Beyond pluralism and elitism: How much influence do special interests have on the content of congressional legislation?

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Abstract
Do powerful special interests have too much influence over what is written in congressional legislation? There has been ongoing debate about how influence should be distributed between interest groups in affecting legislation. A central question in this debate asks whether interest groups with more financial clout have more influence in policy-making than interests that have fewer resources? Furthermore, much research has been on interest groups influence on the lawmaker’s vote instead of the interest’s influence prior to the vote. My research seeks to determine the extent to which interest groups influence the content of legislation in the U.S. Congress. My analysis is on legislation that has strong competing support among interest groups. I look at how much access to lawmakers interest groups have on a given piece of legislation and which interests contribute more to the actual content of the final legislation. I conduct analysis of six case studies to answer this question. My results indicate that interest group with more resources have a stronger influence on the content of congressional legislation.

Introduction
How much influence do special interest groups have over the content of legislation? An interest group’s main function is to change the current public policy in favor of the group’s interest. Interest groups come in many forms such as ideological, economical, or public interest groups. Three examples of very prominent interest groups are Exxonmobil, Sierra Club, and the National Rifle Association. They all have varying degrees of resources and use varying methods of attaining some sort of influence on public policy. They can create Political Action Committees (PACs) which gather funds from members of the interest group and donate the funds to candidates or create campaigns in support of an issue. PACs are the primary way interest groups donate money to legislator’s campaigns because of the United States federal ban on direct donations from corporations or unions. Do interest groups with more money and resources have a higher chance of gaining desired policy change than interest groups with fewer money and resources?

The ability of the public to influence the policies of elected officials is important for a representative democracy. On occasion people feel that their representatives do not listen to them. Interest groups give voice to the voiceless. An individual can join with others of similar interests and have policy reflect his or her interests in some fashion. This gives your average citizen a larger voice than she would otherwise have if she tried to influence policy solo. However, the public is divided into multiple interests and sometimes these interests align with one another and sometimes they compete with one another. When competition arises among interest groups, do those with more economic resources win out or is some sort of compromise achieved?

One of the major schools of thought in political philosophy is pluralism. In pluralism, political power resides in many interests throughout a particular area. The various interests in an
area hold moderate influence over public policy. No one interest, such as a wealthy business interest, has more influence on public policy than other interests. Robert Dahl emphasizes that the interests in a given community are not so much equal, with similar quality and quantity of resources, but that the particular interests are dispersed throughout a community and have the resources to compete to change public policy (Dahl, 1961). Truman sees interest groups as mere extensions of public discourse and interpersonal relationships between groups (Truman, 1960). For example, an education interest group is reflective of a certain section of a community that is supportive of education policies.

The other school of thought is political philosophy is elitism. Elitism offers the political thought that our political system is controlled by elite economic interests. Mills (1959) argues that corporations, the armed forces, and the government dominate how America functions. Those three branches work together and are the sole decision makers of how our nation runs. Mills attributed some blame on the rise of these three behemoths of power to political apathy of the average American man. E E Schattschneider argues that in a conflict of interests there is systemic bias towards interests that have a stronger economic and political ties. “The flaw in the pluralists heaven is that the heavenly chorus sings with a strong upper-class accent” (Schattschneider, 1960). Schattschneider suggests that those without a strong economic backing should fight within the system to counterbalance the strong economic interests. Domhoff argues that a small minority of elite businessmen control a disproportionate amount of America’s wealth (Domhoff, 1967). These people control the economy thus are able to control the upper class of society which in turn affect the rest of us.

I investigate whether interest groups with many resources and political connections are better able to achieve policy success than interest groups that have fewer resources and are not
politically connected. Previous studies have looked into whether money contributions elect candidates or buy votes, or how interest groups hire lobbyists to work with legislators to beneficial policies enacted. These studies have been mixed and may not be the best at capturing the broader nature of interest group influence on public policy. I offer analysis of six case studies of incidents where interest groups with sufficient resources are given extraordinary access to legislators and influence over public policy. My analysis will given a better understanding of the overall influence of interest groups that previous literature has difficulty providing. Before I offer the analysis of the case studies I will summarize literature that is mixed on this issue.

