

SELLING TIME: POLITICIANS, CORPORATE CONTRIBUTIONS,
AND LEGISLATIVE EVENTS

by

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(Under the Direction of Paul-Henri Gurian)

ABSTRACT

What motivates organized interests to contribute money to federal legislators *subsequent* to elections? Previous research with its focus on the potential impact of campaign contributions on roll-call votes would lead us to believe that Political Action Committees (PACs), as the fundraising arm of interest groups, are particularly motivated by floor votes in the House of Representatives. However, empirical evidence for influence at the roll-call stage is weak. The present study challenges the idea that groups are motivated by roll-call votes, includes various committee events as well as other political events in the analysis, and points at the strategically timed solicitations on the part of legislators.

Several theoretical reasons lead me to believe that PACs are more likely to contribute to legislators in temporal proximity to committee events: 1. Committees are small and therefore PACs need fewer resources to encourage favorable participation compared to the floor, 2. It is easier to attach amendments in committee, 3. Committee events allow members to promote

interests that aid them in reelection, 4. Committee decision-making is less formal and the public pays less attention to decisions, and 5. Groups should have a vested interest in committee decision-making since most bills die in committee. To test if the timing of events, committee membership, and the link between the two matters for PACs, I analyze the contributions of three industries with a specific emphasis on non-election years.

Several results of the time-series cross-sectional analyses are consistent across all three industries. First, PACs contribute more to those legislators who serve on committees with jurisdiction over the respective groups. Second, in connection with committee membership and leadership positions, *committee* events are a much better predictor for the timing of contributions than *floor* events. Finally, as for committee events, we are more likely to see an increase in contributions in the week in which an event takes place and less likely to see spikes in the two weeks before or two after that. The findings suggest that scholars interested in group influence should pay increased attention to legislative behavior at committee hearings and markups.

INDEX WORDS: Political Action Committee, PAC, Contributions, Motivation, Timing, Legislative Process, Legislative Events, Committee, Hearing, Markup, Agenda-Setting, Agenda, Corporation, Business, Firm

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DEDICATION

This dissertation is dedicated to my parents, Pirjo and Adolf, for their endless support.

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CHAPTER 1¹

MONEY, TIMING, AND MOTIVES:

EXISTING THEORIES AND THE NEW AGENDA MODEL

An organization receives contributions during an election campaign from individuals who support the cause of the group. Most of the donors act on the assumption that the money will be passed on to sympathetic candidates while the campaign is underway. The group, however, knows it is only halfway there if it supports the ‘right’ candidate and that person goes on to winning a seat in the legislature. Just because a sympathetic candidate has won an election does not guarantee he or she will remember the group later or *actively* support the platform of that organization. The group also knows it could try to demobilize opponents later; legislators who will not change their mind but who may not take initiative and work against the organization.

Therefore the organization has to think beyond Election Day and strategize how to pass on the money so that it maximizes its chances of receiving the greatest possible benefit in return.

Political Action Committees (PACs) with an interest in the decision making of the U.S. House of Representatives face this situation—how do we break down our contributions over a 24-month election cycle most effectively?

The obvious answer is an allocation strategy that focuses on electoral politics but also holds money ready for the legislative process. In the past, scholars of money and politics have

¹ “*The essential ingredient of politics is timing.*”

- Pierre Elliot Trudeau (1919-2000), Canadian Prime Minister

“*Your motivation? Your motivation is your pay packet on Friday. Now get on with it.*”

- Noel Coward (1899-1973), English actor, dramatist and songwriter

dedicated the lion's share of their work to the questions: who gets how, how much, from whom, for what reason, and with what kind of impact. However, the focus has been almost exclusively on allocation strategies in the electoral process, but if politics is "who gets what, when and how" (Lasswell 1936), then we also have to understand the role of money in the legislative process. Existing research has tackled two questions: a) what motivates PACs to contribute in the electoral process and b) what are the effects of PAC contributions in the legislative process. Past research, however, has only made few attempts at trying to understand the motivations of PACs in the legislative process.

To better understand the motivations of PACs outside the electoral context, it is useful to examine the timing of PAC contributions. Fenno (1986) noted that if we want to explain political outcomes, then studying *when* events occur is as important as *what* occurred. Outcomes can only be explained if the context of events is well understood, including the nature of the times. Biersack and Wilson (1990) have rightfully noted that the timing of financial contributions in particular is critical to their impact to the contributor and the recipient. The timing of donations is critical to the contributors because they have to make sure that their contributions get noticed, that they are understood correctly, and that they promise a chance to have the intended effect. The timing of contributions is equally important to recipients. Non-incumbents use fundraising as an indication for whether they can and should run for office in the first place, and if they choose to run, they can better assess whether they will be considered as a quality challenger. Serious challengers raise money early and announce their candidacy decision as soon as possible—they know that will need to raise a lot more funds if they want to campaign competitively for the House.

Incumbents, on the other hand, also prefer early contributions in order to demonstrate strength and deter quality challengers. At the same time, the timing of contributions along with other types of communication is also important for incumbents to understand what kind of campaign platform contributors expect from the candidate. Legislative timing of contributions is significant to legislators because it helps them to decide how they should organize their time. While many events are scheduled for members of Congress, a large amount of contributions from one type of organized interest *at one specific point in time* is an obvious signal that the groups expect attention and potentially speedy action from the recipient.

Despite the fact that the timing of contributions is critical to contributors and recipients, the *when* question has received little theoretical and empirical attention. This work follows up on the idea that the timing of contributions helps us understand the motivation of PACs contributions in the legislative setting. This dissertation makes an attempt to answer several questions related to organized contributors: If PACs give money to legislators while Congress is in session, at what stage(s) of the legislative process do PACs become active? After all, what is the eventual intent behind the contributions outside the electoral context?

Scholars have worked on the role of money in politics with particular intensity since the late 1970s and focused on other pivotal questions. Research has centered on the effects of contributions for *election outcomes* (e.g., Silberman and Yochum 1978; Jacobsen 1978, 1980, 1985, 1990; Abramowitz 1988 and 1991; Morton and Cameron 1992; Gerber 1998), the impact contributions have on *policy outcomes* (e.g., Langbein 1986; Grenzke 1988; Hall and Wayman 1990; Wright 1985, 1989, 1990, 1996), the *allocation strategies of individuals* (e.g., Brown, Hedges, and Powell 1980; Wilcox, Brown, and Powell 1993; Brown, Powell and Wilcox 1995) and the *allocation strategies of organized contributors* (e.g., Eismeier and Pollack 1986; Wilcox

1988, 1989; Grenzke 1989; Biersack, Hernnson, and Wilcox 1994). This study can be integrated in the last set of works. This set of works has led to considerable knowledge about the recipient characteristics of PAC contributions, particularly about their positions in Congress, their ideology, and the competitiveness of their races. A number of studies have analyzed the effects of PAC contributions on voting behavior, often concluding that PACs make little or no difference in roll-call voting. If PACs exercise limited influence at the roll-call stage during legislative sessions then it raises the question at which other stage they may try to exert influence. This is not only an important question because of our limited knowledge of PAC behavior in the legislative process, but it is also important with regard to understanding the significance of legislative events for groups in general.

WHAT ARE PACS?

To avoid any confusion, it is appropriate to dissociate the term *Political Action Committee (PAC)* from *interest group*. An interest group is an organization of individuals who share a common political goal and unite for the purpose of influencing public policy decisions (Barbour and Wright 2006). While the media and the public often only use the term *special interest group* for any organized interest, most political scientists do not believe that all interest groups are opposed to the broad public interest. The American propensity to form political associations was already noted in the 18th century by Alexis de Tocqueville and James Madison. Madison argued that factions commonly unite based on some common passion or interest, but that such factions are opposed to the rights of other citizens or to the interests of the whole community. The formation of PACs, on the other hand, is a relatively new phenomenon that traces back to 1974, when the Federal Election Campaign Act (FECA) was passed in an effort to curb campaign spending

abuses. FECA provided for PACs to serve as the fundraising arm of an interest group in an attempt to regulate the amount of money an interest group could give to candidates. While most PACs are creatures of interest groups, others are independent and act as interest groups in their own right.

THE TIMING OF DECISIONS

It seems that spheres other than politics have paid more attention to the timing of events, decision-making, and other processes. Looking at the market of published books, one will come across works that pay special attention to timing in the context of business markets (the market in general, the real estate market, the stock market, marketing, investment, logistics, success, and business cycles), but also in the context of a very wide variety of subjects ranging from religion, sports, astrology, parenthood, to cooking and biology. A discussion about timing is nothing new in economics and other disciplines, while political science and interest group studies in particular have paid little attention to this aspect. The reason why books in various fields deal with the understanding of timing and finding the right time is quite obvious: it helps individuals or groups to optimize their strategies and ultimately make more effective decisions which in turn leads to better outcomes. For instance, one of the books that has caused the biggest buzz in sports education and kinesiology in recent years is *Nutrient Timing: The Future of Sports Nutrition* (2004). The authors argue that it is important to focus on *when*, rather than just *what*, athletes should consume before, during and after a training session to optimize their performance and recovery. My argument in this study is conceptually not much different: Political Action Committees know that the timing of contributions is critical if they want to get the best “bang for the buck” and therefore they act strategically.

