people do it; inadvertently, maybe, but they do it. And the fact is, it’s not like
it makes that big a difference, not like anybody's studying this list of people
who signed this letter and there are 23 names, they are on it. But it is very
touchy subject and that can be tense...

As will be discussed below, violations can result in groups leaving the
coalition. This norm is designed to give all coalition members some control when, as
is often the case, the coalition is being run by a small group of members.

Present Both Sides – A trust-related norm that applies to lobbyist-policymaker
relations is “Present both sides of an argument.” Arguably, this might be related to the
norm from McCauley’s classic study (1963) of Wisconsin businessmen. In that study,
respondents emphasized that commitments must be honored; one should produce a
good product and stand behind it. In a similar vein, the arguments made by lobbyists
should not just be persuasive but also be accurate and acknowledge the opposing view.
Many informants said that effective lobbying included presenting both sides to an
argument, and this certainly fits with a view of lobbying as a profession. Your
argument should stand up to criticism. However, there are important reasons in terms
of the personal relationship with a congressional staffer in offering both sides to an
issue, as Andy notes:
One of the most effective ways to be a credible lobbyist is to acknowledge to those you are trying to persuade the weakness of your own position... I also think that you earn yourself a great deal of trust with the people you are lobbying - and this is probably also true in your interactions with others, within the advocacy community; it most comes up between those who are lobbying and those who are being lobbied - I think that they are grateful that you are alerting them that, "Hey, there's another side to the story here." And because it saves them a lot of time, first of all. It saves them from being embarrassed, either themselves or giving their boss only half the story. And it shows that you are an honest, honorable person.

And it never ceases to amaze me that you sometimes see advocates who are unwilling to portray that, the weak side of their own argument. Now, do you always try to put your own spin on it? Try to craft something in the most positive way? Of course you do. Do you always want to bring all the negative things, particularly if it's in a written document? Well, you want to be careful about that, you know, you want to make sure that you putting out stuff in written testimony or in written talking points for a meeting that leaves people with the impression that you want to leave them with. But, it's also just a very effective way to be an advocate, just to say you know, "Critics of this legislation would say X, but here is where their argument falters." And the other side. And I think that to the extent that people take those intellectual shortcuts, they undermine their own credibility. And so, do I always do it perfectly? I am sure I don't. But, as a philosophy about how to go about doing it, I think it works best, and that's what earns you the admiration of people even who disagree with you for being a straight shooter.

Martha, a pro-business lobbyist, observes that there are consequences for the personal relationship for not following this norm:

And at first, if you are going to have a member carry an amendment for you, the most valuable thing you can tell them is who is going to rise up in opposition so that they can appropriately prepare for that. But if you go in, you tell them that everything is hunky-dory and do this thing and they go out there and somebody has a hissy fit, well, they are not going to come back to you very much.

Helen, a pro-worker activist, notes, “I guess I would say to someone new doing this [job] is, do it on an issue you really believe in, but listen to the other side and make sure that you are advocating a position as fair and balanced.” Eric, who
works for a professional organization, comments on the function of the norm of providing both sides to an argument. He noted that congressional staffers, whether they work for a committee or for an individual member of Congress, are very smart and expect technical proficiency from retirement lobbyists:

And if you go in there and you are not technically proficient, you will lose their trust on the pension stuff. They have got to believe that you are good at giving them the straight scoop whether it’s, both the good and the bad. I mean, they recognize that you have got an agenda and that you are trying to push something. But you need to tell them, right here is what people could criticize it about, here is what people could say positively about it and you need to be able to convey both sides of something otherwise they are not going to feel confident in relying on you because, like I said, the stuff is so technical that trust issue is critically important. Whenever you get into stuff that’s super hyper-technical like pensions, having staff who will trust you is very, very important.

Quincy, who works for a financial services firm, connects the norm of presenting both sides back to the core issue of trust:

I think you [create trust] by showing up time after time with good, substantive information and not seeming like a sales person. And the way I try to do it is by making sure that when I am presenting information on the Hill that I try to present both sides. I know that when I worked on the Hill I always felt a little uneasy when someone would come in and give me a big sales picture and not acknowledge that there was another side to it.  

Dave remarks that a lobbyist has to be a straight-shooter:

It goes to the issue of trust. These are ongoing, long-standing relationships, particularly when you are talking about the particular world you play in. There are committees of jurisdiction, there's a handful of committee staff who drive all the outcomes on issues that my clients care about. So you don't want to be seen hiding the ball…And I do think that goes mainly to the issue of trust. We

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129 Interview conducted by the author, August 2, 2006.
don't want to snow these folks in any way because if they feel snowed, that's not going to be a good thing for you or for your clients over the long haul

Irene, who works for an employers’ trade association, provides a concrete example of presenting both sides to an issue:

There is an issue on the Hill related to the prohibited transaction exemptions; Pension Rights Center hates it. I called up the Pension Rights Center. I said, what do you hate about it? They said, well, they didn’t know exactly but they had called up, a benefits attorney had called them and said it was bad because it will allow anybody to create a hedge fund. And I said, okay, well, do you know what rules hedge funds have to comply with in order to be a hedge fund? No, they hadn’t thought about that. So I tracked down the rules that the hedge fund has to comply with only to find out that there is a list of rules that the hedge funds have to comply with; you just can’t go out and have the ‘John Scott’ hedge fund, you have to be able to comply with SEC’s rules...And so, you have some rules you have to comply with, and so this benefits attorney was looking at it totally from a benefit, from a tunneled perspective and not taking into account the larger regulatory environment. So I am free to go to the Hill and say, “Hey, look they do hate it, but here’s why they hate it. It’s based on this one attorney’s interpretation and here’s, he’s interpreting the benefits rules, not the other regulatory rules.” Well, the staff for that office is free to decide whether they want to go with Pension Rights Center or they want to decide against the Pension Rights Center. But at least I provided them the reasons and tools to go my way, not making them go my way, but they could if they wanted to.

Don’t Undermine Another’s Position - In general, lobbyists should be upfront with each other, as Tom comments: “Another do and don’t that is violated sometimes is never stab people in the back. It’s just to be upfront about what you are doing and that’s violated all the time but at great risk…” If you are a lobbyist, and you have represented your client’s position in a certain way, you would care very much if others tried to undermine or misrepresent what your client wants (“they won’t mind if you insert my provision into the bill” or “the bill failed because that group refused to compromise”). While the lobbyists I interviewed acknowledged that a certain amount
of this goes on and can be tolerated, they did indicate that this was an issue that invited sanctions, as will be discussed below.

Keep information confidential – Recall above Carl’s statement that he is mindful of the level of trust when he is conveying confidential information, which may be new developments, his own strategy, or simply asking what others are doing. Also, we read Andy’s quote that in deciding to give information to others, he has to consider whether those others are allies who would need the information. Again, this is a calculation that considers the interests of others because he wants the relation to continue.

Norm Violations and Non-Substantive Norms

In the prior section I have detailed a number of substantive norms, some broad like a general call toward cooperation and some narrow like “don’t send out anything with an organization’s name without first getting permission.” These norms enable everyday transactions in the community of lobbyists. However, violations can and do occur, particularly in pressure-packed situations, as Andy relates below:

[T]he closer you get to a bill coming to the floor for a vote or in a conference, the more this stuff happens because the more pressure things get in terms of time, the more misrepresentations are made or things are being done in haste and people are forgetting to cross all the t’s and dot all the i’s and a lot of stuff can get nasty just because people are not paying attention and doing it in haste and maybe have other, their own agendas to try portray somebody as being less helpful than they are or that they are being more helpful, you know. And I mean, let’s say somebody up in Congress, you know, one staff member will say, “Well, my Senator is really going to bat for you all, but the other ones are really the source of the trouble here.” And that may be an exaggeration or misinterpretation or an outright bald-faced lie that they're doing for whatever reason to promote themselves.
What do you do? What happens when someone does not consult with you first or misrepresents your position to third parties? What are the remedial tools available to you? Ellickson (1991) calls these non-substantive norms – others might call them sanctions – and they fall into rough categories of what is the process of sanctioning violators, what is the appropriate remedy, who are members of the group subject to sanction, and who gets to enforce the rules.

**What is the Process?** - The issue here is the process of identifying and correcting a violation. To use the parlance of the law, these procedural norms are about obtaining and using evidence. How do we obtain and weight the information about violations of others? When can we apply sanctions?

Lobbyists, particularly those that work in a particular area over long stretches of time, have densely overlapping ties and relations. Moreover, these social relations are an important component of their work. The nature of the work and structure of the relations help define the process through which one seeks to correct violations of norms. Because of this context, lobbyists are initially reluctant to confront other lobbyists who violate expectations of certain behavior. Consider the following passage in which Andy had mentioned that some lobbyists will misrepresent his position to third parties: “If it's a minor thing and you just suspect it, and it's part of the rough and tumble and give-and-take, you know, you by and large let it go, and you don't make a stand over every specific instance.”

Why let some infractions go? More broadly, sanctioning one person may affect the broad pattern of relations, say in a coalition, as Betty noted:

If you are working with someone who is working for another trade association or lobby organization, and they have been assigned to this issue, you're not in a position to fire them. And if you're part of a coalition and they're paying or whatever, you're stuck with them so you try to make the best of it.
However, at some point the cost of doing nothing outweighs the cost of the sanction. Resembling almost a logistic function, the propensity to sanction another lobbyist is quite low at first and then accelerates after some threshold has been reached. As Dave said, “Is the conflict or is the problem significant size that it’s worth the engagement that will be necessary to address it or correct it?” Andy also speaks to this:

But sometimes something gets bad enough that you have to make a stand. It's never pleasant, but if somebody did something that deliberately double-crossed you, you can’t let them make you out for a chump because it will happen again and again and again. So you have to stand up and let them know that you are not pleased about it. It may come from a quarter where it is an organization that you deal with everyday so you can't let it affect the ongoing relationship that serves both of you well. You just have to get it out there and clear the air. A lot of that depends on how much trust is there in the underlying relationship.

Therefore, in terms of process, among the close-knit community of lobbyists, one does not immediately seek a remedy for run-of-the mill infractions because of the high cost to sanctions in a close-knit community. Obviously, this entails some judgment and likely depends on context.

What’s the Remedy? - The next set of non-substantive norms is remedial norms. Remedial norms deal with the nature and magnitude of the sanction. What is the type of remedy that is most appropriate to the violation? Ellickson’s Shasta County ranchers used both gossip to third parties and direct action, what he called ‘self-help’, such as ‘borrowing’ farm tools from offending neighbors. Depending on the context, lobbyists apply certain remedial norms that could be called “direct and discrete”. In the context of the Hill visit, a lobbyist may be suspected of not toeing the coalition line in an upcoming meeting with a congressional staffer. Before the meeting, the lead lobbyist might approach a “loose cannon” in this way:
Well, what I have said is, "Look this meeting is, say, on 30-year Treasury [interest rates]. I know that you’re supporting it even though you have a different number one issue. I can't prevent you from bringing it up in the meeting, but please let the staffer know that it is separate and distinct from this issue and that's an issue that you're pushing because you know, it's really not fair to us.” And I have never had anyone who balked at that kind of thing.

Another lobbyist mentioned the importance of assigning roles prior to a Hill visit meeting as a technique to keep people in line. This is done as a group and helps enforce mutual expectations within the group.

You huddle pregame with the problem people and just make sure that this meeting is about XYZ, and here's our message points, remember here's what we want to drill into their heads. That type of thing. Sort of reinforce the message. Not that, you know, you want to do it, obviously you have to approach it delicately. You wouldn't want to be singling them out. A lot of times what we'll do, and I think it's a good thing, if you're starting up a new coalition and it's a new issue that a lot people haven't worked on…. And we would meet 5 or ten minutes beforehand just to sort of go over what we were going to talk about, just in the hallway, and, you know, make sure we reinforce the talking points in our minds, who was the leader, who was going to say what.

The other way of approaching the problem is, I guess, is to go about it more gently and to say, "You know, well maybe in future meetings we should stick to the point," as a suggestion and not, “Let's not talk about something.”

With the latter quote, the lobbyist Carl, who is speaking, is appealing to the other lobbyist’s sense of process rather than trying to shut her issue down. If it occurs during a meeting, you also approach it gently but firmly by speaking directly to the person involved: “And I think there is a polite way that you can say it. But I have indicated or had someone else in my group indicate that, ‘Hey, we are not really here on this.’”

Sometimes more direct methods have to be employed. Dave provides an example of direct self-enforcement:
But I certainly had conversations where, somebody in a trade association was out giving speeches, asserting or hinting that one of my clients was doing X. And my client wasn’t doing X. But this person wanted to be sure that my client didn’t think about doing X. So I had to sort of engage with them directly with them and say my client is not doing X, we’re not planning on doing X, stop giving the speech.

This author witnessed direct pressure to cooperate in a coalition context. A coalition had been formed over an issue that was under active contention, and an important congressional hearing had just been announced. One trade association in the coalition received advanced notice of the hearing and was able to secure a spot at the witness table. Because there were very limited opportunities to testify, the prestige of the trade association would have been boosted by having a witness appear before the congressional committee. But when one member of the coalition found out, they applied very direct pressure on the trade association to have their witness appear on behalf of the coalition rather than on behalf of just the trade association. After some shouting (“You can’t do this!”), the trade association yielded. In this instance, the parties involved knew each other very well from years of working together. These organizations were at the center of the very closely knit relations in this policy domain. This familiarity may have made the individuals feel that they could speak more freely because they needed to clear the air.

As noted above, norm enforcement is costly so lobbyists are reluctant not just in when they apply sanctions but also in the choice of remedial tools available to them. In what way are remedial tools costly? Andy was asked why, when others deliberately misrepresent his organization’s position, he does not spread gossip about the offender. He replied,
I mean, I don't do that only because my mama and daddy didn't raise me that way! Does it go on? Sure. Do I vent my frustrations or concerns about that within the family of my own colleagues within my own organization? Yes. But, do we also try very, very hard to make sure that that kind of disappointment or criticism just doesn't get out to the outside world and other member companies or other associations or the Hill? Yeah, I think we try very hard to make sure that that does not get outside because, you know, that's the type of thing that irreparably damages a relationship, to try to use some information to hurt others and...you just sort of have to hope that, in the final analysis, that it all comes out in the wash and that kind of having a reputation as being somebody who doesn't bad-mouth others inures to your benefit more than it may sometimes hurt you not to be able to tell people exactly what went on.

Part of the answer, then, lies in protecting one's own reputation and for a very practical reason: By spreading gossip to third parties, you essentially signaling that you cannot be trusted or that you might violating the norm of against “don’t stab someone in the back” through malicious rumor. Carl expressed the concern that your gossip may get back to the party that is the object of the gossip:

Well, it's also a very small town, and like you said, if you are going to be working on a certain set of small issues, you're going to see these people again and again and again. And, you know, you really don't want to have any bad blood.

In addition to the cost to one’s own reputation, there is a cost to the lobbyist in terms of damaging relationships within the community. “And what do you do? You do not want to start getting in the middle of other people's battles…” So one has to be very careful about how one handles people that violate some shared expectation.