**Literature review**

**Contributions matter**

Can political contributions to legislators or political candidates offer a means that interest groups use to influence legislation? There has been some literature that tries to answer this question. There has been some studies that attempt to link campaign donations and roll call
votes. Can interest groups purchase a legislator’s roll call vote via a campaign donation? While
the literature is mixed, Constant (2006) found that campaign donations from interest groups
affect legislator’s roll call vote on issues that are central to the group’s policy agenda. Interest
groups are likely to receive full support from all members if the policy is in the forefront of its
agenda. In Constant’s study, a teacher’s union issue on charter schools was less unified than on
the group’s issue on school tuition vouchers. Interest groups with more unified policy goals
would be more likely to influence the roll call vote of legislators through campaign
contributions.

Do donations from political action committees (PACs) have an effect on how a legislator
votes? Brooks et al (1998) find evidence that donations from sugar interest groups have
influenced votes in the House and Senate. Voting in favor to a particular interest group also tends
to lead to more donations from the interest group. If a legislator does well and votes in favor of a
particular amendment or bill, the legislator is rewarded. They also find that PACs donate to gain
political favors, such as floor votes or general policy support rather than donating to get someone
favorable elected to office. Sugar interest groups targeted congressmen that had significant a
portion of their constituency being sugar farms.

Interest groups also donate to the campaigns of political candidates to get them elected.
“Political Action Committees (PACs) donate millions of dollars to candidates for federal office
each electoral cycle” (Brunell 2005). It has been difficult for previous literature to draw a causal
arrow, or the link, between the motivations behind interest campaign donations and legislator
action. Interest groups want certain policies, but whether they donate to affect electoral outcomes
or donate to influence legislators in office is contested. Brunell finds that partisanship may be an
indicator of who and why interest groups donate. Corporate groups tend to focus spending on
Republicans while labor groups tend to devote much of their resources to the Democrats. Brunell found evidence that interest groups will donate to the challengers of their preferential candidate insofar as access is purchased, but not enough so that electoral success is achieved.

Money can affect the content of bills as they travel through the legislature. Political donations may have varying effects depending on which stage the bill is at in the policy-making process. Mallinson (2014) found that interest group donations effects can be seen during the amendment phase of the bill when the legislature is voting on a particular amendment that is favorable to the interest group. Offering amendments to a particular bill is also the final time a particular legislator can change what is in a bill. If the interest group can not hope to kill the bill, they can apply an amendment that is favorable to the group.

Further research suggests campaign donations may have increased impact at other stages, such as the committee stage, of the bills progression. Hall and Wayman (1990) find that when a bill is at the committee stage, campaign donations are likely to have an increased effect. Little evidence was found to the claim that donations influence votes on the floor. They also find that special cooperative relationships develop between legislators and interest group representatives, or lobbyists during the committee stage of the bill. In this relationship, moneyed interests are able to mobilize legislators who are likely to support their position. Participation on a bill in the committee stage requires time, energy, and legislative resources. According to the Hall and Wayman study, legislators who received political donations from interest group PACs were more likely to expend their resources to work on the bill in committee. The voting behavior of a legislator does not change during the last term of office. Campaign donations are least likely to impact legislators if they are retiring from public service.

**Contributions do not matter**
Other literature finds very little evidence that interest groups influence legislators via political contributions. Smith (2015) finds that constituent mobilization influences a legislator’s vote rather than campaign donations. However, money may play a role in an interest group’s policy success if the legislator received no constituent mobilization on either for or against the particular bill. Interestingly, unorganized interests are least likely to have any real representation in a system that is based on direct contacts with legislators. Smith also finds that legislators take positions based on constituent pressure and not in response to donations from interest groups. In governments that receive little constituent contacts are more likely to be influenced by monied interests.

Bronars and Lott (1997) findings reject the inclination that campaign donations buy votes. To test their theory they looked at whether a legislator changed their position on key issues throughout their term in office. They also looked at if the legislator changed their position on issues during the last years in office before retiring. If a legislator was retiring they would receive less campaign donations. They found patterns of stability in a legislator’s voting patterns over time which may indicate that it was politically costly to change positions especially on high salient issues. Political donations may be less about buying votes and more about supporting a politician that shares your same views.

Similarly, other studies have looked into PAC contribution and whether they they affected House member’s voting patterns. Using statistical analysis and interviews, Grenzke (1989) found that contributions from 120 PACs associated with 10 large interest groups do not maintain or change the voting patterns of House members. PACs contribute to political campaigns to influence the outcome of election and in hopes of getting access to influence legislation. However, Grenzke found that PACs that contributed were no more likely to get
access than PACs that did not contribute. PAC representatives were more likely to gain access to
House members if the PACs interests aligned with the district of the House member or if meeting
with them were in some way advantageous for the House member to do so. The PAC needed ties
to the district of the House member to have higher odds to gain access to legislators.