The behavior of PACs is likely to be similar to individuals bidding at online auctions. Let us assume you want to sell a watch in the medium price range with a starting bid of 99 cents in a seven-day auction. You might expect several bids at the beginning with small to moderate raises by people who hope to make a bargain. Then the interest would probably wane until the last day and particularly the last minutes of the auction when the final price is set and the decision is made. The same is likely to be true for PAC behavior. First you see if small or moderate effort (in this case contributions) leads to tangible results, if not—and given that the stakes are high for you—you play the game aggressively at the very end and you may max out the contribution limits prior to important events or try to bundle your contributions with like-minded groups.

Even though economists and other academics have made attempts to better understand how individuals behave in regards to timing, there is still quite a bit of confusion and room for future research. Going back to the example of online auctions, some questions related to timing and its effects are still unclear. My goal as a seller is clear: I want to sell my product for the highest price possible. However, the layout, descriptions, pictures and everything else can be as perfect as possible, if my auction starts on Monday at 3:30 pm and ends three days later on Thursday at the same time I will most likely not achieve the best outcome. The reason is simply bad timing. People have less time during the week and during regular business hours. Some experts therefore recommend ten-day auctions that start on a Thursday, go through two Sundays, and end between 6:30 pm and 8:00 pm on the second Sunday. With this strategy you can reach the biggest target group, you consider the behavior of buyers and consequently, you are likely to reach the best selling price. However, other tests have shown that auctions that ended on a working day either in the morning or evening can lead to higher prices. The reasons seem to be that sometimes the servers are overloaded on weekends and therefore cause a slowing down and

frustration, but more importantly, buyers are less confused about all the other bids and the great number of auctions that end around the same time. Also, some people think they are more likely to buy an item for a lower price on a weekday simply because more people are busy, but in the end they pay more because other people have followed the same reasoning (see Roth and Eckenfels 2002).

All told, finding the right timing can be more complex than one might think initially. As far as auctions are concerned, we simply do not know what exactly the perfect timing for selling items is at this point. It may depend on the type of item, the value of an item, the weather, or even the season—we do not know. Understanding the timing and motivation of actions can be quite complex. There are a lot more open questions than definite answers at this point. In regards to the timing of PAC contributions this could mean that initially obvious hypotheses or answers may have to be called into question later.

What do we know about the role of timing in politics? Some political books acknowledge the importance of timing for political action and outcomes, but often remain vague in their argumentation. For instance,

“Timing is critical in politics, as is the intensity of your responses. When should you go on the mat of an issue? Is there another way to achieve your goals that doesn’t require a confrontation? Some issues are best left for another day or are best responded to in a less intense way than another person might expect. Again, a kind of intuition is helpful here—the kind based on your observations of successful people in your organization—when they’ve pushed hard to obtain something and when they’ve held back.” (Kelly 2005)

This study will go beyond intuition. Instead, the goal of this undertaking is to understand and to explain strategic behavior in organizations through empirical analysis. Most organizations not only contribute once during an election cycle while a campaign is underway, but contribute repeatedly at different points in time during an election cycle. PACs do not take action randomly or intuitively; their contributions serve a specific purpose. This thesis can therefore be viewed as part of the literature on motivational research.

The academic literature in a narrower sense has begun to analyze the timing of decision-making in the last decade, but is still in the early stages. Twenty-seven *J-STOR* articles have *timing* as part of their title. Among the latter results, four areas of research can be found multiple times—the timing of parliamentary elections (Chowdhury 1993; Lupia and Strom 1995), the timing of candidacy decisions (Wilcox 1987; Wilcox and Biersack 1990), decisions of timing in conflict situations (Ryu 1951; Kahan and Rapoport 1975; McLaughlin et. al 1998; Moore 1998; Regan and Stam 2000; Tong 2002), and the timing of position taking in Congress (Box-Steffensmeier et. al 1997; Caldeira and Zorn 2004). The studies that explicitly mention timing with reference to Political Action Committees or PACs in their title are Stratmann's (1998) study of roll-call votes and Box-Steffensmeier's et. al (2005) work on the incidence and timing of PAC contributions to U.S. House members. The latter study, however, focuses more on the incidence of campaign contributions and remains vague in its statements about the timing of PAC contributions. This brief review indicates that many areas in political science have not investigated the timing of events and processes thoroughly despite the fact that a number of articles refer to the importance of timing within their texts.

PACS AND PUBLIC POLICY

All Political Action Committees and their parent organizations are interested in public policies—they either want to change existing legislation by fighting for what best serves their interest or they want to signal that a change to the status quo would be a mistake. PACs can affect public policies by either trying to influence policy outcomes directly or by an attempt to shape election outcomes in the pre-primary and pre-general election stage that will later affect policy decisions. The most important means for PACs to express their preferences is to contribute to political candidates and parties. More specifically, PACs can affect public policies by (a) trying to influence legislators' behavior in committee, (b) attempting to alter legislators' roll-call voting behavior, or (c) trying to influence election outcomes (Levitt 1998). PACs want favorable legislation and aim at maximizing their influence given the resources that are available to them. Consequently, they have to think about when the timing is right to maximize their influence.

While most interest groups engage in a number of activities in their attempt to influence policy, making contributions is one of the most common lobbying techniques used to accomplish the ultimate goal—the adoption of legislation favorable to the organized interest or the perpetuation of the status quo. Political parties and candidates, on the other hand, need money for campaigns, and while individual contributions remain the most important single source of private funds, money from organized interests is the second most important source for office seekers in almost every campaign.

Since favorable public policies are the ultimate PAC goal, trying to alter or trying to prevent the change of public policy and the exchange of information are the alternatives for PACs at any particular time. With this goal in mind, the dissertation focuses on legislative events as explanatory factors of PAC activity. The policy agenda constitutes a major agenda and I

expect it to affect PACs' allocation behavior outside the electoral context. Within the electoral framework, it is obvious that PACs give money to support a certain political ideology and thus specific candidates who represent that philosophy. After an election, however, PACs respond to exogenous events as signals for contributing, but it is unclear at this point which events specifically motivate PAC contributions. Analyzing the timing of PAC activity will show what events motivate PACs most to take further steps. Overall, this research links the PAC literature, the work on the timing of lobbying (de Figueiredo 2007b), and the agenda-setting literature. At this point there is little connection between these three branches of research.

PACS AND TIMING

Stratmann (1998) and Box-Steffensmeier et. al (2005) are the only scholars who have investigated the timing of PAC contributions. Stratmann's findings can be summarized as follows: First, the inflow of funds allows PACs to make flexible decisions on when to distribute the money to House legislators. Inflows are fairly steady because many PACs receive funds through monthly dues that are paid by members of the PACs parent organization. Second, Stratmann analyzes whether Agriculture PAC contributions increased for the 1985 and 1990 Farm Bill votes relative to the same weeks in other election cycles. He finds that contributions increase around important committee dates, namely prior to two legislative markups. Contributions from Agriculture PACs (1998) as well as other types of PACs (2005) also start to increase two months prior to far-reaching floor votes, peak around the time the vote is taken and drop to almost zero two months after the House votes. Third, Stratmann (1998) finds that likely supporters receive their contributions largely before the floor votes, while marginal legislators and likely opponents receive contributions mostly after such votes have taken place.

Box-Steffensmeier et. al (2005) examine how donor and recipient characteristics affect the incidence and timing of donations to incumbent House members in the 1993-1994 election cycle. First, the authors find that almost all large PACs contributed in the first 100 days of the election cycle, while only 40 percent of small PACs did. Second, as far as candidate influence is concerned, majority party leaders receive their money earlier from large corporate and labor PACs but not from smaller PACs. Seniority and membership on a prestige committee did not affect the timing of contributions. Third, like-minded legislators receive earlier contributions. Fourth, large labor PACs give to incumbents who face quality challengers earlier in the election cycle compared to small labor PACs. Lastly, large and small corporate PACs and large labor PACs that are based in a candidate's home state contribute earlier to his or her campaign. In sum, the primary determinants of when PACs contribute prove to be PAC resources and geography. Numerous electoral studies have found that candidates prefer early money primarily because it gives them maximum flexibility—it leads to later fundraising success and deters high quality challengers. In Box-Steffensmeier et. al's analysis, PACs are primarily seen as electoral players and legislators as candidates. However, while the competitiveness of races, PAC geography, and PAC resources affect the ability for candidates to raise money at all times, one cannot ignore that legislators make public policy and PACs pay attention to other political processes and events as well.