Aside from “direct and discrete” remedial norms, there are long-term effects – reductions in cooperation – that reflect the culture of lobbying. Quincy explained this aspect at length in the context of working with congressional staff:
It’s not that the doors would be closed to them at all. I think it’s just more of people behind closed doors would roll their eyes. And they wouldn’t necessarily pick up the phone and call that person if they needed off the record advice…I think, lobbyists are people pleasers. And so with some exceptions it’s not necessarily in our nature to say, ‘you lied to me or I heard you were on the Hill lobby against our proposal, can we talk about that?’ and it’s been going on for seven years. That’s just my perception. And then to get to your question about this credibility issue, I think that there are consequences, but the consequences are not always obvious. There are definitely people that I feel like I have learned not to trust and yet I do work with them and I’m perfectly cordial to them and I would never say to them…

Interviewer: ‘I don’t trust you’?

Respondent: ‘I don’t trust you,’ yeah. And that has lot to do with my personality and maybe that’s probably why I’m lobbyist, I am a people pleaser. But those people are also not people that I would ever voluntarily make contact with. I’m forced to, because of the work situations and that’s fine; it’s not like I hate them, I just don’t trust them. So I think that those consequences are a lot harder to measure.

In some situations that do not involve trust or cooperative behavior, coalitions did erode or fall apart. In the situations that follow, there is a norm that says you do not send out anything in writing with an organization’s signature or do anything in the coalition’s name without getting prior approval from all members of the coalition. In those cases in which there were not very good or strong relations, exit was the only option sanction for violating this norm. The following quotation discusses a situation in which a coalition of some 70 organizations sent out a joint letter. A couple of months later, a new development on the issue inspired the coalition to re-send the letter with modest changes. Because it was basically the same letter, to save time coalitions were asked to opt-out of the letter rather than opt-in: Vernon, a pro-business lobbyist, discloses what happened next:

Well, you know, one person who was out on vacation didn't have a chance to respond. They were very angry. And they just exited the coalition just like that despite my mea culpa, and I should have got their opt-in ahead of time…I
didn’t know this person, there was not a lot of good will between us to begin with, I mean, they were just part of this coalition, more passive. And they were able to withdraw without any consequences because it wasn't like we could work it out because we knew each other over a period of time. If it was someone like [a similar trade association], they would say, "Hey, I didn't like the way you did that. Just make sure you contact me directly, etc."130

I asked Tom about violations against the norms of not stabbing people in the back, which he said is violated all the time. “Interviewer: Yeah but is there a cost to that? Respondent: Over the long haul.”

Who’s in the Group and Who Enforces the Rules? - Finally, I should offer a brief word about norms that define who is subject to group norms and who can apply those sanctions in the lobbying context. So-called constitutive norms identify who is part of the group through various ways, including dress, speech, etiquette, and/or rituals. These are the membership rules and rituals of solidarity. In some ways, the sources of trust mentioned above make up some of these constitutive norms: Common interests and ways of doing your job are but one example, and the dress of lobbyists might be thought of as distinctive (the lobby outside the Senate Finance Committee hearing room has been referred to in the past as “Gucci Gulch” due to the preponderance of expensive footwear loitering outside the hearing room).131 It is telling that one of the outside social movement activist leaders remarked that the Congressional staffers enjoy hearing from him because he is not the typical lobbyist – He does not wear a tie on purpose, and he does a lot of walking.132

As to who does the enforcing, again, this is a close-knit group that knows each by how they are quoted by the newsmedia, as the passage from Jim showed. Membership in this particular sub-community is measured in terms of doing the work,

130 Interview conducted by the author, January 20, 2006.
132 Interview conducted by the author, March 22, 2006.
day in and day out, for years. In terms of who enforces the rules, in the case of lobbyists, it is pretty clear that first person enforcement is expected for reasons mentioned above.

**Conclusion**

In this chapter, I discussed the cooperative norms that underpin everyday relations among lobbyists in a policy domain. In prior chapters, I showed with some success that certain lobbyists in a policy domain are connected to each other in relations that are durable and multidimensional. Moreover, these ties are strongly associated with joint activity in the form of coalitions, which in turn is associated with heightened influence or visibility. What this chapter shows is that these close-knit ties have content in the form of mutual and overlapping expectations. If you meet these expectations – if you play by the rules – can work in coalitions, get proprietary information, and have influence.

Specifically, the qualitative interview data indicated that trust among lobbyists was important on many levels. Trust reduces risk for all parties and makes possible many positive outcomes, such as unity, division of labor, and joint problem-solving. Trust among lobbyists is a product of a constellation of interacting factors, such as personal chemistry, mutual interests, comfort with observed patterns of work-related behavior, and the organizational context into which a lobbyist is hired. The lobbyist community is a close-knit community in that information about what others say or do easily circulates within the community.

The trust generated through these sources translates into a general trust-based norm of cooperation, which also is expressed in concrete situations as norms of “present both sides to an argument”, “be a straight-shooter”, “always follow-up”, “stay within your assigned role in Hill visits”, and “don’t send out letters with organizational signatures without permission”, among others.
It may be objected that these are not norms at all because they are not enforceable; that the sanctions mentioned above are not really sanctions. And indeed the quotations indicate that violations occur. I would argue that these specific expectations are enforceable, but lobbyists are likely to choose enforcement strategies that are not costly to their own reputations, to their direct relations, and to the fabric of the community at large. Therefore, most lobbyists will let some infractions go up to a point, after which they confront the offender directly, particularly if they know the other lobbyist. Lobbyists do not engage in gossip as a sanction tool because of reputation effects, but third parties who have power, such as congressional staffers, can enforce some norms by keeping parties “out of the loop”. Moreover, lobbyists in a web of relations take the long-view about everything including sanctions. The price, as Tom said, is paid “over the long haul.”

Hypothesis 4.1 argued that organizational representatives that value or exhibit durable ties to other organizations in the policy domain will also value trust, uphold trust-based norms of cooperation and reciprocity, and choose the least costly forms of sanctions. To the extent that one can evaluate this hypothesis through qualitative interview data, this hypothesis is largely confirmed. When lobbyists were concerned about reputation and future relationships, they generally valued the idea of trust and upheld cooperation while recognizing that such ideas and norms should be enforced in the least conflictual or costly way possible. Such lobbyists know each other and are conscious of each other. They are both backward-looking in terms of remembering the history to a relationship as well as forward-looking in terms of maintaining good relationships. Because trust is judged on personal qualities and behavior, one can readily see that time and history in a relationship matter; that is, close-knit ties matter.

However, this latter point does suggest an alternative hypothesis, which could be called a professionalization hypothesis. This hypothesis might state that what is
guiding lobbyists and congressional staffers is not so much the strength of interpersonal ties but their professionalism. By carefully observing the professional performance of each other over time, they can rank each other based on the quality of performance in terms of professional standards. Chapter 2 suggested an evolution from an atomistic and highly personal set of relations between lobbyist and politician to one that was structured through inter-association ties. Some of the quotes provided in this chapter also hint at this professionalization hypothesis, such as when Dave noted that sources of trust can come from the lobbying styles of other lobbyists (“Do you like the way they lobby? Do you like their style? Do you like their approach? Do they lay things out like you would lay things out? Do they not lay things out as much as you think they should?”). If a lobbyist performs in a certain way, we might be more comfortable working with him. Moreover, Andy noted that cooperating with congressional staff was the right thing to do if one cares about policy. And it is certainly arguable that expectations of behavior that initially derive from personal relations could become generalized into standards that form the basis for professional judgments.

A professionalization hypothesis is appealing, but it does have some problems relative to the Cooperative Norms Proposition laid out in this chapter. Unlike Abbott’s (1988) discussion of professionalization, lobbyists as a group do not have any explicit set of guidelines or certification requirements that work to guard the jurisdiction of their profession. Many lobbyists have legal training and may apply the bar association’s guidelines to their work, but many lobbyists are not lawyers or other professionals.\textsuperscript{133} Abbott (1988) makes the point that the social organization of

\textsuperscript{133} Washington, D.C. is likely the only place where one will see non-lawyers working as professionals in law firms although they might work outside of the traditional associate-partner track. Such professionals have a variety of names, like legislative consultant or policy associate. It may be that such persons have to subscribe to legal professional norms, but then again they may not.
professions affects the kinds of jurisdictional claims they make and success in achieving those claims: Relatively less organized professions have certain distinct advantages in workplace competition. Because they lack a clear focus and perhaps a clearly established cognitive structure, they are free to move to available tasks. Abbott (1988) gives the example of computer programmers are able to use this freedom to float out from programming into planning and operations, and similarly, lobbyists have an ability of lobbyists to ‘float’ across tasks and organizations, such as into government service and back. Moreover, the discussion on the sources of trust clearly indicates the personal quality of trust and hence the importance of cooperative norms for ongoing relations and joint activity.

In addition, even if the professionalization hypothesis were true, it would not necessarily exclude Hypothesis 4.1. Individual behavior and performance (how a lobbyists advocates) can and is distinct from intra-group behavior (how a lobbyist cooperates). Group welfare-maximizing norms can exist separate and apart from individual norms of performance and professionalism.

This is not to suggest that other norms do not exist or that pure self-interest never comes into play. I do argue that trust matters for maximizing group welfare because it is built on the desire to continue the relationships that constitute the group. Hence, norms that maximize group welfare come into play – not in every situation, but in many. The interests of the members of a close-knit group are part of the calculations of any member of the group.

Finally, this chapter has made some passing references to normative policy outcomes. For example, an early quote from Andy suggested that sharing information made policy better. However, the kind of group welfare-maximizing norms that have been discussed here can cut both ways in that cooperation, sharing information, keeping confidential information secret, and not deviating from the group agenda can
also lead to collusive outcomes. In other words, if a group of lobbyists are colluding to change the law in a way that is purely in their self-interest and to which most would object, at least most of these norms would assist them as well. Collusion involves a secret agreement to gain something illegally or fraudulently. A secret agreement would almost certainly require a high level of trust and may require norms of cooperation such as the kind discussed here. The lobbyists I have interviewed here believe that they are not colluding for any illegal purpose, but for someone on the outside of a close-knit group looking in, these norms would appear to operate on a knife’s edge.

At the very least, these cooperative norms have an exclusive characteristic. If you are an outsider to the group, you have no time or history in terms of relationships. Thus, full participation in the information flows in a policy domain may be limited for those without close ties to insiders. If that is the case, do close-knit relations hinder participation in the policy process by outsiders? Are close-knit relations a threat in terms of collusion? These are the questions that Chapter 7 takes up next.
CHAPTER 7:
INSIDERS AND OUTSIDERS

In 2003, the following excerpt appeared in an article in the Wall Street Journal:

THE RETIREMENTS OF millions of Americans could hang partly on the relationships between those who regulate pension plans -- and are drafting regulations -- and pension lobbyists and consultants hired by employers and financial firms.

The relationships are social as well as professional. Consider a recent party at the Washington home of William F. Sweetnam Jr., a lawyer at the Treasury Department who is playing an important role in drafting regulations for what are known as cash-balance pension plans. The party was thrown to welcome a new congressional staffer working on pension issues. It was co-hosted by Brian Graff, a lobbyist for the American Society of Pension Actuaries, a group representing those who make a living running employer-sponsored pension plans, which has lobbied in favor of cash-balance plans.

Not invited were any of the few lawmakers and congressional staffers who have staked out strong positions against cash-balance plans, which offer financial benefits to employers but can reduce payments to older workers.

Instead, among the invited guests -- aside from a smattering of congressional and Treasury staffers who work on pension issues -- was a long list of lobbyists representing employers on pension and retirement matters. They included individuals from the Erisa Industry Committee and the American Benefits Council, whose members include International Business Machines Corp., AT&T Corp. and hundreds of other large employers with a financial stake in the outcome of the pension regulations Mr. Sweetnam is drafting.

Also invited were lobbyists from the American Council of Life Insurers; Wall Street's Securities Industry Association; Davis & Harman and Groom Law Group, law firms that lobby on behalf of employers and benefits consultants; and Cigna Corp., which is defending an age-discrimination suit involving its cash-balance plan.

Mr. Sweetnam, the Treasury's benefits tax counsel, says the party to welcome Judy Miller, an actuary from Montana joining the Democratic staff of the Senate Finance Committee, was a social event, not work, and the staffers and lobbyists he invited were people with whom he works regularly and "who are also my friends."

Says Mr. Graff, executive director of the ASPA, who has also worked on the staff of the Joint Tax Committee of the House and Senate, and for Groom
Law Group: "The pension community is certainly a relatively close-knit group . . . because there aren't that many people with a great deal of technical pension expertise" (Schultz and Francis 2003b).

Several themes that are prominent in this excerpt are also relevant for this chapter. One theme is the overlapping nature of relationships in the retirement policy community and the close-knit nature of the group, a theme that was illustrated in the prior chapter. A second theme is the tight connection between business and policy and the revolving door between public service and private sector employment – Note how the article mentioned prior employers of one of the party’s co-hosts, Mr. Graff. A third theme that is more implicit is the role of money in public policymaking. For example, the financial stakes to various entities and interests represented at the party were made clear. Finally, a fourth theme is the distinction between those invited to the party and those who were not. This last theme connects to the overall focus of this chapter, which is the distinction between insiders and outsiders in policymaking.

In the first six chapters of this project, I focused on the structure and workings of a single community of lobbyists. The perspective has been largely internal as I have studied the nature and extent of relations among lobbying groups, how they work together, to what extent their relationships generate influence, and the role of trust and cooperative norms within this community. This chapter represents a shift in perspective as we consider how those outside of the everyday relationships of lobbyists, such as the journalists who wrote the excerpt quoted above, as well as others, view relations in a policy domain.

In this chapter, I am concerned with how these close-knit relationships fare when put under the microscope by outsiders. While social activists might be a typical example of outsiders in the context of policy circles – and I have certainly referred to activists in this way – outsiders also might include agents who, while not socially
distant from embedded lobbyists, nonetheless lack close-knit ties within the policy community. Such outsiders might be the principals who hire lobbyists, and I will consider those principals in addition to social movement activists. In both cases, we shall see some pressure on trust-based relations within the retirement policy domain. Before we discuss outsider perspectives, I want to restate the proposition and hypothesis that motivate this portion of the research:

**Collusion Proposition**: When a group characterized by close-knit ties is challenged by socially distant actors, the challenging actors are likely to frame group-specific norms of cooperation as ‘collusive’ or ‘corrupt’. To summarize from Chapters 1 and 3, groups seeking to change policy (e.g., social activists) are faced with a choice of tactics and actions in which to make their claim(s). This choice is a function, in part, of the level of cohesion of the opposing group (e.g., lobbyists) and the amount of social distance between the challenging group and the opposing group. If the level of cohesion is high enough and the social distance great enough, the choice of the challenging group would likely shift from a tactic that is solely focused on the substance of a claim to a tactic that includes a focus on the nature of the opposing group. Thus, the following hypothesis:

**Hypothesis 5.1**: The greater the social distance between challenging and challenged groups and the greater the level of embedded relations within the challenged group, the higher the likelihood that the challenging group will focus its action on the challenged group itself.

I argue that retiree activists move from a straight-forward claim of employment fairness to incorporating a narrative of collusion among close-knit pension lobbyists as part of their claim-making. In order to do so, they borrow frames and narratives from available sources, such as journalists and policy experts who create a portrait of collusion. These collusion narratives draw on reservoirs of cultural portrayals of
lobbying that have been filled up over decades of political life – We discussed these cultural portrayals in Chapter 2. These narratives of collusion go beyond the claims of the prior chapter by alleging a secret agreement for illicit purposes among the corporate pension lobbyists. While I argue that such a collusion narrative is a function of both the close-knit ties among lobbyists and the social distance between lobbyists and activists, a possible alternative hypothesis is that charges of collusion would have been made regardless of social distance and close-knit ties. I discuss this alternative at the conclusion of the chapter.