Baumgartner et al (2009) look into the drivers of policy change. Interest group influence
means both how interest group gets a desired policy and whether they are able to stop or prevent
unwanted policy. As a result, for every desire for policy change there is a counter interest in
favor of the status quo. They found the resources of interest groups were not a key factor in in
the successes of a policy change. Interest groups resources cannot individually achieve policy
success. Furthermore, in a battle for change of policy in a governing body the status quo is much
more favorable to win. An interest group’s resources are important in that it increases the odds
that an issue will become more salient, rise in importance, for legislators to bring up strongly in
the political discussion.

Milyo (1997) argues that there is no concrete basis that supports the belief that campaign
spending and thus interest group donations affect electoral outcomes. Any laws that restrict
donations to political campaigns are without merit. Milyo points to the increase in turnover rate
for congressional seats and the increase in campaign spending to dispel the notion that
incumbents are able to win elections due in increased campaign spending. Social scientists found
no strong causal relationship between campaign spending and electoral success. Leadership
style, integrity, and perseverance are important determinants of both fundraising and electoral
success of potential candidates, but are hard to quantify. Milyo also finds that incumbents are
still more likely to win despite low approval ratings which is why challengers have difficulty
winning elections. It is not the money that counts in campaigns.
Money matters, not contributions

As you can see the literature concerning whether political donations influence legislators is very mixed. However some research has a more nuanced approach to whether interest groups with money have a higher degree of success with influencing policy and how interest group money is associated with policy success. McKay (2012) finds that interest groups with enough money are able to buy lobbyists with certain lobbying tactics and traits which in turn are linked with greater policy success. He finds that “greater lobbying intensity enhances success.” (McKay, 2012) Interest groups that are able to hire lobbyists with particular qualities are found to have higher policy success. Examples of lobbying intensity include: the number of days per month the lobbyist spends in Washington, the hours worked per week, the time spent on federal policy making as opposed to other duties, participation in the employer's PAC, and the actions the lobbyist chooses to take on each bill proposal. (McKay 2012) However, McKay found no evidence to indicate that interest group resources enables them to hire lobbyists with the desired characteristics.

Researchers have used PAC contributions, lobbying expenditures, and soft money to determine how much power interest groups have to influence policy. Drope and Hansen (2004) study whether those three types of political spending offered increased trade protection against foreign competition. Using those three indicators may offer a more comprehensive idea of how firms attempt to gain influence. They find that a pattern in which the winners of antidumping cases outspent the losers. The more money the firms spent the more representation the firm received from legislators. The U.S. antidumping law allows firms to seek protection through the U.S. bureaucracy from selling goods at below home market price or cost of production.
Hojnacki and Kimball (1998) find that interest groups with lots of resources can work with non allies in committees to extend support and knowledge for a particular bill. Interest groups lobby in order to persuade a legislator to take their position on a particular bill and engage with the legislator to increase their activity level in regards to a bill. Additionally, their research finds that interest groups aim to motivate the constituencies of legislators who are potentially not supportive of the group's policies. This enables the interest group to garner support from legislators that are not already part of their core legislative support base in Congress. Further, interest groups tend to direct lobbying efforts in the committee stage where the content of legislation is pliable. Activities that lobbyists employ at the committee level include “passing along draft legislation, statistics, talking points, and other information to friendly legislators so they can rebut amendments, dilatory tactics, and arguments made by legislative opponents” (Hojnacki and Kimball 1998).