Overall, studies on the timing of PAC contributions are sparse but clearly indicate a variation of contribution activity over time. Stratmann examines the timing of PAC contributions prior and subsequent to floor events empirically. His observations regarding other legislative events, however, are only descriptive based on visual inspection of the data. Box-Steffensmeier et. al find that PAC resources and geography primarily determine the timing of PAC

contributions. However, the authors remain vague about the exact timing and do not connect it to any events or processes that help us understand the context in which the contributions took place. In summary, there are no studies to this date that connect the timing of PAC contributions to more than a few major bills and look for a more general pattern of PAC allocations regarding various legislative events aside from roll-call votes.

Several empirical findings point to a rather complex allocation behavior. First, the degree of persistence in PAC contributions over time is remarkable, indicating that long-term planning plays a role in PACs decision making process (Snyder 1992). If the electoral context would be the only arena in which PACs operate, then we should expect a sharp decline in contributions after elections take place. However, most PACs do not stop contributing in non-election years. Second, organized interests either want to change or—if goals have already been accomplished—maintain the status quo, and therefore PACs look beyond the individual legislator. While a single legislator cannot decide either way, a relatively small group like a committee can profoundly influence whether legislation should move forward or whether it should die. In other words, committees exert considerable gate keeping and agenda-setting powers (Kollman 1997). Consequently, one should expect that PACs view committees as one unit where a simple majority controls whether change in legislation will be made possible by moving it to the floor or whether a bill dies at the committee stage. Indeed, Woon (2004) finds that constituency interest, ideology, and party have moderate impacts on issue selection and legislative proposals depending on the subject, but more importantly, that committee membership and leadership are the dominant influences. Finally, contributions help PACs to gain access and one way to conceptualize this is to “equate access to a hearing” (Grenzke 1989). While access is usually associated with presenting one’s case directly or indirectly to legislators,

this study takes Grenzke's comparison literally and analyzes if the timing of PAC contributions is related to actual hearings.

While the effect of PAC money on voting behavior is not the focus of this study, one should still point at this body of research since it is by far the most commonly tested. As Baumgartner and Jones (1999) point out, PAC studies are infamous for contradictory findings. Some studies conclude that PACs make no difference in roll-call voting, others say the influence is marginal or strongly limited by other variables such as ideology and visibility, and other studies in turn did find that PACs were highly influential. The unavoidable conclusion seems to be that PACs sometimes strongly influence congressional voting, sometimes have marginal influence, and sometimes fail to exert influence. Smith (1995) lists twelve explanations why we might be confronted with a number of conflicting findings. The potential variables include differences in issue visibility, issue technicality, the concentration of costs and benefits, the degree of partisanship, public salience, amount of organized opposition, presence of lobbying activity other than contributions, how soon a senator faces reelection, the closeness of the past or upcoming election, whether the senator is ideologically extreme or moderate, and whether public opinion favors the group on the given issue. Since most studies are case studies of particular votes, they cannot provide variation on issue-related points such as salience or public opinion. All in all, these insights have an implication for this study. The context in which group behavior takes place should be put in a larger framework. This is exactly what my agenda theory tries to aim for.

THEORETICAL FRAMEWORK

A theoretical framework is important because the behavior of political action committees can be connected to their goals. These goals can aim at either influencing the behavior of legislators in committee, altering roll-call voting behavior, or affecting election outcomes. In order to do so, PACs may want to continue to work with incumbents in Congress, or they may try to support challengers who can affect the aggregate distribution of opinions in Congress. Candidates can use PAC money for advertising and other campaign related costs (Baron 1989a, 1989b; Baron and Mo 1992, 1994). Incumbents also use the money to alienate strong challengers (Box-Steffensmeier 1996; Epstein and Zemsky 1995; Erikson and Palfrey 1998; Squire 1989, 1991). There is little disagreement that money does affect election outcomes, even though there is some difference in opinion on the importance of money for incumbents and challengers (Abramowitz 1988, 1991; Erikson and Palfrey 1998; Gerber 1998; Green and Krasno 1988; Jacobson 1978, 1980, 1985, 1990; Kenny and McBurnett 1992, 1994; Krasno 1994; Squire 1991; Silberman and Yochum 1978).

Biersack and Wilcox (1990) contend that studies of PAC decision making have not been deliberately theoretical, but that empirical results have been explained by either exchange models, informational models, or organizational models. While exchange models (Baron 1989a, 1989b; Baron and Mo 1992, 1994; Ben-Zion and Eytan 1975; Bentel and Ben-Zion 1974, Denzau and Munger 1986, 1991; McCarty and Rothenburg 1996, 2000; Snyder 1990, 1992, 1993; Welch 1974, 1979, 1980) and informational models (Austen-Smith 1995; Langbein 1986; Wright 1990) are commonly used among formal-theoretic analyses of PAC behavior, organizations models are more descriptive in their form (Eismeier and Pollock 1986, 1988; Handler and Mulkern 1982; Wright 1985, 1996).

Exchange models explicitly focus on the expectation by PACs that favors will be exchanged for financial support. Informational models are more cautious and see contributions as part of information processing. Such models see contributions as signals of the group's desires. Finally, organization models argue that the characteristics of PACs best explain their motivation. Organizational models emphasize the role of a contribution as a credit-claiming device for demonstrating group effectiveness to members. The three theories are set forth in the following section before I present my own theory (for another discussion of the three models see Radcliffe 1998).

EXCHANGE MODELS

Exchange models consider contributions to be a contract between the donor and receiver detailing the favors that will be exchanged for financial support. On the basis of work by Downs (1957), Olson (1971), Stigler (1971), and Tullock (1972), Ben-Zion and Eytan (1974) developed a model that takes into consideration the idea that policy favors are the results of contributions. The authors argue that an incumbent may change a policy stand if the loss of votes in an upcoming election is less than the percentage of votes the Congressperson can attract by using the money. In a follow-up article (1975), Ben-Zion extends the model by including a legislator's own policy goals in addition to reelection ambitions and by having groups choose between multiple candidates. The article's main point is that groups can alter candidate stands; the more money one contributes, the closer the candidate's platform will move to the contributor's ideal point.

In a series of articles, Welch (1974, 1979, 1980, 1981, 1982) applied economic models to the study of campaign finance. Welch differentiates between ideological contributors who are

only interested in a legislator's policy positions, and "quid pro quo" (tit for tat) groups who give to candidates who are most likely to return favors. He then develops a model whereby contributions are seen as an input while the candidate's voting record is regarded as the outcome. The results of his empirical studies (1981, 1982) are somewhat mixed. In a similar study with more advanced statistical tools, Chappell (1981, 1982) finds insignificant impacts from contributions on voting decisions.

Denzau and Munger (1986) and Grier and Munger (1986) advanced the previous exchange models by including district ideology and committee membership as independent variables. District ideology is understood as a cost for altering policy favors where congressional members would ask for larger contributions when policy change would clash with local interests. In their model, organized interests prefer securing benefits from legislators who offer them at the lowest cost. Thus, members of Congress representing ideologically analog districts on committees of interest are seen as primary targets of PAC donations. Poole, Romer, and Rosenthal (1987) endorse the use of group-specific ideology measures, and come to the conclusion that such ratings are reliable predictors of PAC allocations.

Baron (1989a, 1989b) and Baron and Mo (1992, 1994) extend the existing exchange models by presuming that groups also seek non-policy services from candidates such as requests for intervention with federal regulators. Groups are said to choose candidates who offer the best combination of party-determined policy positions and individually-determined levels of services. Hall and Wayman (1990) similarly claim that campaign contributions activate congenial members of Congress. They find that friendly members introduce more bills, are more active in markup and debate, and lobby colleagues on behalf of the group.

Overall, the empirical results of studies that analyze the effects of contributions on legislative decisions are weak. Decision-making is the result of a very complex political world, and buying votes is far more unlikely than skeptical citizens might think. Zardkoohi (1988) argues that candidates have more “leverage” than PACs, suggesting that contributions “may be more like paying for protection than buying votes”. To summarize, the research on PAC-candidate relationships suggests mutual dependence where both parties appear in a joint venture, rather than a buyer-seller liaison.

INFORMATIONAL MODELS

Informational models are more cautious than exchange models in their attempt to explain interest group-legislator relationships. Informational models suggest that contributions serve more as signals of the group’s desires. Truman (1951) argues that interest groups provide two types of information: technical and electoral. Legislators try to reduce uncertainty about both types and are therefore willing to accept some bias in the information presented to them. In other words, legislators are uncertain about policy and election outcomes and groups provide some guidance by conveying information (Smith 1984, 1989). In order to exert influence, groups have to be perceived as credible and their information has to be viewed as useful. Only then groups are ‘players’, i.e. “organizations with political resources and an economic or social stake in the issue” (Wright 1996). Wright reviews the informational model as follows:

“Influencing legislators’ decisions, however, is not a straightforward matter of applying pressure or making a campaign contribution. Whatever influence interest groups receive results from the acquisition of transmission of information, not from electoral threats, arm-twisting, or other overt forms of pressure. Interest

group lobbying typically enters into the legislator's decision calculus only indirectly through its influence on other important factors, not directly through a quid pro quo or other explicitly bargain." (Wright 1996, 73)

While informational models view contributions as signals, the size of a contribution indicates ideological proximity. However, as Austen-Smith (1995) contends, contribution size is a "noisy" signal and within ranges the signal is intelligible. Nonetheless, contribution activity indicates resources and the importance of a legislator to a group. As Wright (1996) points out, the earlier in the process groups become active and make contributions, the more they have a chance to influence the final result. While he and other scholars that have employed informational models point at the importance of early involvement, the question of timing has not been addressed sufficiently in any informational model.