This chapter is organized as follows: The next section briefly discusses sources and methods for this discussion, which includes a review on frames and narratives. A brief note on social distance follows. The major portion of the chapter deals with the cash balance controversy and the activists working on cash balance issues. The first section, supplementing the general description of retirement policy from Chapter 3, provides some brief background on the cash balance issue that was prominent from 1999 through 2006. I do this because some of the qualitative data that are included in this chapter will make references to those issues, and in addition, I hope to show that in one case the substantive claims are not unrelated to the perceptions of collusion. Following that background, I will go through the outsiders’ perspectives on close-knit relations among lobbyists first from the point of view of activists who oppose them.

After the cash balance discussion, I also include a section on the tensions between principals and agents when the agents are our lobbyists in a close-knit group. While not as socially distant as outside activists, principals share similar concerns about collusion.

Sources and Methods – This chapter relies on a variety of qualitative materials, some of which come from interviews that I conducted and that were described in the prior chapter and much of which also come from a variety of public sources that will
be cited more formally. The narrative section is split between what I call external sources like the news media and internal sources such as the activists themselves. For the external sources, I relied mostly on news stories and columns, and the bulk of these come from the Wall Street Journal. The main Journal reporter for pension news was Ellen Schultz, the co-author for the excerpt that opened this chapter, who provided a steady series of reports on pension policy and retiree-worker activists. In my interviews with lobbyists and activists, she was mentioned time and again as being especially influential and so I focus on her stories here. For the internal activist sources, I focus on two main groups, activists for IBM workers and retirees and a coalition group called the National Retiree Legislative Network (NRLN). While cutbacks in pensions and healthcare benefits certainly occurred before 1999, everyone acknowledges that it was IBM’s decision to change their pension benefits in April of 1999 that brought these issues to the forefront of the popular and business press as well as to the top of the policy agenda. The NRLN was not the first coalition of retiree and worker activists, but having formed in early 2000 and continuing to this day, they are very representative of a broad range of older employee groups. Therefore the activist sources largely focus on these two groups.

Moreover, the process of showing the Collusion Proposition (if not actually testing it) will involve largely the telling of a narrative drawn from these qualitative sources, which narrative links key targets together into a storyline that is used in the advocacy of outsiders. In sociological and anthropological research, the word “frames” is often used to analyze qualitative material so I want to just briefly discuss the relationship between the term “frame” and the narrative that I develop here.

According to Snow and Benford, a frame is

An interpretive schemata that simplifies and condenses the “world out there” by selectively punctuating and encoding objects, situations, events,
experiences, and sequences of actions within one’s present or past environment. (1992: 137)

Collective action frames are accentuating devices that either “underscore or embellish the seriousness and injustice of a social condition or redefine as unjust and immoral what was previously seen as unfortunate but perhaps tolerable” (Snow and Benford 1992: 137). Frames are not merely repetitive of traditional cultural meanings; if they were, social movement activists would be prohibited from challenging them (Tarrow 1998). Instead, activists engage in what Snow and associates call frame alignment processes in which the activists align their own values and goals with those of the broader culture (Snow, Rochford, Worden, and Benford 1986). This is an active and processual phenomenon that implies agency and contention. Frames are constructed and contested through multiple sources and actors, including the use of brokers who create new connections between in this case previously unconnected cultural products (Tilly and Tarrow 2007). They also have sources in “cultural reservoirs” from which activists draw selectively (Tarrow 1998). We saw in Chapter 2 that the portrayal of lobbying over the years created just such a cultural reservoir of which reforming politicians repeatedly availed themselves.

“Master frames” are larger cultural frames that provide the interpretive scheme through which agents associated with disparate movements assign blame and express goals (Tarrow 1998). These master frames are larger in scope such that multiple social movements in the same movement cycle might borrow them. For example, a “rights” frame might be borrowed simultaneously by Civil Rights, Women’s Rights, Gay Rights, and Human Rights movements.

While the discussion in this chapter is reliant on this frames context, I use instead the word “narratives” in order to get closer to the action and expression of the actors involved. For me, analytic narratives are a combination of frames that combine
into seamless and nuanced stories that encapsulate the problem or grievance, the blame for the problem, what needs to be done in terms of tactics and strategies, the motivation for acting, and have multiple uses by multiple actors. I hope that this term of “narrative” will be useful to the reader.

Social Distance – Before getting into the narrative surrounding the cash balance controversy, I just want to insert a word on social distance. Recall from Chapter 1 that social distance was a function of both boundaries (which in our study is comprised of group norms) and identities. Several actors noted differences between the lobbyists and the activists. Repeating a reference from Chapter 6, one of the outside social movement activist leaders remarked that the Congressional staffers enjoy hearing from him because he is not the typical lobbyist – He does not wear a tie on purpose, and he does a lot of walking. When asked about some of the more aggressive assertions against corporate lobbyists, pro-worker lobbyists were quick to disassociate themselves, as Irene commented: “We didn’t do that…At one point, you set these activists in motion, there is no controlling after that.” While not dispositive, I think these examples provide some indications that both lobbyists and activists were aware of a social distance between the two groups. However, in the narratives below, the process of identity creation, both of the activists themselves and of the opposing lobbyists, will also add further weight to the argument of the existence of social distance.

At the end of the chapter, I include a discussion of perceived collusion in the principal-agent relationship. The principals in this case are major corporations who hire lobbyists as well as belong to trade associations. While they have ongoing concerns about pensions and benefits, these corporations do not usually have a continuous focus on pension politics and policy. Typically, corporate government

134 Interview conducted by the author, March 22, 2006.
relations personnel have large portfolios and rely on their hired lobbyists and trade associations to monitor pension policy. While not as socially distant as retiree activists, they are nonetheless outside of the close-knit community as we shall see.

In order to understand the narrative of activists and the concerns of principals who hire lobbyists, the next section provides a little background on the specific cash balance controversy that figures prominently in the outsider-insider tension.

**The Cash Balance Controversy**

**Cash Balance Pension Plans** – A recent and significant controversy is over new types of plans known as cash balance or hybrid pension plans (henceforth, I refer to these plans as cash balance plans). These plans became popular in the 1990s, and roughly 25 percent of the Fortune 1000 sponsors of defined benefit plans currently have a hybrid plan (Watson Wyatt 2005). Table 7.1, reproduced from Chapter 3, below illustrates the trend in the number of cash balance pension plans. The first adoption of a cash balance plan was by Bank of America in 1985. By 1999, 599 plans with 100 or more participants had adopted the cash balance formula. This number nearly doubled to 1,037 in 2003, the last year for which we have data (Buessing and Soto 2006).

To recap, traditional DB pension plans typically provide a benefit as a percentage of pay, which is usually some average of the worker’s final years of salary. Under this traditional scheme, benefits are weighted at the end of a career when earnings and tenure are highest. In contrast to traditional DB pension plans, benefits in cash balance plans accumulate as a hypothetical account balance (hence the name cash balance) – mimicking a 401(k) plan – that is typically paid as a lump sum when the worker leaves the firm. Benefits accrue more evenly over a worker’s tenure as compared to traditional, and this even accrual allows for more predictable funding. A conversion to a hybrid plan might provide more benefits in the early or middle part of
a career, but it might lack the exponential increase in benefits that accrue at the end of a working career. Thus, many have charged that switching current workers to a cash balance pension plan reduces future benefits for those workers who will not realize that accelerated increase in benefits at the end of their careers (Watson Wyatt 2005). As a result, much of the effort of worker-retiree activist groups is to prevent the legitimization of conversions to these new cash balance plans.

Table 7.1: Distribution of Retirement Plans Among Fortune 100 Companies

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>1985</th>
<th>1998</th>
<th>2002</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Defined Benefit Pension</td>
<td>89%</td>
<td>68%</td>
<td>50%</td>
<td>42%</td>
<td>37%</td>
</tr>
<tr>
<td>Hybrid Pension Plan</td>
<td>1%</td>
<td>22%</td>
<td>33%</td>
<td>33%</td>
<td>27%</td>
</tr>
<tr>
<td>Defined Contribution/401(k) Only</td>
<td>10%</td>
<td>10%</td>
<td>17%</td>
<td>25%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Note: Most of the firms that offer a traditional defined benefit pension plan or a hybrid pension plan also offer a 401(k) plan.

In response to these trends, pension activism began to take shape in the mid-1990s. The first umbrella group for pension activists was the Coalition for Retirement Security, which formed in 1996. In 1999, IBM converted its traditional DB pension plan into the new cash balance pension, which event generated a large number of media stories, and the number of activist groups and their connections to each other increased. I identified 20 individual (that is, company-based) social movement organizations (SMOs) and two coalitions that include some of the 20 SMOs that are devoted to pension and retiree healthcare issues. Most of these groups generally are still active and engaged in lobbying and/or litigation.

135 Federal law does not permit the reduction of benefits already earned or accrued, but it does allow firms to eliminate benefits that have not yet accrued.
Groups of workers and retirees at affected companies have used a multitude of strategies to slow pension changes at some firms. Between 1996 and 2006, at least 26 class action lawsuits charging age discrimination just with regard to cash balance pension plans have been filed (American Benefits Council 2006). Workers and retirees also held protests at shareholder annual meetings and regulatory hearings, led proxy fights, lobbied for legislation, wrote grassroots letters, testified before agencies and Congress, and worked the media.

Various bills relating to cash balance plans were introduced beginning in 1999, but representatives for labor and management could not agree on key issues, particularly regarding past conversions to cash balance plans and shielding employers from lawsuits. Beginning in 1999, the regulatory bodies governing pensions were beginning to take a look at cash balance pension plans with the lead regulators being the Treasury Department and the Internal Revenue Service. Acting on a belief that the regulations would favor employers, Congressman Bernie Sanders (I-Vermont), who had a large contingent of IBM workers in his state, began sponsoring legislation that would limit the spread of cash balance plans and limit the legality of prior conversions. Specifically, from 2000 to 2003 Representative Sanders successfully amended spending bills funding the Treasury Department and IRS, which amendments prohibited the use of funds for regulations that covered cash balance plans. In 2004, the Treasury decided to shelve its regulatory project. In 2006, the Pension Protection Act legalized cash balance plans on a going forward basis but did not bless prior conversions. It was not until 2007, however, when court cases finally turned back lawsuits against employers on age discrimination grounds that the controversy seemed to subside.

These controversies over corporate pensions led to the pressure being put on the retirement policy domain by outsiders, who targeted insider-lobbyists. The next
section discusses the development of the cash balance narrative and its adoption by activists.

**The Cash Balance Narrative**

In this section, I focus on the development of the narrative used by activists to press their claims on the cash balance issue. According to the cash balance narrative, employers and their service providers instigated the cash balance program in order to cut costs, but such plans were inherently illegal so that a legislative fix was needed. To show the development of this narrative, I first present two narratives from external sources such as journalists and policy experts, one that focuses broadly on the social contract represented by pensions and another that concerns the development of cash balance policy. I then examine how these broad narratives are incorporated in the claims of worker/retiree activists. However, before getting to the narratives, I first want to highlight the key actors that are featured prominently in the narratives that follow.

**Targeted Opponents** – In order to understand the narrative that unfolds in the qualitative data below, it will help to describe the major organizations active on the pro-business side and that are referred to repeatedly throughout the various forms of the narrative. First is IBM, which is held up as the primary example of employers converting their traditional defined benefit pension plans to cash balance plans. IBM was by no means the first employer to convert to a cash balance plan, but they were the first to receive substantial public backlash for their decision. The narrative also includes retirement plan service provider firms. These include consulting and actuarial firms like Towers Perrin, Kwasha Lipton (now part of PricewaterhouseCoopers) that design and operate cash balance plans as well as law firms, most prominently Covington & Burling, a Washington, D.C., firm, that specializes in employee benefits policy and litigation. Some of these service provider firms came together around 1990
to form the “Cash Balance Practioners’ Group” in order to resolve legal issues related
to creating and implementing such plans. Then there are trade and professional
associations that lobby on behalf of employers and service provider firms. The best
known of these are the ERISA Industry Committee (ERIC), the American Benefits
Council (ABC), and the American Society of Pension Professionals & Actuaries
(ASPPA).

In addition, there are overlapping relations among these organizations. For
example, IBM belongs to both ERIC and ABC. Covington & Burling represents both
IBM and ERIC. Many of the prominent service provider firms belong to ABC, ERIC,
and ASPPA as well as providing actuarial and legal services to ERIC and corporate
employers such as IBM. Finally, as we saw in Chapter 4, lobbying organizations like
ABC and ERIC worked together in coalitions. Figure 7.1 provides a simple schematic
of the nature of these relationships. Arrows indicate the flow of resources from one
entity to another. For example, the arrow going from IBM to ERIC means that IBM
was a member of the ERIC trade association.

Figure 7.1: Interrelationships Among Firms Mentioned in the Cash Balance
Narrative
Source: Author’s calculations from original data
The External Narrative – Sources of the broad narrative include news media accounts as well as policy experts. A basic theme is preventing the breach of a social contract, which consisted of a promise that companies offered a pension that created wealth and security in old age and in exchange workers agreed to remain loyal to the company during their career. The New York Times noted that “I.B.M. was once the standard-bearer for corporate America’s compact with its workers” (Walsh 2006). “That social contract is under severe pressure” (Lowenstein 2005). Indeed, President Bush repeated this theme:

Many companies offer traditional pensions and fulfill their obligations to their employees and retirees. But too many companies do not put away the money needed to fund these promises. If a company gets into financial trouble or goes bankrupt, its failure to fund pensions will leave retirees with slashed pension checks. Every American has an interest in fixing this system because the Federal government insures these pensions and has to step in when companies fail to meet their responsibilities. Companies need to keep their promises and have an obligation to make sure money is set aside so workers get what they have been promised when they retire. (White House 2005; emphasis supplied).

In October of 2005, Time Magazine came out with a cover story entitled, “The Broken Promise.” For the Time writers, the issue was clear:

Corporate promises are often not worth the paper they’re printed on. Businesses in one industry after another are revoking long-standing commitments to their workers. It’s the equivalent of your bank telling you that it needs the money you put into your savings account more than you do – and then keeping it. Result: A wholesale downsizing of the American Dream (Bartlett, Steele, Karmatz, McLaughlin, Tsiantar, and Levinstein 2005).

A second narrative developed as the news media began to show interest in the cash balance controversy over the summer and fall of 1999. The new narrative that reflects this shift incorporates the prior elements of the greed of corporations and the
executives who run them as well as the breach of a social contract between employers and workers. But it adds new themes, such as (a) these cash balance plans had serious legal and equitable issues from their very conception; (b) because of these legal problems, corporate America needed a “legislative fix”, which only well-connected interests could obtain in secret through (c) the collusion of corporate lobbyists and policymakers through campaign contributions and ‘revolving doors’ of employment in the public and private sectors.

The term “legislative fix” had its source from a 1999 article by Ellen Schultz, then a reporter at the Wall Street Journal, who wrote about the “Cash Balance Practioners’ Group” that met in 1990 to work legal issues associated with the plan design: “Others fretted. Hugh Forcier, a lawyer at the firm of Faegre & Benson, warned in an October 1990 memo to practitioners at consulting firms that he didn't think the IRS would agree -- nor that they could achieve ‘a legislative fix.’ He feared that cash-balance plans would be found to violate the law and that the subsequent costs to employers could be ‘truly staggering’” (Schultz 1999).