The power of interest group lobbying can be seen to have an impact on legislation as the bill gets drafted in committee as well as if particular members of Congress are involved in the bill. Grossman and Pyle (2013) found two strong identifiers that indicate whether a bill will receive intense interest group activity include whether the bill was sponsored by a member of the majority party and whether the bill has many co-sponsors attached to it. Additionally, they found that bills that received more lobbying were more likely to advance from the committee stage and pass both House and Senate. It’s possible that this results because lobbying brings attention to bills or provides information to legislators for policy debates to move forward. Lobbyists may be able to predict a bill's success and they may be “more interested in lobbying on bills that move forward further in the legislative process” Grossman and Pyle (2013).
While some studies show lobbying as a form of exchange or persuasion, Hall and Deardorff (2006) follows a different theory of lobbying, a form of legislative subsidy. The aim of lobbyists is to assist natural allies as legislators in achieving their own similar objectives. Because the legislator’s time is scarce and understanding the intricacies of policy is difficult, the legislator relies on lobbyist to subsidize or support his efforts to pass legislation. Lobbyists are sometimes experts in the specialized field of interest and can be excellent tools that legislators can use to change policy. We see a new level on private sector influence in the public sphere with this sort of dependence on lobbyists to help in the creation of legislation (Hall and Deardorff 2006).

The literature so far as looked at how money and resources of interest groups affect their ability to achieve successful policy outcomes. Some literature finds that money from interest groups influence legislators. Some literature finds very little evidence that political donations influence policy. Other literature suggests interest group success is less about money donations to legislators and more about using the correct strategies of who interest groups lobby and when interest groups lobby a particular bill’s development to maximise policy outcomes. These studies have been mixed and may not be the best at capturing the broader nature of interest group influence on public policy. I offer analysis of four case studies of incidents where interest groups with sufficient resources are given extraordinary access to legislators and influence over public policy. My analysis will given a better understanding of the overall influence of interest groups that previous literature has difficulty providing.

**Case Studies**

**Case Study #1**
One case study involves H.R. 2374 the Retail Investor Protection Act in 2013 which was found to be worded almost exactly as the recommendation from Citigroup, an American multinational investment banking and financial services corporation, gave. The bill would reverse a part of financial reforms related to the 2010 bill Dodd-Frank. It prevents banks from using depositor money to trade in derivatives. The bill was sponsored by Representative Ann Wagner (R) from Missouri’s 2nd Congressional district with one Democrat co sponsor. It was assigned to the House Committee of Financial Services and it passed the House, but failed in the Senate. Similar versions of the same bill have been brought up in subsequent sessions of Congress. Interest groups can have a strong influence over our legislators and can make recommendations on what to include in particular bills. In this case interest group representatives have a direct influence over our representatives by being allowed to write the bill themselves.

Citigroup spends millions of dollars in political contributions and lobbying expenditures on a yearly basis. According to the Center for Responsive Politics (CRP), in the 2014 cycle Citigroup donated over $2.5 million ($1 million to Democrats and $1.3 to Republicans) to political campaigns. Not surprisingly in the same cycle, Citigroup donated over $400,000 (the most of any committee) to the Financial Services Committee. They spent over $5.3 million for lobbying in the 2014 cycle. Various bills related financial regulatory reform have been lobbied by Citigroup.

The sponsors and cosponsors of the bill differed from Congress to Congress, but Representative Ann Wagner was the bill’s sponsor for two Congressional sessions. According to the U.S. census bureau Missouri’s 2nd Congressional district consists of 35,000 out of 439,517 total employees being in the finance and insurance sector as of 2015. Other strong business interests in this district include retail trade, professional services, and food services.
Case Study #2

Another case study concerns a task force headed by Vice President Dick Cheney which was heavily influenced by big oil industries such as Exxon Mobil, Conoco, Shell Oil, BP America, and Chevron. Energy is a very controversial subject and there are various interest groups that advocate different types of energy. Early in President George W. Bush’s presidency he put together a task force with the purpose of developing America’s energy policy. The oil and gas industry has spent millions of dollars in lobbying Congress as well as donations to congressional campaigns. The Energy Policy Act of 2005 was heavily influenced by recommendations from this task force. The final law gave $14.5 million in tax breaks for oil, gas, nuclear power, and coal companies (Mayer).

The activities of the special energy task force was largely kept secret however some information related to its activities was leaked. It was leaked that the task force composed of energy production and marketing firms such as Exxon and Enron or energy trade associations and lobbyists, such as the American Petroleum Institute (API) (Dannenmaier, E. 2008). The records that indicated which interest groups attended the task force meetings showed that environmental groups were effectively shut out of any substantive communication. The task force met more with foreign business interests than with environmental groups (Dannenmaier, E. 2008).

The fossil fuel industry traditionally spend much of its political spending money to fund Republican politicians. “Since the 1990 election cycle, more than two-thirds of this sector's contributions to candidates and party committees has gone to Republicans” (Center for Responsive Politics).