ORGANIZATIONAL MODELS

There is a divide among the exchange and informational literature on the one hand and the organizational literature on the other hand. While the exchange and informational literature tends to be formal-theoretic, the organizational literature tends to be more descriptive in nature (an exception is Hayes 1981) and often based on interviews with PAC managers. Both sides have a tendency to ignore each other. *Organizational models* emphasize the organizational characteristics of PACs, i.e. PAC resources and size, the role of PAC donors, and the pressure from legislators. Overall, organizational models view contributions as a credit-claiming device for demonstrating group effectiveness to members.

An important factor in the decision making process for PACs is the amount of resources available (Biersack et al. 1994). First, as Eismeier and Pollock (1988) point out, small PACs collectively pursue a more diverse mix of strategies, while large PACs are more similar. Small PACs tend to pursue a single goal, but as resources expand, so does the opportunity to use a mix of strategies. Second, organizational imperatives limit political options. PACs with parents must weigh the impact of their contributions on the public image of the parent. Such PACs must consult the parent's Washington lobbyist and take the wishes of donors to the PAC seriously. Given these constraints, PACs with parents tend to use the following strategies to please donors: support their favorite candidates, offer some support for the ideologues, and maintain a record of backing winners (Sorauf 1992). Third, in contrast to exchange models and informational models which tend to view legislators as passive recipients of signals, organizational models stress that legislators apply pressure to PACs to contribute. Legislators ask PACs to attend fundraising receptions and PACs do not want to give offense by not contributing. Altogether, organizational models show that PACs serve several groups: donors, their parent organization, and potential contributors.

THE NEW AGENDA MODEL

A new model is necessary because existing models disclose several weaknesses. On the one hand, all existing models emphasize the role of legislators as candidates and the role of organized as electoral players. However, this view can be misleading since contributions are made on almost any given day during an election cycle. A better, more extensive model has to move beyond the campaign phases to better understand the behavior of groups. Second, as a result of the existing election-centered models, statements relating to the timing of PAC contributions

have been vague as of now. There only seems to be a consensus that it is better for PACs to contribute rather sooner than later. While each of the existing models is of value for a better understanding of PAC behavior, they fail to address when PACs become active. A better model should include a discussion of specific legislative events and possible other factors that are of importance to PACs' contribution behavior.

PAC CONTRIBUTIONS AS SIGNALS

Organized interests may only capitalize from giving out campaign contributions when those contributions are understood correctly. Therefore, for contributions to have any effect at all, PACs have to put themselves in a legislators' position. How does a legislator perceive a contribution? Does she understand the intent? A contribution is a signal, i.e. a detectable change in what is happening in the policymaking environment that conveys information. When we become aware of signals, they become "news". Many signals are subject to differing possible interpretations and may therefore be misinterpreted (Jones and Baumgartner 2005). Money is no different. The legislator (as the receiver) may know or not know the transmitter (the organized interest) as well as the intensity of the signal (the size and possibly the frequency of contributions from that group). If a legislator knows a group well, it is usually relatively easy to infer how the money is intended. For example, if the Microsoft PAC makes contributions before an extension of H1-B-visas is being discussed in committee, then legislators will detect the undertone: we want you to expand the number of such visas. In this case, "common knowledge" could be enough for the contributions to be understood correctly. However, to be effective, money has usually to be accompanied by verbal communication, actions or "common knowledge" (e.g. "The NRA wants looser gun regulations").

THE IMPORTANCE OF AGENDA SALIENCE

PACs do not send out signals randomly. Such signals are the result of changes in the environment relevant to PACs. The environment is initially one consisting of beltway insiders who are directly involved in policymaking and in the implementation of public policies. Conversely, changes in the political environment are often linked to changes in public perception of what issues are important and what direction new policies should take. Fluctuations of public opinion can be the result of personal experience, information received from peer groups, one's evaluation of policy outcomes and other factors, but it can also be influenced by public relations and the political media. Depending on the extent by which the public and media discuss the issues, these fluctuations may ultimately be represented by the agenda that affects PACs directly, namely the policy agenda. The policy agenda simply reflects the issues debated and voted on in Congress.

The rise and fall of issue salience over time is the study of agenda-setting. It is also the study of the relationships between actors' agendas. Agendas can be defined as "a ranking of the relative importance of various public issues" (Dearing 1989). They can be measured by either making a list of issues in order of salience or by looking at the relative salience of a single issue (Soroka 2002). Not only do agendas communicate prioritization, so does the timing of PAC contributions. On a broader level this study aims to trace processes of political communication. Money is certainly one way to communicate interest and that something is at stake for a group.

PACs do not only *respond* to changes in the political environment. They also have the option of trying to *create* transformations in the political arena. They can contribute while their issue(s) are off the radar and build coalitions with similar-minded groups. In other words, PACs can try to create agenda salience themselves. This feasibility of this option, however, depends

greatly on the financial and organizational resources available to the PAC. Both types of resources are linked to name-recognition and influence among legislators. Also, some PACs may not need to think about creating policy salience. For example, since the terrorist attacks on September 11th, 2001, Defense PACs have always been in the thick of it. They simply have not had to worry about not getting heard ever since then.

So far I have discussed PAC contributions in the light of a responsive vs. proactive dichotomy. This contrast only reflects alternative options in the legislative process. When Congress is preoccupied with legislating, then PACs have to consider to what extent they want and are able to be in the driver's seat or if they will stick to being driven by other political forces. In other words, the legislative timing of contribution provides PACs with multiple strategies. The electoral agenda, on the other hand, is fixed. PACs have to respond to this existing timetable. That is at least true for PACs who try to influence *congressional* policymaking. Since legislatures in parliamentary systems can be dissolved ahead of time, groups in other countries may actually try to suspend the government by being proactive. In sum, while electoral agenda salience for PACs is determined, legislative agenda salience can potentially be influenced.

PACs are likely to respond to existing agenda salience much more often than to initiate considerations or set agendas on their own. I agree with Kingdon (1995) who argued that the combination of national mood and elections is a more potent agenda setter than organized interests. Interest groups are better known for blocking consideration of proposals they do not prefer and adapting items already high on the governmental agenda by adding amendments or earmarks to bills. I also concur with Kingdon when he contends that the combination of national mood and elected officials is likely to prevail if it comes into conflict with organized interests, "at least as far as agenda setting is concerned". Existing agenda salience provides PACs with a

chance to push their pet solutions, or to push attention to their special problems. Kingdon calls this an open policy window.

CORE ELEMENTS

My agenda model views PAC contributions as a result of agenda salience. PACs determine agenda salience by using not only the policy agenda and the electoral agenda. In other words, the agenda model sees contributions predominantly as a result the agenda status that matters have relevant to a group as well as the temporal proximity to the next election. With agenda status I mean the level of attention that is paid to an election or issue or set of issues by the legislature. The more attention is given to an issue by Congress, the more PAC activity I expect.

Congressional events like hearings and votes are indicators of the policy agenda. Since PACs ultimately want to affect public policies, the policy agenda is of vital importance for PAC allocation decisions. As noted earlier, PACs are only one among many players on Capitol Hill and therefore they can rarely set the policy agenda, but they can attract legislators' attention and interest with contributions once issues are debated and voted on in Congress.

While my model sees contributions as a signal of the group's desires, particularly how important an event is for a group, it is the first model to specify when PAC activity takes place. The timing of a contribution reveals the motivation behind the action. It is therefore crucial to look very closely when groups give money. There are several possible strategies in an attempt to exert influence at a PAC's disposal. 1. A PAC wants to create issue salience and ultimately change the policy agenda. 2. An issue is on the legislative agenda and PACs try to influence the content of a bill at an early stage by making contributions in addition to other lobbying activities. 3. Shortly before a vote relevant to a group's interest is taken in the House or in the Senate, a

PAC contributes in an attempt to influence a vote decision. 4. A PAC makes a contribution upon a request by a legislator. 5. A PAC contributes only to pursue electoral goals. At this point I only present these strategies in a nutshell. The scenarios are explained in much greater detail in chapter two.