Following this 1990 meeting, members of the pension professional community began to meet with Internal Revenue Service and Treasury Department officials. What the pension professionals sought was regulatory “safe harbor” language that would protect corporate sponsors of cash balance plans from age discrimination lawsuits. The safe harbor language was eventually contained in a 49-word sentence in a 1991 pension regulation. Schultz (1999) picks up the story here:

To make their case, benefits consultants and lawyers formed a sort of cash-balance practitioners’ lunch and slide-show brigade for officials at the IRS, the Treasury, the Pension Benefit Guaranty Corp. and Capitol Hill….While few Americans pay much heed to how pension law is developed, the story of the 49-word sentence and its paternity is pertinent to the lives of millions of baby boomers as they move closer to retirement. A review of government documents shows that the promoters of cash-balance pensions had some early
fans at the Treasury Department. Among them was Richard Shea, then the
associate benefits tax counsel, who became convinced early on that this new
form of pension was a good idea and urged others at Treasury and the IRS to
include the "safe harbor" sentence.

A month after The Sentence made its appearance, Mr. Shea left
government to join Covington & Burling, a law firm that advised many large
employers on pension matters and that later helped corporate clients such as
Eastman Kodak Co. and International Business Machines Corp. with their
pension plans…

The day after the proposed regulations were published, on Sept. 12, 1991,
Mr. Shea told members of the Erisa Industry Committee, an employer group,
that the proposals "provide a clear road map" for companies seeking to
establish or change to a cash-balance system. It was his last public appearance
as a Treasury official. Later that month, he joined Covington & Burling…

His firm, Covington & Burling, has written articles for the Erisa Industry
Committee to distribute in Congress and to the media, countering criticism of
cash-balance plans. The law firm, besides defending clients in age-
discrimination and pension suits, is helping clients squelch nascent litigation
brought by employees who contend the new-style plans discriminate against
aging workers…

Consonant with Schultz’s story, on July 14, 1999, Norman Stein, a law
professor at the University of Alabama and legal expert on pensions, testified before a
Department of Labor committee studying cash balance pensions. His testimony
echoes on the Cash Balance Working Group’s activities on Capitol Hill:

The "adoptions" of cash-balance plans are, so far as I can tell, always
conversions of existing traditional defined-benefit plans. If I am right, this
raises two questions: first, why do employers want to end traditional defined-
benefit plans and replace them with defined-contribution plans; and second,
why don't employers just terminate their existing traditional defined-benefit
plans and replace them with new defined-contribution plans.

The advocates of cash-balance plans have been pretty forthcoming with
their answers to the first question. Stung by newspaper articles critical of
cash-balance plans, industry-group supporters of cash-balance plans hosted a
private Capitol Hill lunch briefing for key members of Congress to defend
cash-balance plans. Notably absent from the luncheon, by the way, were any
critics of cash-balance plan conversions.

At the meeting, representatives of a group calling itself the "Cash Balance
Practitioners Group," explained why employers want to get out of traditional
defined-benefit plans. (Stein 1999; emphasis supplied)
In his testimony before the House of Representatives on July 7, 2004, Robert Hill, an attorney who represented several employees in cash balance lawsuits, provides the relevant background that closely tracks the narrative from media sources:

For example, following a 1990 meeting of what later became known as the Cash Balance Practitioner’s Group, attendees which included representatives from four large pension consulting firms and two major law firms--circulated a memorandum acknowledging that “it is well known that a [cash balance] plan is at risk under a literal reading of” the age discrimination laws. The Practitioners Group memorandum acknowledged that the practitioners had “heard representatives of the [Internal Revenue] Service express concern that because the benefits under cash balance plans are frontloaded, such plans may violate a literal reading of“ the age discrimination laws. In addition, the Report noted that a “number of practitioners believe that there is a very significant risk that the Service will ultimately take the view that it cannot avoid a literal interpretation of the statute.” For that reason, the group focused on the need for a “legislative fix” a prospect that the group did not view with great optimism. Finally, the practitioners warned that, absent a legislative change, “the potential employer exposure is extremely high” potentially increasing the plan liabilities four or five times. (Committee on Education and the Workforce 2004)

Faced with a political crisis, the legal and actuarial community continued to search for its “legislative fix” by relying on private meetings with congressional staff. However, the emergence of the controversy in 1999 made any legislative fix unlikely as worker activists refused to compromise. Moreover, preliminary judicial rulings in class action lawsuits were favorable to the workers and retirees.

Therefore, beginning in 2000 and continuing through 2003, the search for a fix shifted back to the regulatory process, as the story at the top of this chapter showed. At a time when the regulatory authorities at the Treasury and IRS were drafting regulations, the story indicates that key bureaucrats were socializing with corporate lobbyists, and clearly these relationships were important for policy goals. For example, in September 2003, when a vote on a Sanders amendment cutting off funding
for cash balance regulations was about to be held, a Wall Street Journal article (Schultz and Francis 2003a) reported that IBM lobbyists were distributing a set of talking points created by the Treasury Department that opposed the Sanders amendment. However, the talking points were an internal document that had been reformatted by IBM lobbyists:

…an International Business Machines Corp. lobbyist distributed a document that may have been doctored to show Treasury opposed controversial pension regulations,…

An IBM spokesman acknowledges that the company "reformatted the document" but says that it did so only to "clearly identify it as a document from Treasury" and that "our intent was not to misrepresent the document." He says IBM believed the document to be public.

An article in Wednesday's editions of The Wall Street Journal reported that an IBM lobbyist on Monday sent a document she called the "Treasury's statement of opposition" to various lawmakers' staffs. The Treasury document, on official Treasury letterhead, noted "Treasury Strongly Opposes the Sanders Amendment" and advised lawmakers to oppose the amendment.

In a subsequent investigation, it was found that the Treasury official, William Sweetnam, who was mentioned in the story that opened the chapter, apparently emailed in confidence the talking points about cash-balance pension plans to an attorney at Covington & Burling, which represented IBM as well as ERIC and which also was lobbying actively against the Sanders amendment. When the Wall Street Journal article quoted above came out, the Treasury official called the IBM lobbyists to complain (MarketWatch 2006).

The clear fear of activists at this point was that the pension community and their lobbyists would seek to reverse recent unfavorable litigation through an obscure and collusive regulatory process. Karen Friedman, Director of Policy Strategies at the Pension Rights Center, a Washington-based pro-worker nonprofit organization, stated at the time, “We need to create plans anew, authorized by Congress, not created in the
dark of night and that don’t fit the statutory framework of the pension law” (Byrnes 2003: emphasis supplied).

The Activist Narrative – Against the backdrop of media reports and policy expert pronouncements, retiree and worker activists were creating their narrative as a tool in rallying support and action for their goals. This narrative evolved over time and varied with different purposes. When IBM Corporation announced in April of 1999 that it would be transferring many employees from the traditional DB plan to a new cash balance pension plan, almost immediately, IBM employees began to organize against the company. As part of the mobilization, worker-activists created a website as a clearinghouse of their efforts, and workers could post comments. Excerpts from the websites comment page provide a glimpse of the focus of employee and retiree anger (Note: Many of the quotes below refer to “Lou” or “L G” who was Lou Gerstner, the CEO of IBM at the time of the pension change):

**Comments:** After 21 years with IBM, I feel like I’ve been SCREWED, LOU’ED, & TATTOOED.

**Comments:** IBM for almost 25 years...and just lost 48% of my pension. I earned it. I want it back! IBMers don't hide under a rock Speakups, tell all the other employees, write to Congress and the Media,write to the top management that ripped us off and tell them it's wrong and we won't stand for it. Webber, Tsao, Gerstner, the "Board", the whole "gang"... We all deserve our pensions back.

**Comments:** Worked for IBM for 18 years, 42 years old. Feeling poorer and badly treated. Ready to rock and roll! Would love to meet Lou face to face..

**Comments:** 22 years with IBM all across the country. Currently reside in Boulder. In my wildest dreams (nightmares) I never imagined that IBM would steal the money earned by generations of IBM employees. It disgusts me to think that a single group of self-serving individuals (our fine board and CEO) can potentially set the tone for disaster down the road. This doesn't just affect a select few, it affects all of us. Even the younger folks have said... "it is just a job." That is not an attitude that lends itself to loyalty, quality or the dedication required to run a services business. To all the stock holders investing in this once ethical and & proud corporation, take your short term gains. Nothing can come of this environment in the long run. Put your money in a company that reflects your values. A company with loftier goals than just lining the pockets of the executives (because current law facilities)....

**Comments:** I missed the old IBM pension plan by 28 days and my wife missed it by 5 months. How do they expect us to live on that amount. Just give me L G's stock and I'll be happy
Comments: Having 22 years with IBM, and being affected by the travesty announced in June, I want to go on record to have my voice heard that this action by IBM and other corporate entities is not only unjust and immoral, but has far reaching affects for ALL Americans in the future as these traditional pensions plans are replaced by cash-pension plans. Shame on corporate America and big business AGAIN! Ultimately, the little guy loses again and the large companies and their "fat cats" prosper with the rich ~ getting richer.

Comments: 19 years and screwed. Lets all join together and have a Blue Flu week. Dont give up the fight. Take off your running shoes at work and put on your loafers. Lou makes us all sick, but what makes me even sicker are the flunkies from HR who shovel out all this crap with a friggin grin on their faces. How do these people sleep at night? … If anyone is wondering what that noise from the east is just go visit TJ Watsons' grave site \(^{136}\) and you will find him 20 feet deeper from spinning in his grave. Wonder what he will say to Lou when he dies. Oops they wont be able to speak. Tom is in Heaven and Lou will be in lets just say a very warm place.

The narrative in these and literally dozens from the website is the breach of a promise by those running the company, who are outsiders to the old “true blue” culture of IBM and thus focused on personal short-term gain rather than long-term company growth. In so doing, it draws on the social contract frame discussed above as many of the comments are phrased in terms of years of loyal service.

But the activist narrative also changed in line with the cash balance narrative described above. What was the mechanism that changed their narrative from one centered on a social contract and their companies to one that included a corrupt political process? Their change in narrative likely began when they began to take a view of the pension (and eventually healthcare) issue that was broader than just their individual corporations. A coalition of worker groups had existed since 1996, but in the summer of 1999, a few worker and retiree representatives were invited to hearings held by the Department of Labor – the same hearings at which Norman Stein testified as discussed above. They were pulled aside by Professor Stein, who advised them that they were going to lose their class action suits due to legal precedents in the federal courts. He advised them that they would be more effective if they changed existing

\(^{136}\) Thomas J. Watson, Sr. (1874-1956), was the founder of IBM.
law. The worker and retiree representatives met later and formed the coalition called the National Retiree Legislative Network (NRLN) in January 2000. The following is the NRLN’s mission statement, which was taken from its website (www.nrln.org):

The NRLN was organized several years ago by a group of retiree organizations that realized that corporate America was quietly seeking ways to circumvent the objectives of the Employee Retirement Income Security Act (ERISA) of 1974. We realized that while we had been busy enjoying retirement, tending to our gardens and grandchildren, the politicians and big business interests of America were collaborating in passing laws that were not in any retiree’s best interest.

When lobbying Congress did not produce the relief they sought, [we] turned to the judicial system to grant them favorable interpretation of the existing laws. After sometimes bitter years of disputes with their various former employers and investing many dollars in class action suits, these small groups concluded that the best remedy was to band together and seek changes in ERISA through the United States Congress. (emphasis supplied.)

The themes in this opening statement tie together short-term corporate greed, lobbying, and a frustrated political process. These relational themes also are evident in early comments by IBM employees that were posted anonymously in 2000 to the IBM pension club, an employee/retiree website (emphasis supplied in all cases):

And do you do that, Hanoi Jane, by lobbying and using massive loopholes that allow the company to escape their responsibilities for paying a pro-rata part of promises made and communications made over generations to your employees? Defined benefit pension plans are marvelously cheap and good for shareholders as well as employees--when the proper laws are in place. I’ve got some bad new for you, Ms Jane. We are on to what you are doing and before this is over many people are going to pay one helluva lot in money and some people may well wind up in jail. Tell your bosses that. (July 2000)

They thought they could get by with doing this and few would notice and even fewer complain by obscuring it all in gobble-de-gook--just like numerous actuaries say in those Enrolled Actuaries meetings. Those transcripts are sort

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137 Interview conducted by the author, March 22, 2006.
138 Here the commenter is responding to a pro-employer posting.
of like bank robbers discussing exactly how they are going to rob the banks---
and then leaving behind the plans. Well, it seems they miscalculated a little.
The law of unintended consequences, I think I heard ERIC and APPWP\(^\text{139}\) say
a few times. (August 2000)

Sooner or later the public will demand an answer to the following: Why were
a few "ringleaders" allowed to dictate - through various puppet groups - the
entire Public Pension Policy for an entire Generation of Private U.S. workers
??? Who were/are these "ringleaders" hiding in the shadows? What are/were
the relationships between these puppet groups, ringleaders, congressional
staffs, and lobbyist? How could so few, manipulate so many, and set DB
Pension Policy for an ENTIRE Private sector U.S. Workforce? Sooner or
later - THERE WILL BE ANSWERS TO THESE QUESTIONS...THEY
WILL BE EXPOSED TO THE SUNLIGHT and FLUSHED OUT FROM
UNDER THE "ROCKS"! (August 2000)

Either way, they win, you lose. Some senior level actuaries in major
consulting firms up to their eyeballs in this awful stuff. Violation of SOA
professional ethics rules, Enrolled Actuaries rules, and, in many cases, age
discrimination laws and possibly other laws too. Some major help from key
Congressmen, influenced by corporate lobbyists. (September 2000)

Compared to the focus on employer-employees relations in the IBM employee
quotes posted in 1999, we can see a change in emphasis in these passages. In the
highlighted words and phrases of these quotes, we can see relationships among terms
for criminal-like acts (‘violations’ ‘bank robbers’), lobbyists (‘ERIC’), and secrecy
(‘obsuring’ ‘under the rocks’ ‘hiding in the shadows’). This is not simply griping
about what management did; these are charges of collusion in the political process.

Similarly, in 2003, after the news reports of lobbyist-policymaker social events
and IBM appropriating the Treasury memo, Jim Norby, president of the National
Retiree Legislative Network, made the following observations in his newsletter, A
View From Washington. The sub-theme here is a variant of the themes discussed
previously as he stresses the ‘big versus little’ motivational quality of the fight:

\(^{139}\) APPWP, for Association of Private Pension and Welfare Plans, was the antecedent name for the
American Benefits Council (ABC), a pro-employer trade group mentioned above.
Next, let’s get serious about how we communicate with our elected representatives. I’ve become increasingly convinced, over the last few months, that Congress knows what our problems are and, furthermore, they know how to fix them. They have, unfortunately, to date, chosen to follow the dictates of the lobbyists employed by our former employers. Individual Congressmen have made many excuses as to why they can’t go along with our requests for support. What they really have been telling us is that they would rather take the money support from the business interests rather than our voting support. There are exceptions, of course. This is an obvious generalization. But, the point is, that the above is true for the vast majority of our elected representatives. This has been hard lesson for me to learn over the last few years…

It should be obvious to everyone that we can’t play with the “big boys” without at least some of the tools that they have at their disposal…

We need to increase membership size and support staff. We have to compete against ERIC, an association that has greater lobbying strength and much deeper pockets for lobbying legislators and advertising its programs publicly. At this point, the NRLN can’t afford sending a newsletter to its two million members…

I have thought long and hard about this and have concluded that we cannot, long term, achieve our objectives without leveling the playing field somewhat. Unless we were to become another AARP, we will never be able to match the business interests that are fighting us tooth and nail. ERIC is a lobbying group supported by the Fortune 500 companies. I read somewhere that their lobbying expense is about $100,000 per month (Norby 2003; emphasis supplied).