Case Study #3
Similarly, another case study can be found in a 2009 energy bill when a coalition of industry and environmental groups lobbied Democrats in the House. Representative Henry Waxman (California) and Edward Markey (Massachusetts) introduced a bill that included provision that specifically benefitted Duke Energy Corporation. The bill in the House was H.R.2998 the American Clean Energy and Security Act of 2009. The provision gave Duke Energy and other energy companies an exemption to a rule that prohibited construction of new coal-fired projects for 10-15 years until clean coal technology is developed. The particular language of the bill was drafted by representatives of the U.S. Climate Action Partnership (USCAP). On one particular hearing on the climate change bill, Mr. Waxman promised the USCAP ideas would be written into climate legislation.

Unlike the oil industry, environmental groups tend to support democratic candidates and legislators. USCAP’s members include environmental advocacy groups such as the Natural Resources Defense Council, Environmental Defense Fund and corporate businesses such as PepsiCo Inc. and Ford Motor Co., in addition to many of the nation’s top energy providers. In 2009, USCAP spent $1 million in lobbying expenditures according to the CRP. Additionally, according to the CRP 1012 unique organizations were registered to lobby on H.R.2454.

**Case Study #4**

One major policy issue that has been debated by many interests throughout the United States is how corporation use data gathered from internet users. The Federal Communication Commission (FCC) is supposed to be an independent body that regulates interstate communications, which includes the internet, however the five commissioners are appointed by the President and confirmed by the Senate. Congress, as well as the President, has the ability to reinforce or cripple existing regulations created by the FCC. As a result regulations imposed in
corporations by the FCC have been and continue to be lobbied by many interests within our country.

One large body of interests are those who fight to loosen or eliminate regulations that restrict corporation’s use of data from internet users. These interests largely consist of media and telecommunication companies including, but not limited to Comcast, Time Warner, and Dish Network. One aim of the telecommunication companies is to use data from internet users to have targeted advertising to reach the right consumer. Telecommunication industries have spent millions of dollars since the late 1990s for donations to political campaigns as well as lobbying for particular bills. According to the Center for Responsive Politics the telecommunications industry spent $99 million in lobbying expenditures in 2014. Additionally, the industry’s money donations favored the party that was in power at the time. In 2016 $6.8 million went to Republicans and $6 million went to Democrats in Congress.

Another body of interests seek to restrict corporations use of internet user’s data for private use or profit. The main advocacy group of this particular interest are individuals who support internet privacy and do not want corporations to have free reign on internet users data. One particular advocacy group is called Techfreedom. It is a non profit think tank that promotes the progress of technology that improves the human condition.

In April 2017 the President of the United States signed a resolution disapproving FCC rules that were adopted by the Obama administration in 2016 (Venable LLP, 2017) The privacy rules would regulate how internet service providers have to disclose to their customers what information is collected on them and how it's used or shared with other companies — including guidance on getting consumers' consent in some cases (Selyukh, 2017). The bill H.Res. 230 was sponsored by Texas Republican Michael Burgess. He is a member of the House Rule Committee.
Conclusion

I have analysed various case studies and found that interest groups with more resources are more likely to influence congressional legislation. My study took a broader stance on the relationship between influence of interest groups and legislation than other studies have done. Some literature found that interest group money has little effect on legislation while others find money does have an effect on legislation. Another section of the current literature found money to have a more nuanced influence when it comes to interest groups influencing legislation.

By looking at interest group influence on a case by case basis we can better understand the complexities related to how interest groups try to get policies enacted. Particular financial and banking interest groups were allowed special leeway or privilege to write the content of bills that would change provisions in the 2010 bill Dodd Frank. Exxon Mobil and other oil industry interest groups were allowed special access in VP Cheney’s task force which was influential in the Energy Policy Act of 2005. Members of USCAP, such as Duke Energy were given special exemptions to rules that prohibited the construction of new coal-fired power plants. Telecommunications industry are a strong influence over legislation that favors limiting restrictions on usage of internet user’s data.

There are areas where my research can be either changed or improved upon in future studies. My data is limited to cases where reporting is available to the public. In some cases
interest group access to legislators is not reported. Further case studies can be expanded upon to include special actors, not necessarily tied to any particular interest group, that were heavily involved in a particular bill. Analysis can include looking into the backgrounds of various lobbyists specifically if they have special connections within the legislator or executive branch of government.

References