The first three scenarios must be seen in the context of influencing the policy agenda. In the first scenario, the organized interest may try to influence the policy agenda directly, or—if this fails or chances of success are minimal—it may try to use the media agenda or public agenda as a stepping stone in an attempt to shape the policy agenda. Scenarios two and three yield PAC activity as a result of the existing legislative agenda. The latter two scenarios fall under the “electoral agenda” category. Either a legislator asks for contributions to cover campaign expenditures or the PAC is solely election-oriented. The bottom line is that all strategies relate to agenda status. To check for exogenous circumstances that might influence PACs, I integrate my agenda model of PAC behavior into a broader model of the agenda-setting process.

All PACs are interested in favorable policy and to maximize effectiveness, PAC administrators want to give at the best time possible. Hearings and the subsequent markup session with the final vote on a bill are decisive events at the committee level. Therefore I expect access-oriented PACs to be particularly active before these activities take place. There are good reasons why a more precise analysis of PAC contributions at the committee stage is useful. Organized interests recognize that resources allocated at the committee stage are more efficiently spent than at the roll-call voting stage (e.g., Berry 1984, Grier and Munger 1986, Kingdon 1981). For one, it is more difficult to try to attach amendments to bills once they have reached the floor. Also, congressional members promote interests that help them to get reelected. It is therefore easier for organized interests to find a sympathetic audience in committees or subcommittees

(Shepsle 1978). Finally, because committee decision making is less formal and less public than roll-call voting, members are more likely to be responsive to campaign donors in committees simply because they receive less scrutiny at that stage. In fact, the literature on sub governments supports the idea of flourishing “clientelism” at the committee stage, i.e. personal relationships that link patrons and clients together in a system in which favors are exchanged for support and loyalty (e.g. Ripley and Franklin 1980, Shepsle 1978, Gais et. al 1984). In summary, groups strategically allocate their resources at places where they think they will receive the best value for their investment. This principle is especially important for the House where the size of the chamber’s membership, the greater importance of the committee stage, and the frequent restrictions on floor participation recommend a more targeted strategy (e.g., Grenzke 1989, Grier and Munger 1989).

So far I have argued that PACs primarily respond to an existing policy agenda and that PACs have incentives to become active before legislative action takes place. We know that the policy agenda can arise through legislators’ involvement, exogenous events such as elections, and through procedural or structural mechanisms. With procedural mechanisms I mean a sequence of political activities and decisions in Congress ranging from problem identification to policy adoption that induces policy change. PACs know the stages of the legislative process and I claim that they become particularly active when the government decides to address problems relevant to them. Structural mechanisms, on the other hand, are patterns of interaction among institutions, groups and agendas that constitute the political landscape. Most studies focus on exogenous factors and candidate-related variables in their attempt to explain allocation strategies, fewer studies focus on the legislative involvement of sympathetic members (Hall and Wayman 1990), and hardly any on procedural or structural mechanisms (Figueiredo 2006c, using annual

state-level data). However, I argue that procedural mechanisms at the early stages of policymaking as well as structural mechanisms are crucial for PAC activity. PACs want to make contributions at strategically advantageous times and therefore pay close attention to these mechanisms.

One question that arises is how far in advance do PACs know when their issues get governmental attention. Sometimes PACs know years or months in advance when legislation comes up, for instance when existing programs come up for renewal. In other instances, the legislative agenda is quite predictable, for example when an election is likely to produce a turnover with new legislative priorities. More often, however, the decision agenda is the result of exogenous events like scandals, disasters, election outcomes or new economic data. Nevertheless, even if the decision agenda has come up rather quickly, the process of writing a bill including the consultation of experts, organizations and concerned citizens and the formal introduction, as well as the referral and possible hearing on the bill, gives PACs at least several weeks to decide at what stage of the legislative process they want to contribute.

I expect an increase in contributions in the two weeks prior to significant committee events. If a PAC contributes three or four weeks or even sooner before a legislative event takes place, the group is probably aware that the targeted legislator a) probably has other issues on her mind, b) may be confused about the purpose and context of the contribution, and c) may not recognize the contributions in the first place. On the other hand, contributions on the very same day or the day before an event is scheduled are a possibility, but rather improbable since legislators will most likely not hear about them until later. Even if the news of a contribution gets through to a legislator on the very same day, it may come off as a cheap attempt to buy a vote and therefore may alienate or at least restrain the legislator from helping that group. If the public

hears about such obvious attempts to “buy” legislators through, it will put the PAC and its parent organization in a bad light.

LIMITATIONS

The agenda model described above has two major limitations. One limitation has to do with applicability and the other is procedural.

As far as applicability is concerned, one has to admit that only one type of PAC seeks to influence the legislative process, namely access-oriented PACs, who represent the majority of PACs. It is true, however, that favorable public policy is the ultimate goal for *all* PACs. PACs and their parent organizations will not be satisfied if sympathetic candidates have been elected who display very low prioritization or even indifference in their behavior once in office.

However, different types of PACs use varied strategies to reach the ultimate goal. There are two basic types of PACs. PACs that represent highly controversial issues—such as abortion policy, gun control, or gay and lesbian rights—focus on the composition in Congress because their chances of influencing legislative behavior are minimal. Put simply, a \$1,000 contribution will not change someone’s mind on abortion or attitude towards gun control. These ideological PACs use the electoral agenda to influence the policy agenda with the ultimate goal of producing beneficial policy outcomes for them.

All other PACs (or rather their parent organizations), however, are legislative players to a certain degree since not all preferred candidates will be elected even though contributions by a single group might affect the organization’s support within Congress by only a member or two (Wayman 1985). Nevertheless, PACs have incentives to watch and influence legislative behavior as long as they believe they have a reasonable chance at making a difference. Since the focus of

this study is on the legislative timing of PAC contributions, all theoretical considerations presented here only apply to the latter group of PACs, often called pragmatic PACs, access-oriented PACs, or investor PACs.

Also, the idea that PACs time their contributions around committee events does not apply to all organized interests and committees to the same degree. While timing aspects have not been studied at the committee level, past research indicates that committee characteristics affect the strength of the relationship between interest group money and committee votes. Previous research suggests that a reciprocal relationship between contributions on the one hand and favorable votes in committee on the other hand is more likely for ideologically moderate committees (e.g., Maltzmann 1997) with broad jurisdiction (e.g., King 1997), low issue salience (e.g., Evans 1996) and whose issues affect organized interests with above-average resources (e.g., Gordon 2005). The latter result indicates that larger PACs not only have the ability to contribute earlier and more often in an election cycle but also take advantage of that option, a result that agrees with Box-Steffensmeier et. al (2005). Evans' (1996) study, on the other hand, suggests that timing one's contributions along with committee events should be more promising when issue salience is low because less public and media attention makes mutuality easier. In a nutshell, the timing aspects of PAC contributions seem to be most important for larger, ideologically moderate PACs who play for high political stakes but do not have to face daily scrutiny.

While I expect PAC contributions to coincide with committee events, I do not expect PACs to give to all members of a committee to the same extent. Dahl (1956) argued that majorities seldom rule in the United States; intense minorities do. This is certainly true for congressional committees and subcommittees where actual "participation in one's own committees is a

sometimes thing” (Hall 1996). When participation is highly selective, the bulk of work is undertaken by a small number of individuals, with the size and composition of the actual working group changing from bill to bill. With reference to the timing of contributions, this means that PACs have to assess the likelihood of a legislator to show interest in a bill and to attend the corresponding meetings on the one hand and to assess that legislator’s activity and impact at such meetings on the other hand. The latter appraisal is the more crucial one. A legislator who submits proposals without the backing of his colleagues is a paper tiger who is only able to advance the cause of the group on a limited scale. Committee chairs and—to a lesser degree—the ranking minority member, however, have the greatest legislative capacity and procedural prerogatives. Also, majority party members have the advantage of organizing the committee, setting the agenda in large part, and moving legislation to the next level more easily. Consequently, PACs should contribute primarily to these “players with extra cards” (Hall 1996) prior to events where they can demonstrate that they can make the most of their hand.

All theoretical considerations up to this point apply to what I call regular committees. Regular committees conform to the standard legislative procedures without specific deadlines or unique powers. Other committees are characterized by unique procedures and legal guidelines. An example is the House Budget Committee; it occupies a unique place in the congressional committee system because of its jurisdiction and timetable. Shortly after the President submits his budget proposal, the House Budget Committee begins to hold hearings on the President’s budget request and starts to work on the budget resolution. While the budget proposal is of interest to all PACs and their parent organizations because it is a good indicator of winning and losing in the political business, it is of most interest to those organized interests that are able to assess possible changes to their organization directly from the proposal. The budget proposal

itself and other unique events surrounding the Budget Committee should therefore influence the timing of PAC contributions.