In this case, Norby is leveraging the widespread belief about collusion and using it to make the case that the retiree activists must develop a presence in Washington. What was a shared perception about perception is now used instrumentally to mobilize support for the NRLN. Norby also names the corporate lobbying group ERIC (the acronym for the ERISA Industry Committee), which represents large employers. ERIC is a long-time lobbying organization in retirement policy and is one of the more central organizations in the policy domain.

Another sub-theme is that the lobbyists use questionable tactics, such as lying or threats. For example, in August of 2005, the IBM employee website provided a document entitled, “Cash Balance Legislation: Myth Versus Fact.” Myth number 7
was, “If Legislation Allowing Conversions to Cash Balance Plans Is Not Retroactive Some 1,600 Large Pension Plans with Hybrid Plans Are Likely to Either Freeze or Terminate Their Plans.” As part of their “Fact” response, the document (IBM Employee 2008) states,

Putting aside the question of how many large employers have hybrid plans, it is clear that some employers and certain employer groups, such as ERIC, have threatened and will continue to threaten massive terminations in an attempt to scare Congress into giving them immunity for their prior illegal age discrimination. (emphasis supplied.)

Here, not only are lobbying groups using money and secrecy to create the legislative fix, but they are also using threats or duplicity in pressing for their policy objectives. Like the Norby passage just quoted above, the implication is that the corporate special interests are using their outsized influence. On October 4, 2005, Kathi Cooper, a prominent IBM activist and lead plaintiff in a class action lawsuit against IBM, wrote a letter to certain Senators who were considering pension legislation.

In the course of the Cooper litigation, we learned that the companies, their actuaries and their lawyers have known since the late 1980's that the cash balance plan design violates section 204(b)(1)(H), but believed they could lobby either the Treasury Department or Congress to bend the law in their favor. A 1991 memorandum submitted to the IRS by the Cash Balance Practitioners Group candidly admitted that "a number of practitioners quite strongly believe that [a cash balance plan that guarantees interest credits to the date of distribution as does the IBM plan] does not comply with a literal reading of" the age discrimination prohibition in ERISA section 204(b)(1)(H). As a result, the group concluded that unless they could dissuade the Internal Revenue Service from a literal application of the statute or a "legislative fix" could be obtained from Congress such plans faced significant risks.

… The Wall Street Journal quoted Ms. Mazo\textsuperscript{140} as confidently stating that the giant corporations were no longer worried about their cash balance plans

\textsuperscript{140} Judy Mazo is a benefits consultant for the Segal Company, a large consulting practice.
being exposed as illegal. “Companies who now have these plans are sufficiently powerful, sufficiently big and have enough clout that they could get Congress to bend the law ... to protect their plans,” she said.

…I also trust that you will not be misled by misstatements and threats from special interest groups or employer lobbying concerns, like those of the Chamber [of Commerce] (Cooper 2005; emphasis supplied.)

In the summer of 2006, when Congress was considering a major overhaul of the pension laws, the NRLN sent out a membership solicitation that included references that connect special interest lobbying with the huge pay packages given to executives:

For too many years, policy decisions by Congress have favored corporate and special interests over workers, leaving millions of older Americans to face an impoverished retirement...While claiming they can’t afford to put money in their pension plans, these same corporations continue to hand out huge salaries and special retirement packages for their executives and spend millions on lobbying efforts to defeat much needed pension reform legislation in Congress.

Your financial contribution is essential if we are to succeed in furthering our legislative agenda in Congress and at the regulatory levels of government. Corporate special interests are working overtime to water down and weaken pension reform and reduce health care benefits to retirees. One of those special interests, the ERISA Industry Committee (ERIC), spends more in one month in its lobbying efforts than NRLN’s entire annual budget (National Retiree Legislative Network 2006; emphasis supplied).

In the prior passages, I made clear that lead activists were using the belief in collusion in ways that included their claim-making to policy makers, in mobilizing financial support, and generating more favorable public reaction. While this appears to be instrumental, I do not want to detract from the belief of these activists that collusion was real. In my conversations with activists, for example, both those on the outside and those on the inside, many felt that their message was not able to get through because of their inability to provide campaign contributions. In one interview with a member active with the NRLN as well as his own company-based organization, I
asked if he felt he had sufficient access to make his case. “It’s difficult to get the attention of members of Congress, particularly in the House. Access is often based on campaign contributions, which are made by major companies.”

He gave the example, reported in The New York Times, of Senator Lautenberg (D-NJ) and the pension bill that was then pending before Congress. A lobbyist working on behalf of Prudential got Sen. Lautenberg to ask Sen. Baucus to insert a new provision in the Senate bill, making it easier for corporate employers to transfer money from their pension plans to fund other corporate benefits. This was inserted into the legislation after the Senate had already voted 98 to 2 for the bill prior to the change and without anyone seeing the new provision. The Prudential lobbyist just made a telephone call; the informant said he doesn’t have that kind of access. He continued:

[The NRLN] would be blind without its Washington counsel. Washington is unlike any other place in the world. You see it in the restaurants and other places: the credit card society. I have to work to get policymakers to put that attitude aside and get them to see the NRLN viewpoint, the ‘real life experiences’ of NRLN members. Translating that experience for Washington is a big challenge. Access is a very big problem. The insiders have the power, the contacts, and the access. Once NRLN people get in to see them and they hear us, they understand.

I asked him if his organization could ever reach a compromise with the proemployer lobbying community that they could trust. He answered: “Yes and no. I would trust them to honor the deal, but the NRLN would continue to monitor and verify that no future changes occur. Part of it stems from the fact that management could change, but they still have the same greedy motivation to boost short-term profits.”
In summary, retiree and worker activists believed that the close-knit relations among pro-employer lobbyists and politicians were real and were real in their consequences. Technical experts and politicians made decisions in secret that permitted the use of cash balance plans that were plainly, in the eyes of activists, illegal. Eventually, the activists would learn that the corporate lobbying organizations were staffed with former officials of the bureaucracy and former staffers of Congress. The frames and narratives produced by the news media and policy experts generated anger and helped the creation of activist organizations. In turn, these organizations leveraged these frames and narratives as part of their everyday operations.

I now turn from true outsiders to insiders who are nonetheless not part of the web of embedded relations. Despite being socially closer than retiree activists, these actors are perhaps equally concerned about the effect of embedded ties.

**Don’t Compromise: Principal-Agent Relations**

As with the preceding section, I first provide a brief summary of a substantive issue within the retirement policy community. There were, of course, a multitude of issues over the 1999-2004 time period, but the pension funding issue was particularly significant for elevating pension issues on the corporate agenda. Suddenly, pension issues were being discussed in the executive offices of major firms, and those firms in turn were applying pressure on their government relations representatives.

**Pension Funding** – The pension funding controversy began with the advent of the recession in 2001 during which equity returns plummeted and interest rates dropped. The equity returns reduced the value of plan assets available to pay benefits, and the interest rate decline inflated the value of the liabilities. In other words, pension plans had fewer assets to pay larger benefits. The government estimated that traditional DB pensions were under-funded in excess of $450 billion (Pension Benefit Guaranty Corporation 2005).
The changed market conditions required sharp increases in contributions by employers. From 1980 to 2001, total employer contributions to traditional DB pension plans fluctuated in a stable range of $25 to $50 billion. But the drop in asset values beginning in 2001 and associated drop in interest rates necessitated a vast increase in contributions. According to Buessing and Soto (2006), defined benefit plan contributions by employers went from $44 billion in 2001 to $98 billion in 2002 and $101 billion in 2003. The funding liabilities and increased contributions had a sharply negative effect on corporate balance sheets. This new financial reality combined with the advent of new accounting standards diminished the value of traditional DB pensions in the eyes of corporate employers.

These financial pressures have made pensions less attractive to employers. Companies in declining and highly competitive markets such as the airline and steel industries are shifting their pension liabilities to the other stakeholders through bankruptcy, accounting changes, or bond offerings. But a number of commentators have noted a recent trend of very large employers closing plans to new hires (a practice known as ‘freezing’ the plan) (see, e.g., Munnell et al. 2006). For example, in early 2006, IBM announced that it would freeze its $48 billion pension plan benefits.

141 The International Accounting Standards Board and the U.S. Financial Accounting Standards Board are proposing a new standard that would remove smoothing techniques and require the recognition of changes in plan assets and liabilities on an immediate basis (Financial Accounting Standards Board 2006b; Tweedie 2006). The result of this globalization of accounting standards will likely be the injection of greater volatility in corporate financial statements and a negative effect on corporate financial statements and stock prices (Stickel and Tucker 2007). While the actual proposals are still in the process of implementation, their main points have been known and debated for several years now such that financial managers have had ample opportunity to adapt strategies. Companies that sponsor traditional DB plans can eliminate the risk of market fluctuation on their balance sheets by freezing or terminating their pensions, and as will be discussed, many companies have already done so.

142 Generally, a freeze in a pension plan means stopping future accruals. Pensions earned up until the date of the freeze are not changed or reduced, but current employees cannot earn additional benefits and new hires cannot enter the plan. The authors note a number of reasons for pension freezes in addition to plan finances, namely that U.S. companies are cutting labor costs in the face of global competition, employers are cutting back on pension benefits in the face of growing health care costs, and that with the enormous growth in CEO compensation, traditional pensions have become irrelevant to upper management who receive almost all their retirement benefits through special arrangements outside of the plans that pay benefits to rank-and-file employees.
for its 125,000 American employees in 2008 and offer them only a 401(k) plan in the future. IBM, ‘following a global strategy to move toward defined contribution retirement plans,’ expected that the shift would save them as much as $3 billion through 2010 and provide it with a ‘more predictable retirement plan costs’ (IBM 2006).\(^{143}\)

In this context, employers were lobbying to relieve their pension funding problems. For example, U.S. automakers have lobbied intensively against proposals that would have required them to make much larger contributions to their legacy pension plans (Shepardson 2006). In the summer of 2006, Congress debated and passed what became known as the Pension Protection Act of 2006 (PPA), which generally required employers to increase their funding contributions to traditional DB pensions as well as pay higher premiums to the PBGC, which is the federal agency that protects the solvency of the private pension system. During the process leading up to the enactment of the PPA, two legislative proposals were of great concern. One proposal would have disallowed the use of advance funding contributions in good years that permit companies to forego contributions in lean years. The other proposal would have required additional contributions from companies with poor credit ratings. The automakers favored the first proposal and opposed the second proposal: They had used the advanced funding technique extensively and built up substantial credits towards funding, and both General Motors’ and Ford’s corporate debt had been cut to junk bond status. After furious lobbying over the Pension Protection Act that passed

\(^{143}\) However, there is another perspective on employers that should be noted. Some employers can be characterized as less than benign, at best, when it comes to their pension obligations. An anecdotal case in point is the Kaiser Aluminum & Chemical Company, which announced in early 2004 that it was canceling its medical and pension benefits for all employees. A charge against the principal owner of Kaiser is that he is shedding pension and medical benefits in order to pay for the junk bonds that were used to purchase the company. Using bankruptcy law, Kaiser is able to terminate pension and medical benefits, thereby shifting the burden of the pension promises onto the Pension Benefit Guaranty Corporation. (Seattle Times 2004).
in August 2006, the automakers were largely successful in getting their pension funding credits retained and avoiding additional contributions because of credit status.

Principal-Agent Concerns – In the context of heightened pressure on corporations from pension issues, additional light on the everyday relationships and practices of lobbyists might be shed by those who hire the lobbyists. In this case, it is unlikely that these principals would characterize the relationships as collusive or corrupt in accordance with the Collusion Proposition and Hypothesis 5.1. Nonetheless, because they are not part of the insider process, they are likely for their own reasons to view such relations as a possible threat to their interests. This concern is a common one in principal-agent relations in which the central problem is how to align the interests of the agent with those of the hiring principal. Dave, a lawyer representing financial interests, makes the point about the perceptions of those hiring lobbyists: “You've got to be careful that you are not seen by your clients or your stakeholders as compromising too much, being insufficiently strong in defense of the business perspective.”

In Chapter 3, I discussed how the retirement policy domain has changed over 1998 through 2004 with an increase in the number of lobbyists working in the domain. In 1998, there were only 98 registered lobbying organizations but by 2004 this had grown to over 150. Earlier in this chapter, I discussed how pension funding had become an important issue for employers that were looking at hundreds of millions of dollars in required contributions to their pension plans due to the recession and other factors. This was confirmed by the lobbyists themselves in the interviews, and particularly by those lobbyists who have worked in this area for some time. Eric comments:

I think that the dollars at stake have just gone up so dramatically since the 80s when I started doing this; that just there is just more, there is more money at
stake. The service providers have become more lobbying savvy. So they have got lobbyists. Probably a large part of this is there’s just more lobbyists doing the stuff. And I mean you have, I mean lobbyists are by nature looking out for their clients’ interests, and when you have got all these people looking out for their clients’ interests and trying to show that they have value, you tend to create wedge issues and differences and things and so the result is that there is more friction. Jesus, when I started doing pension issues, there were probably like 25-20 people lobbying, if that many, maybe like a handful that were really good at it. Now it’s just dozens of people. You have got like regular corporate lobbyists now lobbying pension issues. It’s sort of insanity.

This increase was also noted by Quincy, who provides a more accurate source of the increase:

And I wouldn’t have said that that group got a lot bigger. I mean I have noticed that the number of lobbyists, period, has gotten a lot larger. So what I would have noticed first is that the companies that I work with, not necessarily organizations themselves, but the companies are more likely to hire somebody like me. [This company] for years had nobody doing just retirement issues and then they hired me, one fulltime person to do it all the time. And so I definitely noticed an increase in the number of lobbyists for a company who [just] work on retirement issues. That’s not exactly the same thing as new organizations coming up.

This increase in lobbyists creates more diversified interests and hence conflict as noted by Eric above, and he continued: “People have their different interests, and there are different folks that they are representing and the fact that there are more players on the ice means that people bump into each other more often.” As Eric noted in a quote in Chapter 6, the ‘corporate lobbyists’ are able to speak to staffers with credibility because of the size of their employer and hence “the corporate guys involved they just, they operate in a different, they operate under different rules and one of their different rules is that they are much more hardcore and play hardball and they will do things like that.” This echoes similar comments from Chapter 6 that noted
how some organizations and individual lobbyists, like the AARP and Jack Abramoff, were able to skirt workaday relations and norms because of the size of their influence.

As the number of lobbyists increases in the policy domain and as the stakes increase for the corporate interests, the pressure also increases on the embedded relations within the policy domain. Dave noted that the increased interest in retirement has had an effect on interactions among long-standing organizations:

And we’ve seen it, we’ve seen a sort of heightened bit of that dynamic in the last couple of years in the funding and in the hybrid debates where there are corporate interests with really, really strongly held views, huge bottom-line financial repercussions for some of the issues. And, they’ve been policing their trade associations. “We want you to be on message and not compromising and not weakening.” Probably the collegiality has been frayed a little at the same time because the stakes are so high. So, some of this kind of policing of trade association purity that I talked about, I think there’s just a lot at stake in some of this pension reform stuff going on right now. So that can fray collegiality a little bit. And because there are some new players on the scene, the levels of relationships are not as deep as they are for some others. So that may lend itself to not as much trust.

Conclusion

As with Chapter 6, it would be difficult to say Hypothesis 5.1 is confirmed on the basis of qualitative evidence, but I do feel justified in stating that there is suggestive evidence that close-knit relations in a policy domain can be viewed and characterized as collusive and harmful by those not a part of such relations.

This chapter looked at the relationship between insiders and outsiders in a policy domain using two perspectives. In the first perspective, worker and retiree activists were the outsiders who were seeking policy changes in order to fight benefit cutbacks. In so doing, they wove together a claim that was partially based on narratives from their own experience as well as narratives supplied from third party sources that focused on political embeddedness and corruption. Activists also drew on
a deep reservoir of cultural imagery of lobbying, some of which was detailed back in Chapter 2. This use of narratives had practical functions, such as creating identity of the activists as well as mobilizing resources via identifying the problem and its source, and it likely had positive outcomes in terms of policy effects. It is particularly important to note that the activist narrative was draped in “costumes of consensus” (Tarrow 1998) that make the claims resonate with broadly held values. In the specific instance, the frame of the social contract between worker and employer was important as a foundation for the grievance and attributing blame. Moreover, the frame of the democratic process was an important addition. This frame not only created a motivation by framing what employers were doing as undemocratic by using secretive lobbying, but the frame also pointed to a remedy of collective action. That is, if the workers and retirees could join together, the Congress would listen and act appropriately.

As discussed above, the narratives employed by the activists were not simply instrumental conveniences in a negotiation with employers. Certainly, the narratives had instrumental uses as the activist organizations attempted to mobilize and sustain their challenge over a period of years. However, the belief in collusion was real; these people were angry about the political process. The wrongs that they experienced could not have happened in an open, transparent political process.

Did the narrative as used by the activists have an effect? First, it is difficult to say because it is hard if not impossible to connect cultural items and framings to quantifiable outcomes like voting. Second, even if I could quantify the narrative in some way, I do not have access to other relevant variables like the number of letters written to members of Congress by activists in order to control for the narrative’s effect.
However, the activists were partially successful over the 1999-2006 time period. Late in 1999, IBM did partially back-off from its cash balance conversion by giving older workers a choice between the traditional DB and cash balance pension plans. Later, when the IRS and Treasury were considering regulations to clarify the treatment of cash balance plans, Representative Sanders of Vermont successfully sponsored Treasury budget bill amendments that shut off funding for the regulatory effort, eventually resulting in Treasury shelving the regulatory project in 2004. While larger tax and pension bills in the House of Representatives were generally passed along party lines, Representative Sanders, who caucused with the Democrats, regularly attracted Republican votes for his amendments. More broadly, employers never got the “legislative fix” in terms of retroactive protection for past cash balance conversions despite intense lobbying in 2006. In addition, there were over two dozen class action lawsuits, some of which are not resolved. Finally, a consensus developed within the employer community that while cash balance plans were not inherently bad greater care must be taken when incorporating existing workers, and very few employers took up cash balance plans in the wake of the controversy.

The narratives of collusion employed by the activists contributed to these partial successes. The use of the narrative was important because it helped broadened their claim beyond a specific employer and it created a rationale for the grassroots activism that we saw in the NRLN’s appeals. Simply put, the message was they had to do a grassroots campaign because the corporations, lobbyists, and politicians are colluding in secret to get something they could not through normal political means. This broad narrative was facilitated by brokers like the journalists and policy experts aligned with worker interests and who could bring them together.

An important question is whether the activists would have adopted the collusion narrative in the absence of close-knit ties among lobbyists and social distance between
the activists and lobbyists. While I cannot discount the counterfactual completely, I have put forward evidence against it. First, the qualitative evidence indicated that the activists were acutely aware of their outsider status (and indeed, reveled in it when one said he did not wear a tie!). Second, their public statements did not just randomly focus on any lobbying organizations or persons or even just on their former/current employer firms. Their public claims focused on a few, very specific organizations like the ERISA Industry Committee (ERIC). Those few organizations are at the center of the close-knit community of pension organizations. All of the actors (journalists, policy experts, activists) making collusion-based claims knew exactly who mattered in making retirement policy. In Chapter 1, I argued that in the case of highly embedded lobbyists, social activists would not target the ‘system’ as corrupt or collusive, but they would target the most central players or interests within a close-knit group as the parties responsible for generating the collusion that blocks participation by activists. To the extent that specific organizations were named, the ac

The second perspective of the principal-agent was not so much about outsiders as about quasi-insiders who hired insider-lobbyists. Because the stakes were so high for hiring corporations and financial firms, they could not afford to play by the standard rules of cooperative norms. Direct control over policy positions was paramount to principals in this case, and they were suspicious of compromises among insider-lobbyists. This provides a fascinating parallel with the perspective of the activist-outsider and is in line with the collusion argument of the activists. Here, the lobbyists are colluding to compromise because of their loyalty to the close-knit community rather than zealously pursuing their clients’ interests. Of course, the clients have the power to police these relationships whereas the activists do not except through allies like the newsmedia. Both perspectives indicate that close-knit relations and associated trust-based norms among lobbyists are susceptible to external pressure.
Despite the possibilities for better policy from cooperative and trust-based interactions, those not party to such relations can view cooperation as a threat, which in some cases it may be. The next chapter builds on these tensions in discussing the social ambivalence of lobbying.

The next chapter provides a short concluding discussion of this project. In it, I hope to draw out some implications from this and the preceding chapters as well as possibilities for future work.
CHAPTER 8:  
CONCLUDING SUMMARY AND EXTENSIONS

This final chapter summarizes the prior seven, poses some unanswered questions, and provides some possible extensions of this project. I do not view this project as being ‘done’ or ‘complete’, but I hope in connecting the main points of the prior chapters that I can provide the basis for the general claims that motivated this research. This chapter is organized as follows: I first summarize the theoretical basis for this work and the associated findings, which will lead to a brief discussion of confirmation or disconfirmation of the hypotheses posed in Chapter 3. I then discuss certain (but likely not all) possible questions that remain as well as possible ways to address such questions. I then conclude this chapter and the study with some thoughts on risk and ambivalence.

Summary

To restate the question asked in Chapter 1, why should embeddedness matter in political life? Whether it’s sharing common policy interests and goals, being at the ‘center of the action’, or belonging to ‘webs of affiliations’, embeddedness enables faster and ‘thicker’ flows of information; it establishes trust and thereby the reliability of information; and it helps solve problems of collective action and cooperation among parties that are in some ways competitors. Political institutions foster deep and durable ties by creating conditions of repeated exchange, rewards for cooperation, and positive incentives for collective action. Chapter 4 was concerned about the Policy Domain proposition, which stated that embedded networks of organizations that replicate themselves over time constitute policy domains. In that chapter, I showed that within the overall group of organizations, there existed a smaller set of lobbying
organizations that consistently worked on retirement policy. Embedded relations formed through time among these long-term organizations made shared interests more likely and ties seemed more durable. Chapter 4 also examined the Coalition Proposition, which argued that embedded ties facilitate greater participation in coalitions. Coalition participation was a function of increased centrality in the network of association memberships and for-hire relationships as well as work in prior coalitions. In turn, coalition participation seemed to be strongly associated with influence, which was conceptualized in Chapter 5 as testifying before congressional committees and being mentioned in news media stories. However, we did not see significant effects on influence by the social network measures. Chapter 6 focused on the Cooperative Norms Proposition, which holds that lobbyists in embedded relationships are likely to uphold trust-related social norms that maximize group welfare. In the qualitative data, lobbyists discussed the importance of trust in their daily dealings with each other and with politicians, and cooperative norms figured very prominently in their descriptions of routine interactions. Sanctions for violations of cooperative norms, however, were carefully selected probably because of the highly dense relations within the policy domain. Finally, Chapter 7 discussed how such embedded relations are viewed by those outside of such relations, primarily by social activists but also by those principals who hire lobbyists. Outsiders created narratives that incorporated cultural views of lobbying, and these narratives became part of the claims pressed by activists. Principals who hired lobbyists were similarly concerned about the effects of embedded relations as they “policed” their trade association lobbyists, searching for signs of “weakness” and “compromise” in the everyday policy interactions.

In general, the hypotheses of this study could not be disconfirmed, and evidence was provided that support the propositions set forth in this dissertation.
Lobbyists with deep ties to each other obtain advantages over others on the periphery. There are costs, however, both in terms of norm violations and in terms of reactions by those outside of these embedded relations.

How broadly applicable are these arguments? It is hard to say; even the lobbyists interviewed felt that the retirement policy domain was unlike other areas of lobbying. While this is likely to be an empirical question, and one that I intend to pursue in future research, I think the institutional framework that I described in Chapters 1 and 2, with policy specialization and a linear process that incorporates both formal and informal interactions, makes it likely that such durable relations are seen in many other policy domains. Moreover, while other policy domains may not be very similar to the retirement policy domain, embedded relations may nonetheless exist even if they take different forms. For example, there may be more emphasis on lobbyist-politician relations rather than lobbyist-lobbyist relations such as through coalitions.

Questions

Before proceeding to some thoughts on two broad topics, I think it might be worthwhile to highlight some things this study did not do or things that it did not do so well as a guide for future work. First, while I did look at some different levels of relationships among lobbyists (issue-based, coalitions, membership, for-hire contracting), there are other levels of interest. One such level is that of providing services, such as when an actuarial firm provides actuarial services to an employer. We glimpsed this kind of relation in the description of the cash balance narrative of Chapter 7. These service-based relationships may also be conduits of information about policy developments and spurs to lobbying. Another level is that of campaign contributions. Similarity in campaign contributions between any two organizations may be an outgrowth of other relationships, but it would indicate a deepening of a
relationship between two lobbying organizations. Moreover, it would connect our lobbyists to the members of Congress who receive such contributions. Finally, an interesting area for research would be a meta-level approach that incorporates all levels of relationships such that we can differentiate organizations that might be highly embedded on one level versus that other organizations that have strong relations across multiple levels.

A second area of research is looking at the transitions in the different networks over time. There are logistic-like models that model how one actor changes or creates network ties. In addition, new software is available that models transitions in the overall network structure (as opposed to modeling changes in individual networks) according to various parameters. Both approaches would be interesting avenues for research against the backdrop of policy development and change in lobbying in a policy domain over time.

For the topic of influence, two ideas may be useful contributions to the existing literature. One idea is studying the development of an issue from bill introduction to ultimate disposition in terms of how it diffuses across the lobbying community. Of specific interest here is whether more embedded lobbying organizations serve as indicators of bill importance such that over time they influence what other lobbying organizations are doing. Another related idea is more closely modeling the process of similarity in agenda overlap (recall from Chapter 3 that agenda overlap is the number of common issues between any two organizations divided by the square root of the total number of issues between them). How does agenda overlap change over time given the attributional and relational qualities of the organizations involved?

A fourth area of interest is the source of an organization’s network position. While some of the variables used in this study would be relevant (particularly time spent in retirement policy), the personal biographies of the individuals working for the
organization may also be a factor in an organization’s network position. Does prior
government service matter? What about turnover in personnel? These qualities and
others seem to speak to trust and credibility and hence to organizational position in a
policy network.

Finally, I would like to update the data to include lobbying through the year
2007. A major pension bill was passed in August of 2006. Did lobbying drop off in
2007? If so, who exited from the policy domain? In terms of substantive policy, how
did the issue composition change?

There are undoubtedly many other topics of interest as well as questions that
could be pursued. However, at this point, I would like to discuss two broad topics,
risk and social ambivalence, that I believe are connected to the larger processes
explored in this study.

Risk

As discussed in Chapter 3, four important stakeholders – employers, workers,
financial service firms, and the government – comprise the major classes of actors in
this research, and I had described the political and economic context in which they
operate. The source of these interests flow in large part from the structure of legal and
political institutions that govern retirement policy and it is this structure that promotes
a tendency to fragmentation rather than aggregation in terms of economic and political
action.

Specifically, the nature of the pension policy system works to spread risk
differentially across the stakeholders, which in turn affects their interests.

• The government alternates between fiscal prudence and providing old age
  income security due to contradictory interests.
• Financial service firms see the political structure as a source of competition and opportunity to achieve an advantage in financial retail and wholesale markets.

• Employers have seen in the past couple of decades an increase in financial risk from pensions due to changes in demographic trends, organizational assumptions, and financial governance regimes, and they are shifting this risk to workers.

• Workers are assuming additional risks of income insecurity in old age due to the shifting of risks from employers, the reduced role of government in promoting an income security policy, and the growth of a financial services industry that is marketing products that make risk-sharing regimes like traditional DB pensions less attractive.

Risk, particularly that facing workers in particular, is part of a dynamic process within economic, social, and political institutions. Tversky and Kahneman (1974; 1981) identified three processes or heuristics that shape risk perceptions: the availability of information; the representativeness of the event or class associated with risk; and the reference point from which people makes estimates of risk. From a sociological perspective, the key questions in specifying risk perceptions are what factors influence the availability of information; how ideas of representativeness are formed; where do reference points come from; who frames the choices; and whether others tend to accept the original frames or instead reframe issues (Heimer 1988). Heimer suggests that these considerations can be approached from both institutional and a purposive approaches.

Using these questions as lenses through which to look at retirement policy and politics, we can understand how workers’ perceptions of risk are formed. From an institutional perspective, the complicated structure of laws and regulations create an
illusion of lower risk for workers: For example, perceptions of risk are influenced by the existence of institutions, such as the Pension Benefit Guaranty Corporation, which is the agency that insures pensions for firms that fail. In addition, laws and regulations require that employers must adhere to fiduciary standards and make annual disclosures to the government and to employees about plan conditions. Moreover, by virtue of the fact that a pension is a choice on an employer-by-employer basis, the pension system isolates workers within companies such that corporate bankruptcy and pension loss at one firm does not mean that workers at other firms will identify with that loss. Unlike executives who monitor each other through interlocking boards of directors and through trade association membership, workers do not necessarily have the industry-wide perspective on which to make a representative frame, particularly given the decline in union membership.

From a purposive perspective, the government, employers, and particularly the financial services industry have good reasons in creating a positive frame regarding the shift from relatively safe traditional defined benefit pensions to plans like the 401(k) in which workers bear more risk. As noted above, the government is an insurer of traditional DB pensions and thus bears some responsibility if DB pension plans fail – They have no similar formal responsibility for savings plans. Employers see such plans as a drag on corporate earnings and balance sheets. Financial service providers make more money when plan assets grow larger. So, there have been extensive efforts to educate workers on saving more and investing more wisely in defined contribution plans like 401(k) plans. In addition, the Pension Protection Act of 2006 blessed both the practice of auto-enrolling workers in savings plans, as long as workers could affirmatively opt out, and allowing plan investment managers to offer investment advice despite possible conflicts of interest.
As Heimer (1988) notes, we are more likely to accept the original frames regarding risk when the decisions seem trivial and when the frames come from more powerful actors. For many workers, retirement and retirement planning are far down the time horizon such that the issues of income security only become relevant when retirement is looming, and workers are less powerful than the other stakeholders.