Up to this point, applicability issues have been addressed. The second type of limitation that my model presents is a procedural one. The variables in my analysis represent the separate stages that we see in the textbook model of lawmaking. However, in her book *Unorthodox Lawmaking*, Sinclair (2000) reveals that the textbook model of lawmaking describes the legislative process for fewer bills than in the past. The textbook model does not include a discussion of

- *multiple referral*. As issues become more complex, they often do not fit neatly into the jurisdiction of one committee. About 80 percent of more narrow bills are sent to two committees. Major legislation is sent to three or more committees over 50 percent of the time. However, this fact alone does not represent a major limitation to my model—the implication could be that PACs do not max out their contributions to individual legislators who serve on committees that directly affect them but rather give smaller dollar amounts to more legislators who only affect them marginally to secure the survival of a bill (see also Davidson et al. 1988, Young and Cooper 1993).
- *bypassing committees*. A majority of the House membership can bypass an unresponsive committee by a discharge procedure: any member can file a discharge petition calling for a measure to be brought out of committee to the floor. While discharge petitions are seldom successful, the *threat* of such a petition can pressure a committee and the majority party leadership to initiate the floor measures they would rather not consider. Assessing the implications of threatening a discharge petition is difficult because little is known about the

frequency and how legislators or PACs react to it. Since actual discharge petitions are rare, they do not pose a major limitation to my analysis.

- *task forces*. Some bills do not go through the committee stage because the majority party leadership believes an issue to be too delicate for a committee to handle.
- *pro forma committee deliberations*. Particularly in the first 100 days after a House election has taken place, the majority party leadership often pushes an ambitious schedule and allows for little real deliberation in Congress. This means that my main thesis, namely that PACs contribute primarily before committee events, is weakened for this time period since the party leadership is in the driver's seat, not committee members, and PACs have reason to focus on other stages of the policymaking process.
- *postcommittee adjustments*. After a bill has passed the committee stage, changes to the bill are routinely negotiated and then incorporated into a substitute bill or an amendment. Such adjustments are made to enhance a bill's survival at the floor stage. Both committee members and party leaders are engaged in this process, with the majority party leadership often taking charge. While my analysis controls for the week after a bill has been reported from committee, there is a chance that PACs contribute even later in an attempt to push a substitute bill or an amendment.
- *non-conference reconciliation procedures*. House-Senate differences on most minor and major legislation are reconciled through amendments between the chambers. Frequently these differences are resolved through informal, behind-the-scenes negotiations between House and Senate committee leaders and then incorporated in an amendment. PACs might contribute during this process, especially if the interchamber differences are quite stark and the bill reaches this stage rather early in a session. Sinclair demonstrates that supporters of a

bill are more likely to corporate with opponents at the end of a session simply because they want to see their legislation become law instead of starting the process all over gain in the next Congress.

In sum, working with an overspecified empirical model that includes control variables for the above-mentioned “unorthodox” legislative procedures may be possible for some bills, but they have been discussed to show what the main alternatives are for groups or individuals who want to make an attempt in influencing legislative outcomes by contributing at crucial lawmaking stages. In most cases, we simply do not know what kind of behind-the-scenes negotiations and adjustments have been made. The more practical and methodological useful way of analyzing contributions in the legislative process *on a larger scale* is to work with the classic stages of policymaking. Including unusual legislative mechanisms is certainly appropriate and necessary for well-documented individual bills. Overall, one should note that bills that go through unconventional stages in Congress can cause a quite different allocation pattern for PACs. In other words, a single unusual procedure will not change allocation patterns completely, but the sum of idiosyncratic courses of action is likely to do so.

A BROADER MODEL OF THE AGENDA-SETTING PROCESS

One cannot deny that PACs are part of a complex environment. Donors and potential donors watch PACs, and “connected” PACs are watched by parent organizations. Connected PACs are political committees established and administered by corporations, labor unions, membership organizations or trade associations. At the same time, PACs have to deal with expectations from legislators who not only expect donations while a campaign is underway but also during the policymaking process. On top of that, a PAC’s principal might also expect from its organization

to take action while the public prioritizes issues relevant to the parent organization and while the media focuses on these issues. Consequently, a broader model of PAC behavior has to take the demands of related groups into account as well as the supply of information, reflected by the various agendas.

In sum, PACs have to face four different types of pressure.

- *Organizational pressure.* Connected PACs are agents for parent organizations. Just like parents want to be proud of their children's achievements, parent organizations want presentable success from PAC administrators that they can "sell" to donors. Donors themselves might also exude pressure directly on what to do with the money as well. Organizational pressure is an urge to act. A larger business PAC cannot afford to be passive for a long time—they have to contribute in the legislative process to let the donors and parent organization know that they are on top of things and very much involved in trying to influence policy.
- *Political pressure.* Incumbents and challengers send out precatory letters and invite PAC administrators to fundraisers. The rule of thumb of political hopefuls is simple: if you do not ask for money, you will hardly raise any. As an incumbent, you may want to remind PACs to contribute at the same time(s) of a year. This strategy sends out the signal: you contributed last March and I appreciate it but if you want to be heard in the future, then a contribution this March would be the right thing to do.
- *Exogenous pressure.* Previous studies have concentrated almost exclusively on this type, arguing that elections put pressure on PACs to act. Any contribution is usually viewed as a campaign contribution, having the legislator's point of view in mind. Events with national implications automatically require action on the part of a PAC. As indicated throughout this

chapter, legislative events also pose PAC demands and their importance will be discussed later.

- *Miscellaneous agenda pressure.* When, for instance, media stories about unethical behavior of legislators are abundant, then some PACs may want to demonstrate that they oppose such behavior and start contributing to members of Congress who have taken initiative against such conduct. Such PACs may sell their actions as showing a sense of civic responsibility. Similarly, when the public identifies the quality of public education as a serious problem, particularly larger PACs may want to start a public relations campaign and join efforts to improve the public school system. Overall, PACs are not immune to agendas that may not affect them directly but are on the mind of media elites or the public. The public and media agenda can either create opportunities for PACs or lead to pressure to do something against deplorable political and social circumstances.

Taken together, PAC administrators are hired because of their political knowledge and skills as well as their ability to assess the importance of events and to respond to special circumstances. Parent organizations give PACs a good deal of discretion but that does not mean that they operate as autonomous entities. As the last paragraphs tried to demonstrate, PACs are facing multiple types of pressure that affect their strategies and activities. In fact, organizational pressure should not be underestimated—parent organizations often set forth a basic strategy for giving. While a 60/40 strategy for business PACs is common where 60% of the contributions go to members of the majority party and 40% to the minority, parent organizations sometimes have an ideological preference that they want to see realized.

ON MOTIVATION AND TIMING OF PAC CONTRIBUTIONS REVISITED

Existing models have not paid sufficient attention to PAC timing and motivation in the legislative process. Informational models argue that in order to maximize influence, PACs should become involved as early as possible in the political process. However, such statements lack precision since the term *early* remains unclear in this context. First, does it mean that groups should become involved while an issue has a low profile but has a good chance to become important “soon”? Does the early involvement refer to the policy agenda alone? Does it only apply to political and exogenous pressure? Or does *early* not refer to the agenda-setting process, but rather to the first steps in the policy formulation stage? Second, the statement is somewhat inconsistent with cognitive capacities. If groups contribute very early in the legislative process, it means that during that time other issues get the bulk of attention. Because of cognitive limitations, early contributions may not be very effective. When it comes to making a final decision in an information-rich environment, most legislators probably will not remember exactly who contributed to her at what point in time, how much they received, and how often the groups contributed as long as there is a considerable lag of time between the contributions and a decision that affects these organizations. Instead, legislators are more likely to pay most of their attention to contributions that they receive while an issue is “hot” and when the constituency, party members, and the possibly the media expect to hear where they stand on that particular issue.

This is why I think pragmatic PACs give money shortly before pivotal events at the congressional committee level. Most bills die in committee, not during the roll-call process, and PACs who want policy change have to make sure that bills survive that critical stage. Three

events should be of particular importance to PACs not just in the face of survival but also with regard to influencing legislators' opinions and participation.

- First, committees hold *legislative hearings* on measures or policy issues that may become public law. Hearings provide a forum where facts and opinions can be presented from witnesses with varied backgrounds, including members of Congress and other government officials, interest groups, and academics, as well as citizens likely to be directly or indirectly affected by the proposal. PACs might want to contribute before these hearings take place to signal the importance of an issue and to encourage activity from legislators at those events. PACs should see these hearings as an opportunity to adopt new policies or programs.
- Second, *oversight hearings* review or study a law, issue, or an activity, often focusing on the quality of federal programs and the performance of government officials. Oversight hearings also help ensure that the execution of laws by the executive branch complies with legislative intent, and that administrative policies reflect the public interest. Such hearings often seek to improve the efficiency and effectiveness of government operations. PACs are likely to be interested in oversight hearings because contributions allow them to signal: stop this program, it is counterproductive, or, continue the existing program, it works. At the same time, the PAC's parent organization will look after that the legislators understand the direction of the signal by using other lobbying techniques.
- Third, at *markups* the committee debates, amends, and rewrites proposed legislation. Committees do not actually change the texts of the bills they mark up. Instead, committees vote on amendments that their members want to recommend that the House adopt when it considers the bill on the floor. The committee concludes a markup not by voting on the bill as a whole, but by voting on a motion to order the bill reported to the House with whatever

amendments the committee has approved. A majority of the committee must be present when this final vote occurs. Markups are do or die, and organized interests with a policy agenda should certainly become active before this process enfold.