However, new framings have begun, and they come from a variety of sources: plaintiffs’ attorneys, activists, the media, and politicians. One new framing, what I called in Chapter 7 as the narrative, portrayed the imposition of cash balance plans and attendant changes in policy not as an inevitable consequence of population aging but as driven by corporate arrogance, fueled by short-term gain, and abetted by the collusive relations among policymakers and special interest lobbyists. Similar re-framings are occurring with regard to healthcare and executive pay. This struggle, including that over how retirement policy issues should be framed, is likely to continue. Thus, while the nature of relationships among lobbyists can be a hindrance to outsiders, such relationships are also a source for the important work of re-framing risk perceptions.

The Social Ambivalence of Lobbying

As a concluding thought, I want to expand somewhat on the lobbying as a socially ambivalent role in society. What is social ambivalence in general, and what leads to social ambivalence? If lobbying is socially ambivalent, how does that affect policy?

First, what is ambivalence? Ambivalence has been defined as (a) the simultaneous and contradictory attitudes or feelings (as attraction and repulsion) toward an object, person, or action; (b) continual fluctuation (as between one thing and its opposite); and (c) uncertainty as to which approach to follow (Merriam Webster
The term “ambivalence” has a long lineage in psychology with a first reference in the British medical journal *Lancet* in 1912.

Social ambivalence is a more recent term, made most notable by Merton. As distinguished from psychological ambivalence, one needs to examine ambivalence “in terms of the dynamics of social structure to see how and to what extent ambivalence comes to be built into the very structure of social relations” (Merton 1976: 4). People occupying a status can be exposed to ambivalence not because of personal history but because ambivalence is inherent in the social positions that they occupy (Merton 1976). As applied to professionals, Merton writes:

> As the role of the professional is socially defined, he is to subordinate his own interests to the interests of the client he has accepted. More strictly, he cannot legitimately advance his own interests at the expense of his clients’. Yet the interests built into the professional role have a dual character: they require him to give the best possible service to his clients, to remove or ameliorate their troubles so far as he can, and at the same time the continuing problems of clients provide him with his livelihood. It is in this objective sense that professionals have an institutionalized stake in trouble, that they ‘live off’ the troubles of their clients (Merton 1976: 27).

How do such conflicting expectations become attached to different positions in the social structure? Smelser suggests dependence as one source: “My general proposition is that dependent situations breed ambivalence, and correspondingly, models of behavior based on the postulate of ambivalence are the most applicable” (Smelser 1998: 8). For example, common adult relationships in which ambivalence is most evident are those in which one is dependent on another – between lovers, friends, or intimates. These relationships often involve other kinds of dependence, such as friendships between political and status unequals (Smelser 1998:9). Certain social structures can be seedbeds of ambivalence because their participants are ‘locked in’ by
personal or institutional commitment or other situational circumstances and can escape only at great cost.

The general principle is that constraint generates ambivalence, and that, as a special case, the difficulty involved in withdrawing from a group into which one is ‘locked’ increases ambivalence toward that group and its members. People have to live with one another, but this does not mean they have to love one another; it implies, rather, that they both love and hate one another (Smelser 1998: 9).

Hirschman provides a similar perspective but includes not just being locked in but also the inability to express dissent or disapproval:

There is no doubt that, as many commentators have pointed out, that passivity, acquiescence, inaction, withdrawal, and resignation have held sway much of the time over wide areas of the social world. This is largely the result of repression of both exit and voice – a repression that has flourished in spite of the fact that all human organizations could put to good use the feedback provided by the two reaction modes (Hirschman 1987).

How does social ambivalence function in the social role or position of lobbying? I am going to briefly provide a sort of classification of roles for those activities. From there, I will illustrate some of the conflicting or opposing expectations or norms that are part of those roles.

I return with an overview of the different relationships that involve lobbying. Figure 8.1, which reproduces Figure 1.1 from Chapter 1, illustrates these relationships. Lobbyists can often work with a variety of types of people. The primary relationship is that with the client. Representing a client often involves getting to know the client’s issues and concerns, researching the problem they are facing, finding out the status of political activities on the issues, advocating the client’s position before relevant
decision-makers, and giving feedback to the client. It also involves a business relationship in which the lobbyist depends on the client for fees.

Another relationship involves a lobbyist working with other lobbyists, usually out of shared interests. A third relationship is that between the politician and the lobbyist. Finally, the lobbyist can interact with the media and the general public, which I group together here as external publics for convenience. The important point is that all of these relationships are occurring simultaneously and sometimes in the same room as when a lobbyist brings a client to a meeting with other lobbyists and politicians (such as at a Hill meeting or a fundraiser).

Figure 8.1: The Structure of Relationships for Lobbyists
With these activities and relationships in mind, we can now ask what are the sources of ambivalence or the ‘dynamic organization of norms and counter-norms’ for lobbyists? One source is the formal institutions of government and politics; these shape the structure of social roles that policy actors – politicians, staffers, bureaucrats, and lobbyists – occupy. As discussed in Chapter 1, formal institutions create a division of labor in the policy process: We have jurisdictional divisions for congressional committees and bureaucratic agencies. This means that there may be dependence/non-choice of those with whom you work. Political institutions also foster a linear policy process, from bill introduction to passage in Congress to implementation by the bureaucracy. During this process, there are points at which informal lobbying and more formal processes take place concurrently. Different roles may come to the fore simultaneously depending on the stage of the process.

Additional sources of social ambivalence in lobbying include dual loyalties to clients and other policy actors (agency versus embeddedness) and shifting alliances/relationships with same people (friend today, foe tomorrow). Finally, there is the tension between how one should act according to democratic ideals versus the norms of ‘practical politics’.

For lobbyists, therefore, ambivalence is multidimensional, flowing from various roles or positions that the different relationships described previously require. Roles and examples of associated norms in lobbying could be classified as follows:

- Professional: A lobbyist needs to acquire and keep clients
- Insider (lobbyist-lobbyist): Cooperation; Reciprocity
- Power (lobbyist-politician): Present both sides fairly; Confidentiality
- Agent (lobbyist-client): Represent your client zealously against opposing interests
• Societal (lobbyist-public/media): Democracy should be open to all; Democracy should be transparent

When roles combine or intersect, norms and counter-norms also intersect. It is the connection of norms and counter-norms that produce ambivalence. Some examples, but not an exhaustive list, of overlapping roles and associated norms and counter-norms include:

• Insider/Agent: Lobbyists should work together to achieve goals, BUT a lobbyist has to represent a client’s interests against others. For example, a coalition of lobbyists trying to reach a common policy position may require compromises from lobbyists in terms of their clients’ positions. Alternatively, a lobbyist might be constrained in the actions he or she could take on behalf of a client because of obligations to allied lobbyists. This might lead lobbyists to increase their future discount rate and encourage rent-seeking. Perhaps this explains what lobbyists in the prior chapter meant when they stated the common observation that (a) trust matters, (b) people often violate trust-based expectations, and (c) no one really does anything about it.

• Power/Agent: Lobbyists should always present both sides of an argument, BUT a lobbyist should represent a client’s interests against others. For example, when presenting an issue to a friendly politician, many note the importance of the lobbyist giving both sides of an argument so the politician is not caught off-guard by opposing interests. However, presenting both sides may not help in convincing the politician to take action on the lobbyist’s behalf. Perhaps more accurately, the lobbyist may shade or skew the

144 There are other sources of social ambivalence towards lobbying that do not involve norms and counter-norms. For example, the public might feel that lobbyists make democracy less open (violating social norms relating to democracy), but they may also feel that lobbying is desirable and glamorous (the latter involving stereotypes of a highly paid profession and exciting entertainment activities like golf and expensive dinners).
description of the other side’s position in a way that makes his argument seem more attractive, and some seemed to suggest this was possible.

- **Agent/Professional:** A lobbyist should represent a client’s interests against others, **BUT** a lobbyist needs to acquire clients. For example, lawyers who act as lobbyist may not be adhering to the American Bar Association Code of Ethics on conflicts of interest in representation. Thus, the lobbyist might be representing competing interests. While there may be no initial conflict because the issues do not overlap, conflicts could arise over time.

What are the implications of ambivalence for politics and democracy? Does it matter for policy? First, Merton identified the mechanism associated with social ambivalence as a dynamic alternation of norms and counter-norms rather than a mere combination of their dominant attributes.\(^{145}\) Within Smelser’s ‘locked in’ organizations, one can see the consequences of ambivalence in the form of spite, petty wrangling, struggles for recognition, and vicious politics even though the political stakes are not very high.

When lobbyists are not ‘locked in’ they can exit from the community, coalition, trade association, etc., but those lobbyists that are substantially vested in a particular policy domain and cannot easily exit are more likely to be subject to ambivalence and its consequences. Recall the example from Chapter 7 of the norm against putting names on coalition letters without permission.

Social ambivalence may also be a possible source for the disruptions in policy equilibria (Baumgartner and Jones 2005). What are policy equilibria? The idea is that policy is generally marked with very little change such that there is a status quo.

\(^{145}\) See also Gambetta’s (1998:110) discussion of cognitive dissonance, which can evaporate rapidly in favor of a dominant behavior.
Periodically, however, an event punctuates this equilibrium to cause a large change in policy for a brief period, after which the policy returns to a period of incrementalism.

How does this work? The embedded relationships and path dependencies usually provide ‘negative feedback’ such that policies change very little, but these negative feedback loops are vulnerable when external events apply pressure. Due to the alternating mechanism, the sudden swing to counter-norms allows positive feedback and the political system overreacts. Why does it overreact? Overreaction occurs from an underlying tension from interests that are pushing for particular proposals but previously were unable to achieve their goals. An example might be the Enron and related accounting scandals of 2001-2002. Prior to the Enron scandal, there was an underlying push for accounting reform from the SEC that was actively opposed by the accounting profession and allies. When the scandals hit, the accounting lobbyists lost their ability to provide an opposing voice, and politicians were eager to enact a quick reform in the form of Sarbanes-Oxley Act.

Of course, an argument of this project is that the institutions and norms attached to ambivalent positions and roles are themselves ambivalent and objects of contestation in times of stress. The norms related to embeddedness become contested and, at least temporarily, pushed aside as in the case of the cash balance controversy and in the case of the corporations that hire lobbyists in pressure-filled times and that do not want to see “weakness” on the part of their lobbyists.

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146 “Garbage can” models of policymaking seem applicable at this point (Kingdon 1984; March and Olsen 1976).
APPENDIX

Data Sources

Lobbyist Disclosure Reports – Much of the data used in this study is taken from lobbyist disclosure reports that are filed with the U.S. Congress, which makes the reports available to the public through a searchable database. As the focus was on retirement policy, I searched for disclosure reports that were filed for retirement policy (denoted in the reports by the code RET – lobbying disclosure report issue codes are set forth below). The first available time period is the first half of 1998, reflecting changes in lobbying disclosure laws in 1995 and 1996. I chose the last time period in order to have the most recent and complete Congress, which meant that I stopped collecting data at the end of 2004.

The first page of the reports provides the name of the registrant as well as basic organizational information such as address; the name of the client (if any); and the amount of expenses spent (if self-represented) or income received (if representing another entity) for lobbying activities during the time period. On separate pages, one for each issue area (like retirement policy), the registrant must indicate the issue(s) on which they lobbied, the governmental organizations contacted, and the name of the individual lobbyists who worked on that issue area.

I entered this information by hand into a Microsoft Access database. Only organizations that filed as lobbying on retirement policy and that had Washington-area offices were included. I did not include organizations located outside of Washington as this study is concerned with the development of ties and norms in a close-knit group, and geographical proximity appears important in determining the close-knit nature of the group. I did include organizations that had a Washington-area office even if their headquarters were located in other areas of the country.
I was concerned with mistakes in reporting and so I checked when possible for possible mistakes. For example, I often reviewed the entire report to see if retirement issues were listed in other sections. However, I did not check other issue areas like taxation to see if retirement issues were covered because of the large number of reports.

The data from the lobbyist registration reports for each of the 14 six-month time periods (January-June 1998 through July-December 2004) was entered into matrices in which the rows represent lobbying organizations and the columns represent different legislative bills or issues. These organization-by-issue matrices were transformed into organization-by-organization affiliation matrices based on common issues as the tie between organizations. This transformation occurs when the original organization-by-issue matrix, $A$, is multiplied by its transpose, $A'$. Fourteen affiliation matrices were thus created, and within each matrix a set of network measures (centrality, betweenness, and cliques) and non-network measures (lobbying expenses, total policy domains) were created, which are more fully discussed below.\textsuperscript{147}

Note on Coding of Relationships – One issue is the fact that within one policy domain some organizations both represent themselves and hire other lobbyists to represent them on issues. For example, trade association XYZ lobbyists on certain issues and also hires law firm ABC to represent its interests on other issues because of lack of internal staff resources. This can be more complicated if a corporation belongs to trade association XYZ, hires law firm ABC to handle other issues, and employs its own in-house lobbyist to lobby independently on issues and manage the trade association and law firm relationships. While this might be handled in different ways,\textsuperscript{147}

\textsuperscript{147} However, each of these measures was averaged across the 14 time periods in which an organization was actively lobbying on retirement policy; that is, time periods in which an organization was not actively lobbying were disregarded for averaging purposes.
I am interested in the social organization of lobbyists in a particular policy domain so I want to represent all organizations active in that domain. Thus, initially I will not collapse entities based on relationships of representation or membership (although I may do this for subsequent analysis). Moreover, I will code the different types of relationships (law firm representation, trade association membership, coalition participation, etc.) as the data permits.

**Data and Variable Codes** – The following issue codes are used in completing lobbyist registration reports. I use them in this project in order to track activity by organizations outside of the policy domain of interest.