In sum, there are good reasons to believe that legislative events, especially those at the committee level, will spark contributions from organized interests. At the same time, some PACs may want to signal that they take the worries of the public and the stories of the media seriously outside the committee framework because they know that legislators who ignore the concerns of their constituency will not get reelected. Drawing a line between having an option and facing pressure to act is often difficult. The purpose of these last couple of pages was to show that PACs act in a multilayer environment facing multiple demands but they are also provided with ample room to become active.

SYNOPSIS AND PROGNOSIS

Allan Cigler divides the literature on interest group studies into two parts: “demand aggregation” and “group impact” (1991, 100). The first category focuses on topics such as group mobilization, the role of group leaders, and group maintenance. The second group of studies covers group activities and their effects in the political arena. Cigler notes that most areas of strength and progress can be put in the first category rather than in the second. This project can be put in the second category. It concentrates on group activities, specifically on the timing and motivation of contribution activity. Baumgartner and Jones (1999), on the other hand, divide the interest group literature into three areas: areas of advance, areas of avoidance, and areas of confusion. The authors argue that some areas have not been studied because new research questions have been posed at such a high rate that research could not keep up with the unsolved puzzles while others

topics have rarely been covered because scholars have not figured out the best way to approach these issues. The authors give examples of several unanswered research questions, one of which is: How do the roles of groups differ when dealing with issues on and off of the national political agenda? This project tries to get at this question by looking at the timing of group activities in relation to variation in agenda salience. We will learn from this project that PACs attach little importance to some events while others loom large. Consequently, if we want to understand what makes PACs tick, then future projects should focus even more on what the catalysts of interest group activity are. While many PAC studies focus on the possible effects money might have on voting behavior, it is clear that voting is only one type of congressional behavior and a lot more events and processes can be studied in conjunction with PAC contributions.

In chapter 2, I explain the agenda model in much greater detail. More precisely, I explain a) to which PACs the model applies, b) the various options PACs have to attain visibility with legislators and to attract attention to issues important to the group, and c) I introduce illustrate the relevance of PAC contributions in individual decision making processes. Chapter 2 starts with an explanation of how connected PACs are different from unconnected PACs and how investors PACs differ from ideological PACs. This discussion is important to understand the relevance of the policy agenda as opposed to the electoral agenda for the different kinds of PACs. It is also significant in view of the different strategies that are at a PAC's disposal.

Chapter 3 is a first test of the agenda model. Since PACs ultimately want to affect public policies, the policy agenda is of vital importance for PAC allocation decisions. PACs are only one among many players on Capitol Hill and therefore they can rarely set the policy agenda, but they can try to attract legislators' attention and encourage committee participation with

contributions once issues reach specific stages. This chapter analyzes various activities for regular committees that might be linked to PAC contributions.

Chapter 4 focuses on PAC contributions to committee members of special committees. The House Budget Committee and House Appropriations Committee have both unique powers and procedures that are likely to influence PAC contribution activity. This chapter explores the timing of PAC contributions by taking unusual committee characteristics into account.

While the first four chapters are built on deductive reasoning, chapter 5 follows inductive logic. In this chapter I summarize my results and examine how useful my agenda model (chapter 1 and 2) has turned out to be in the light of empirical testing. The chapter addresses the notorious but legitimate “So what?” question by synthesizing the findings and showing why my research questions and results are important for a better understanding of PAC behavior and the agenda-setting process. In addition, I outline real- world implications for PAC administrators by elaborating on the most common contribution strategies and their motivations on the one hand and PAC “success” on the other hand. I also point at possible paths of future research, some of which are a) to refine the categorization of committee attributes and issue attributes and to examine how they influence contribution activity, b) to conduct more integrated (but laborious) analyses that compass candidate-related factors, PAC-related factors, and agenda-related variables in one study to further our understanding of PAC motivation, and c) to explore when the principals of a PAC—in particular parent organizations, donors, and potential contributors—exert pressure on a PAC to act.

In the second part of this chapter, I address questions of motivation and timing in an expansive context: What generally motivates political decision makers? How relevant is timing to the success of their actions (Gibson 1999)? Why has research in political science shown little

interest in exploring the timing of political actions if it is the “essential ingredient of politics” (Trudeau 1980)? This discussion will hopefully inspire other scholars—not only the ones with an interest in money and politics but political scientists in general—to pursue further research in this area.

To summarize, this dissertation makes a number of theoretical and empirical contributions. First, this work develops a new theory based on the idea that all PACs are focused on favorable policy and to maximize effectiveness, PAC administrators want to give at the best time possible. Consequently, agenda salience plays a major role for allocations decisions. While each of the existing models is of value, questions of political context have not been fully addressed and questions of timing contribution activity have received very little scholarly attention. This study investigates these questions. Second, the study is the first one to analyze the importance of a number of legislative events for PAC allocation behavior over a whole election cycle, including the introduction of bills, (sub)committee hearings, (sub)committee markups, and the vote on the floor. Lastly, the dissertation contributes to the research on agenda fluctuation. While previous research has also addressed the question of how predictable the policy agenda is, this study concentrates on a number of specific committee level events instead of just focusing on the hearings as the most commonly used indicator of political attention.

CHAPTER 2²

AN AGENDA MODEL OF PAC BEHAVIOR

In the first chapter I have argued that the behavior of Political Action Committees (PACs) can be connected to their goals. I laid out the existing theories about PAC-legislator relationships and proposed a new model. However, the model was presented in sketches and needs further explanations. In this chapter I will explain my view of how PACs act within the political framework in greater detail, particularly as to what the different strategies are at a PAC's disposal. I then connect the model to the agenda-setting process and discuss possible reactions of individual legislators.

Prior to a discussion about the motivation and timing of PAC contributions, it is necessary to briefly set forth several *sine quibus non*—conditions that must be met for contributions in order to have any effect at all on a legislator. First, legislators must realize that a contribution has been made. Unnoticed contributions cannot have any behavioral impact for obvious reasons. Second, legislators have to understand the political context in which the money is given. A legislator has to know who the donors are, what their political goals are and what they expect in return. Third, legislators have to know the current status of legislation that will potentially affect their donors. In fact, knowing the history of policy decisions is equally important to understand how close or how far the donors are to their ideal policy. Only with this

² “Timing, degree and conviction are the three wise men in this life.”

- R.I. Fitzhenry

“‘Time is money’, [...] but an anthropology of time might be better served by embracing the aphorism: ‘time is power’.”

- Henry J. Rutz, *The Politics of Time*

knowledge in hand can a legislator realistically assess what is expected of her, given that the donors know where the legislator stands on an ideological scale.

Finally, legislators need some knowledge of money in politics in order to contextualize contributions. For example, the National Beer Wholesalers Association (NBWA) contributed \$10,000 to Democratic Senator Dianne Feinstein in 2006. Is it more than she could have anticipated or just common practice and should she have expected that kind of support from the organized interest? Basic knowledge of political money is important because legislators have to know what is business as usual and what is extraordinary if they want to understand the intensity of the support. In the aforementioned example, the contribution itself and the amount are rather unusual because only twelve Democratic Senators had been NBWA recipients in the 2006 election cycle and only four Democrats received the maximum amount of \$10,000 (\$5,000 for the primary and \$5,000 for the general election in November).

TYPES OF PACS AND THEIR RELEVANCE TO THE NEW MODEL

The agenda model that I am about to discuss in more detail applies to connected as well as unconnected PACs. According to the Federal Election Commission (FEC), connected PACs are political committees established and administered by corporations, labor unions, membership organizations or trade associations. These committees can only solicit contributions from individuals associated with connected or sponsoring organizations. Non-connected PACs are political committees that are *not* party committees, authorized committees of candidates or committees or committees established by a corporation or labor organization. Non-connected PACs are free to solicit contributions from the general public. Both types of PACs pursue the same goal: they contribute to legislators that either currently or potentially in the future support

the PAC's interests. While connected PACs want the best possible policy for their parent organizations, non-connected PACs want the best policy for their individual contributors. There is no theoretical reason that would lead one to the assumption that connected PACs will respond differently from unconnected PACs to a changing political agenda.

As far as contribution limits are concerned, multi-candidate committees can give \$5,000 per election to a federal candidate. Multi-candidate committees have more than 50 contributors, have been registered for at least six months and (with the exception of state party committees) have made contributions to five or more federal candidates. All other political committees can only give \$1,000 per election to federal candidates.