- ACC – Accounting
- ADV – Advertising
- AER – Aerospace
- AGR – Agriculture
- ALC – Alcohol & Drug Use
- ANI – Animals
- APP – Apparel/Clothing
- ART – Arts/Entertainment
- AUT – Automotive Industry
- AVI – Aviation/Aircraft/Airlines
- BAN – Banking
- BNK – Bankruptcy
- BEV – Beverage Industry
- BUD – Budget/Appropriations
- CHM – Chemicals/Chemical Industry
- CIV – Civil Rights/Civil Liberties
- CAW – Clean Air & Water (Quality)
- CDT – Commodities (Big Ticket)
- COM – Communications, Broadcasting, Radio, TV
- CPI – Computer Industry
- CSP – Consumer Issues/Safety/Protection
- CON – Constitution
- CPT – Copyright/Patents/Trademark
- DEF – Defense
- DOC – District of Columbia
- DIS – Disaster Planning/Emergencies
- ECN – Economics/Economic Development
- EDU – Education
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>ENG</td>
<td>Energy/Nuclear</td>
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<tr>
<td>ENV</td>
<td>Environment/Superfund</td>
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<tr>
<td>FAM</td>
<td>Family Issues, Abortion, Adoption</td>
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<tr>
<td>FIR</td>
<td>Firearms/Guns/Ammunition</td>
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<tr>
<td>FIN</td>
<td>Financial Institutions/Securities/Investments</td>
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<tr>
<td>FOO</td>
<td>Food Industry (Safety, Labeling, etc.)</td>
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<tr>
<td>FOR</td>
<td>Foreign Relations</td>
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<tr>
<td>FUE</td>
<td>Fuel/Gas/Oil</td>
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<tr>
<td>GAM</td>
<td>Gaming/Gambling/Casinos</td>
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<tr>
<td>GOV</td>
<td>Government Issues</td>
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<td>HCR</td>
<td>Health Issues</td>
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<td>HOM</td>
<td>Homeland Security</td>
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<td>HOU</td>
<td>Housing</td>
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<td>IMM</td>
<td>Immigration</td>
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<td>IND</td>
<td>Indian/Native American Affairs</td>
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<td>INS</td>
<td>Insurance</td>
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<td>LBR</td>
<td>Labor</td>
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<td>LAW</td>
<td>Law</td>
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<td>MAN</td>
<td>Manufacturing</td>
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<tr>
<td>MAR</td>
<td>Marine/Maritime/Boating/Fisheries</td>
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<tr>
<td>MIA</td>
<td>Media (Information/Publishing)</td>
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<tr>
<td>MED</td>
<td>Medical, Disease Research, Clinical Labs</td>
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<tr>
<td>MMM</td>
<td>Medicare/Medicaid</td>
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<td>MON</td>
<td>Mining/Money/Gold Standard</td>
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<td>NAT</td>
<td>Natural Resources</td>
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<td>PHA</td>
<td>Pharmacy</td>
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<td>Postal</td>
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<td>RRR</td>
<td>Railroads</td>
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<td>RES</td>
<td>Real Estate/Land</td>
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<td>USE</td>
<td>Use/Conservation</td>
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<td>REL</td>
<td>Religion</td>
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<tr>
<td>RET</td>
<td>Retirement</td>
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<tr>
<td>ROD</td>
<td>Roads/Highway</td>
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<tr>
<td>SCI</td>
<td>Science/Technology</td>
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<td>SMB</td>
<td>Small Business</td>
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<td>SPO</td>
<td>Sports/Athletics</td>
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<td>TAX</td>
<td>Taxation/Internal Revenue Code</td>
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<tr>
<td>TEC</td>
<td>Telecommunications</td>
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<td>TOB</td>
<td>Tobacco</td>
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<td>TOR</td>
<td>Torts</td>
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<td>TRD</td>
<td>Trade (Foreign &amp; Domestic)</td>
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<td>TRA</td>
<td>Transportation</td>
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<tr>
<td>TOU</td>
<td>Travel/Tourism</td>
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<tr>
<td>TRU</td>
<td>Trucking/Shipping</td>
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In terms of issues, I tried to stay as close as possible to what was entered in the lobbyist disclosure reports. In the majority of cases, lobbying organizations provided the actual bill number when asked to specify the issue on which they lobbied. In many other reports, they also provided descriptions of varying lengths and specificity. In this latter situation, I had to code the descriptions according to my understanding of the issues. When a disclosure report simply indicated a very generic description like, “pension issues,” I coded it as “general.” The following codes (with some descriptions in parentheses) were used for the 65 issues in the retirement policy domain:

- 30yr (interest rate relief for funding)
- 401k (plans)
- 403b (plans)
- 457 (plans)
- 529 (plans)
- Accounting
- Actuaries
- Advice (investment advice for defined contribution plans)
- Airlines (issues related to airlines)
- Annuity
- Bankruptcy (how pensions are treated in bankruptcy)
- Blackout (blackout trading periods for plan assets)
- Cash (cash balance plans)
- Charitable (transferring plan assets to charities)
- Church (plans for churches)
- Coal (plans for coal companies and workers)
- CoStock (company stock held in pension plans)
- CrossTrades (asset management)
- DBPlans (general defined benefit plan issues)
- DCPlans (general defined contribution plan issues)
- DeferredComp (executive deferred compensation)
- Determination (determination letters issued by the IRS)
- Disability (issues within plans)
- Distributions (rules for payouts from plans)
- Dividends (payment into plan assets)
- Drugs (drug benefits for workers)
- EGTRRA (Economic Growth and Tax Relief and Reconciliation Act of 2001)
- ERISA (Employee Retirement Income Security Act of 1974)
- ESOP (employee stock ownership plans)
- Fiduciary
- FinServices (issues important to financial service firms)
- Flex (flexible benefit plans)
- Funding (issues related to funding pensions)
- GATT (General Agreement on Trade and Tariffs; prior GATT laws included pension funding provisions)
- General (catch-all category)
- GPO (Social Security-related issue)
- Indians (native American benefits)
- IRA (individual retirement accounts)
- LSA (Bush proposal on pensions)
- LTC (long-term care)
- Medical (medical issues within pensions)
o Medicare
o Military (pensions)
o Mortality (tables used for calculating benefits)
o Multiemployer (multiemployer plans are joint union-employer plans usually covering an industry)
o MutualFunds (plan investment in mutual funds)
o Options (stock options)
o PBGC (Pension Benefit Guaranty Corporation)
o Phased (phased retirement)
o Portability (of benefits)
o Public (state, local, and federal benefits)
o QDRO (divorce issues)
o Railroads (railroad pensions)
o Reform (general reform measures; usually covering many other issues)
o Reporting (to the government)
o RetireeHealth (health insurance to retirees)
o Savings (proposals for boosting savings)
o Security (income security issues)
o Spousal (issues for providing spousal coverage)
o SSaccounts (Social Security privatization)
o SSreform (general Social Security reform other than privatization)
o SurplusAssets (issues related to over-funding of plans)
o Teachers (education-related plans)
o Termination (of plan issues)
o Women (issues related to women)
The following codes were used for organizational type in the retirement policy domain:

- 1 – Membership organizations (e.g., trade association, union, public interest group)
- 2 – Single self-representing organization (e.g., corporation, non-profit organization)
- 3 – For-hire organization (e.g., public relations, consulting, or law firm)

Interest Type Coding – The following codes were used to denote types of interests:

- 1 – Employer/management
- 2 – Financial services
- 3 – Public interest
- 4 – Public employer/employee
- 5 – Labor (union or employee association)
- 6 – Military
- 7 - Professional

Creation of Agenda Overlap measure – One variable was created to capture the degree to which two organizations had a common agenda in terms of issues. I could have just used the number of issues that two organizations had in common, but such a measure would not have captured the quality of the overlap in issues. For example, two organizations sharing three issues but each having only three issues each in total (a complete overlap) is a different overlap than two organizations sharing three issues but with each having 15 other, non-overlapping issues. The following steps were followed in creating an agenda overlap measure that reflected the total number of issues:

- Create common issue matrix
o Take out the diagonal of the common issue matrix (transform $\rightarrow$ diagonal)

o Take the transpose of the diagonal (data $\rightarrow$ transpose)

o Create a matrix of the joint product of issues for each dyad ($\_\_\_\_\_\_\_joint = \text{prod(diagonal, diagonal-transpose)}$)

o Create the set of factors ($1/(\text{square root of joint issue product})$) (in matrix algebra, $\_\_\_\_\_\_\_factor = \text{rec(sqrt(\_\_\_\_\_\_\_joint))}$)

o Create the similarity score matrix ($\_\_\_\_\_\_\_\_\_simscore = \text{mul(\_\_\_\_\_\_\_factor, \_\_\_\_\_\_\_aff)}$)

Individual Interviews

I conducted a number of interviews with lobbyists, policymakers, and activists from January through September of 2006. These interviews were semi-structured in that I used an interview schedule, but I allowed respondents to expand on certain topics or I probed certain topics with additional questions. Below is the Interview Schedule of Questions that I used:

Introduction

- Major focus: Why people cooperate in policy areas, how that cooperation is sustained over time, and the role of trust and norms. [cite business studies?]
- Why I choose you
- Confidentiality – masking, erasing, and review
- Consent form

Background and Warm-up Questions

- How long have you worked in Washington?
- Why advocacy work? Why pensions?
- What do you like about lobbying?
- What, in your view, are the downsides to lobbying?
Retirement Policy Domain

- Describe the level of cooperation among retirement policy advocates and policymakers.
- Has that level of cooperation and goodwill changed over time? Why or why not? Can you give more details about that? What issues are driving any change?

Lobbying Generally

- What makes for effective lobbying in this area?
- Is trust important? How important is a reputation for trustworthiness? How does trust compare with size, resources, etc.?
- If norms are expectations of behavior, the violations for which are punished in some way, are there norms among lobbyists? Examples?
- What is the basis of a good relationship with other lobbying organizations? With policymakers?
- House versus Senate: Do you lobby the chambers differently? Offices v. committees?

Social Activities

- Do you socialize (lunches, dinner, cocktails) with other retirement policy lobbyists?
- How important are social connections in establishing trust?
  - Role of ‘clicking’ with a lobbyist/staffer/policymaker?

Information Gathering and Sharing

- How important is past interactions in getting different types of information?
- If you hear about new and nonpublic information (e.g., a draft bill or regulation), do you share that information with others?
  - Under what conditions?
When you learn of new information from someone, do you feel obligated to reciprocate in any way?

If someone were to leak that information in an inappropriate way, what would you do?

Do other lobbyists contact you looking for information?

Services

- It's not uncommon for organizations to supply services to policymakers, such as draft legislative and regulatory language, questions for committee hearings, and review and feedback of draft bills and other proposals, for example.

- How does that work – Who initiates that? Do you do that or do others in your organization do that? Does it matter whom it is for?

- Have you ever declined to provide such services?

Coalitional Activity

- Who initiates a coalition?

  - (Is it the larger organizations, organizations with expertise, those with a particularly large stake in the issue, or does it depend?)?

  - If you have been involved in many coalitions, are the same groups the initiators or do different groups start coalitions? Why is that, do you think?

- If you can generalize, what types of groups tend to be more active?

  - About groups that are passive participants: Do the more active organizations express frustration over their lack of activity?

  - Are more active participants less willing to share information with less active participants?

Group Visits with Congressional Staffers

- Who typically arranges the visit?
Do large organizations take the lead in setting up meetings, do different reps volunteer to schedule meetings, does it depend on contacts with a particular office, or what?

- At the meeting, who initiates the conversation?
  - How do different representatives participate in the meeting (i.e., do you take turns, follow a ‘script’, etc.)?

- Now about written materials or ‘leave behinds.’ Who prepares them and brings them?
  - Do you each leave your own materials?
  - How long should they be?
  - What do staffers look for in written materials that accompany a meeting?

- Has it ever happened that lobbyists have not worked with the group on a visit, such as not following the script or common message?
  - What happened?
  - What did you do, if anything?
  - What about other lobbyists – what did they do?
  - Did you talk about it with others?

**Methods**

*Quadratic Assignment Procedures (QAP).* The QAP analysis (Hubert and Baker 1978; Baker and Hubert 1981) provides Pearson correlations of network structures such that we can identify in a statistically significant way whether one network structure is similar to another. In general, QAP indexes the probability that the similarity between two matrices can be explained as a random permutation of the rows and columns of either matrix – The lower that probability, the more likely it is
that the two matrices are in fact similar (Walsh 1994). In the permutation process, QAP entails first computing the Pearson correlation between two matrices, then holding one matrix constant and randomly altering the rows and columns of the second matrix. By altering rows and columns rather than the individual cells, the dependence within rows and columns is built into the significance test. An empirical distribution of correlations over some number of random permutation trials is thereby generated and the observed correlation prior to any permutations is compared to the values in this distribution. The p-value is the proportion of correlations in the permutation trials that are equal to or greater than the observed correlation. The minimum p-value that can be attained is equal to \(1/k\), where \(k\) is the number of trials (Walsh 1994).

**Negative Binomial Regression** – The analysis of continuous outcome data using linear regression models assumes that the errors are independent and identically distributed with a mean of 0. Because discrete data often do not follow this underlying assumption of normality, other analytic methods should be considered, particularly when the distribution is highly skewed as when there are many counts of zero. Absent the ability to transform the variable, such as through a logarithmic transformation, other modeling approaches for discrete outcomes should be used such as the Poisson regression. In this study, the variables for coalition participation, appearing before congressional committees, and news media mentions are count variables, and they resemble a Poisson distribution.

However, a classic Poisson distribution is characterized by a mean that is equal to its variance (Kennedy 1998). In many studies of discrete outcomes, the sampling distribution often results in a higher variance or overdispersion than would be expected from a Poisson distribution. Therefore, a different model that accommodates overdispersion usually is used. An alternative strategy for analyzing discrete data is to
fit a negative binomial regression model (Allison 1999). This model is a
generalization of the Poisson regression model that accounts for overdispersion by
including a disturbance or error term. The usual functional form of the negative
binomial model is given by

$$\log \lambda_i = \beta_0 + \beta_1 x_{i1} + \beta_2 x_{i2} + \beta_k x_{ik} + \sigma \epsilon_i$$

where $\lambda_i$ is the expected value of the outcome variable $y_i$ for subject $i$, $x_i$ are the
independent variables with corresponding regression coefficients $\beta_n$, and $\sigma \epsilon_i$
is the disturbance term. One important benefit of this methodology is that it accounts
for the dependence among observations that arises from clustering or from repeated
samples or observations being taken from the same respondent over time (Byers,
Allore, Gill, and Peduzzi 2003).

While the negative binomial model takes overdispersion into account, it may
not deal adequately with a high number of zeros in the count data. When the
dependent variable has a large number of zeroes, an important consideration is
whether different processes are producing the excess number of zeroes. Zero-inflated
probability models assume that a dual-state process is responsible for generating the
data. For example, an organization may not be participating in a coalition because it
may decide that the coalition is not a good use of that organization’s resources.
Alternatively, it may also be that the organization is not currently lobbying on
retirement policy issues and therefore has no need for a retirement policy coalition.
Thus, two states are present, the former being a normal count-process state, and the
latter is a zero-count state, in which we have an organization that is referred to as a
‘certain zero’. Thus, the number of zeroes may be inflated and the number of
organizations with zero participation in coalitions cannot be explained in the same
manner as the number of organizations that participated in one or more coalitions. A standard negative binomial model does not distinguish between these two processes, but a zero-inflated negative binomial (ZINB) model allows for the different processes and permits testing between the standard negative binomial model and the zero-inflated negative binomial.

ZINB regression generates two separate models and then combines them. First, a logit model is used to determine whether selected independent variables predict whether or not an organization would be a “certain zero”. Then, a negative binomial model is generated predicting the counts for those organizations that are not certain zeroes.148

For the Influence Proposition and hypotheses 3.1 and 3.2, a negative binomial regression methodology will be used with some differences. The two dependent variables that proxy for influence, one for testifying at a congressional hearing and the other for mentions in the news media, are count variables whose means are much less than their variances. However, these measures differ somewhat from the coalition participation measures in that I have exact dates for both hearing appearances and mentions in the news media (the coalition data did not indicate when a coalition began or ended). Therefore, I can more fully exploit the over time nature of the data using a multilevel method, which controls for multiple observations for an organization over time. However, the longitudinal nature of the data complicates the modeling strategy by violating the independence assumption of conventional negative binomial models (Long 1997). Problems with autocorrelation and heteroscedasticity result, producing spuriously low standard error estimates. Random effects models for cross-sectional time-series data have been developed to account for the non-independence of events. I use a random-effects rather than a fixed-effects model because time-invariant

148 The regression results were produced by the zinb routine in STATA version 10.
parameters are difficult to estimate with a fixed-effects model and because variables with a zero outcome, which as noted above are quite a few, are dropped from fixed-effects analysis (Cole 2006). For both dependent variables, estimates are obtained using the “xtnbreg” command in Stata version 10, with standard error estimates adjusted for clustering within countries.
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