Favorable public policy is the ultimate goal for all PACs. PACs and their parent organizations will not be satisfied if sympathetic candidates have been elected who display very low prioritization or even indifference in their behavior once in office. However, different types of PACs use varied strategies to reach the ultimate goal. There are two basic types of PACs. Ideological PACs are PACs that represent highly controversial issues—such as abortion policy, gun control, or gay and lesbian rights—and focus on the composition in Congress because their chances of influencing legislative behavior are minimal. Such PACs focus exclusively on electoral timing and therefore their only agenda of interest is the election calendar, i.e. the dates of primaries and general elections in particular. Ideological PACs tend to be the most issue- or cause-oriented PACs. Put simply, a \$1,000 contribution will not change someone's mind on abortion or attitude towards gun control, and therefore such PACs do not even attempt to influence such positions.

All other PACs (or rather their parent organizations), however, are legislative players to a certain degree since not all preferred candidates will be elected. These so-called investor PACs

include most business-oriented committees who are interested in laying a foundation for influencing the policy process in the first place rather than replacing those involved in the process. These PACs give donations specifically to press forward the short-run interests of the donor, primarily to enable the corporation to meet with the member and argue its case (Clawson 1998). However, contributions by a single group might affect the organization's support within Congress by only a member or two (Wayman 1985). Consequently, PACs only have incentives to watch and influence legislative behavior as long as they believe they have a reasonable chance at making a difference. Since the focus of this study is on the legislative timing of PAC contributions, all theoretical considerations presented here only apply to investor PACs and PACs with mixed objectives, often also called pragmatic PACs or access-oriented PACs. PACs that use mixed strategies make some contributions to maintain access to members of Congress and others to influence the composition of Congress. Put differently, such PACs not only give to incumbents who can support their legislative interests, but also to candidates in competitive elections (Herrnson 1997). In short, my theory has limitations in terms of applicability and the procedures discussed in the first chapter. While a theory should have large explanatory power it is also important to be straightforward and realistic about its range and applicability. Nonetheless, since the vast majority of PACs pursues either access-oriented or mixed objectives, the theory does not lose too much in importance.

THE FIVE STRATEGIES FOR INVESTOR PACS

To maximize effectiveness, PAC administrators want to give at the best time possible. Good timing helps PACs to attain visibility with legislators and to attract attention to issues important to the group. Therefore my agenda theory views PAC contributions as either a) an initiative to

influence the policy agenda with the ultimate goal of advantageous public policy, b) as the result of high issue salience and the hope to influence the content of a bill at an early stage, c) an attempt to shape a policy outcome on the floor, d) a favor upon a request by a legislator, or e) as a result of the electoral agenda. These five scenarios are explained in greater detail on the following pages. As noted earlier, prior research has either focused on the *motivations* of PACs in the *electoral process* or on the *effects* of PAC contributions in the *legislative process*. The goal of this chapter is to give an overview of PAC motivations in the legislative process.

Scenario 1: A PAC wants to create issue salience and ultimately change the policy agenda.

Either the parent organization or the stand-alone committee recognizes a problem relevant for the organized interest. The problem is the difference between actual conditions and those that are required or desired to achieve maximal success. Since the problem that the organized interest is facing is of legal nature, the group checks if there are efforts underway to change the status quo. It becomes clear that there is currently no political effort to do something that would solve the groups' problem. Consequently, the organized interest decides to take action. The group decides to focus on several lobbying tactics which may include direct and informal contacts of legislators or other officials, doing favors for officials, presenting research results, working with influential citizens, and letter-writing as part of constituency influence. In addition, the group decides to collect and contribute money to federal candidates.

The group has two options. It can go it alone or it can coordinate, i.e. bundle contributions with other interest groups. Going it alone has the advantage of quicker and more focused action. The bigger the organized efforts get, the more difficult it is to keep the policy proposal narrow and targeted towards the goal of the group who took the initiative. Olson's

(1971) principle, the bigger the group the more difficult it gets to control it, comes into play.

Bundling the contributions, on the other hand, has the quite obvious advantage of increasing one's chances to have a real impact on the existing policy agenda. The more potential voters are involved the more likely will the movement draw attention to its cause. Legislators cannot afford to ignore initiatives from organized constituents, even less so from larger movements.

The goal then becomes to translate attention into policy action from political quarters. The first important success for a PAC or its coalition would be to meet with legislators to discuss their cause. Ideally for the PAC, the legislator signals his support and decides to do more research on his own. Further investigation would then lead this legislator to a) introduce a bill written by the organized interest, b) write a bill in person, or c) ask another legislator with more legislative expertise on that issue to introduce a bill. In fact, organized interests are often accused by the media of writing legislation themselves. Writing legislation takes time and sometimes legislators even admit that they did not have the time to even read proposed legislation. If a PAC views this first scenario as realistic, then we should see a spike in contributions possibly months before the introduction but also on the verge of the bill introduction to pay tribute to the effort on the part of the legislator. Predicting the initial contribution is quite difficult because the realistic time span between effort and bill introduction may depend on the issue, the majority make-up, a legislator's seniority, the complexity or degree of proposed change and many other variables.

The timing of bill introduction is quite predictable in many cases. A large proportion of bills is introduced during the first weeks of the first congressional session. One important reason that can explain this fact is that many bills are reintroduced in succeeding Congresses (Burstein et al. 2007). Consequently, PACs who want to influence the introduction of bill are well advised to become active very early in a session, particularly the first one.

The question of who PACs should target if the introduction of a bill is the goal has been indirectly answered by Adler and Wilkerson (2008). The authors analyze what party affiliation and position those legislators have who introduce bills and compare these percentages with bill success in committee, on the floor, and with enactment. The results are unambiguous. Minority members who are not either standing or subcommittee members of the corresponding bill introduce bills almost 30 percent of the time but they account for less than 10 percent of the successful bills that are eventually enacted. Standing committee chairs and subcommittee chairs, on the other hand, introduce less than 20 percent of all bills on average. However, over 50 percent of all enacted bills are introduced standing committee chairs and subcommittee chairs. As far as the introduction rate vs. eventual success rate is concerned, standing committee members of the majority party are the second most successful group, followed by other members of the majority party. These results mean that pragmatic PACs should primarily target committee chairs, followed by other committee members and then aim at other majority members.

However, several issues complicate matters. First, there are contribution limits. A single PAC cannot contribute more than \$10,000 to a committee chair or any other legislator in an election cycle. Larger PACs simply have to give to legislators other than those with the most obvious gate-keeping powers. Second, the common 60/40 strategy, i.e. pragmatic PACs like to give 60 percent of their resources to members of the majority party and 40 percent to the minority party, has to be kept in mind. PACs are interested in building long-term relationships based on trust. At the same time, the majority status is volatile. PACs do not want to upset representatives for a short-term benefit when the long-term costs can be much larger. Third, diverse pressures, particularly the ones discussed in the previous chapter, can lead PACs *not* to contribute to those lawmakers who are most likely to promise legislative success. For instance,

currently the Democrats control both chambers of Congress but business PACs usually prefer a Republican majority because their policy beliefs are more in line with the GOP. Therefore these PACs might still ask Republicans to introduce bills simply because they feel more comfortable doing so. Also, some PACs might simply ask their local representative to introduce bills no matter what that person's party affiliation is. If that legislator is in the minority, so be it, they may think, as long as it helps to portray the organization's image as one that supports the "root of democracy", local leaders, local business, and local organizations. Surely, some PACs may not support locals because of its presentability but because they truly believe that this is the right thing to do true to the Buddhist maxim: "The frog does not drink up the pond in which he lives."

Finally, looking at the activity of bill introduction we can see another trend. Overall, the numbers of bills that are introduced each Congress has declined. Bill sponsorship activity in the House peaked in the early 1970s, with nearly 20,000 bills introduced per Congress, compared to only about 5,000 bills today. Much of this trend can be attributed to changes in House rules relating to co-sponsorship. Co-sponsorship was not allowed until the 91st Congress, when it was limited to 25 co-sponsors per bill. A rules change in the 96th Congress (1977-78) eliminated this cap altogether. The incentive to sponsor bills for position-taking purposes was stronger prior to these reforms and, not surprisingly, sponsorship activity declines after these reforms, while success rates for legislation increases (Cooper and Young 1989, Cooper and Rybicki 2002).

Scenario 2: An issue is on the legislative agenda and PACs try to influence the content of a bill at the committee stage by making a contribution in addition to other lobbying activities.

According to my theory, this is the most common and most rational strategy for PACs. After a bill has been introduced in the U.S House of Representatives, it will be referred to one or more standing committees. This is where it gets interesting for groups. The chair of the standing committee gives the bill to an appropriate subcommittee and that subcommittee decides whether it wants to give the bill a chance. We know that about 90 percent of all legislation dies in committee. Between 1987 and 1999 the bill survival rate had always been between ten and twelve percent in committees. In the post-World War II era, the highest committee survival rate was in 1947 with 18 percent, while the lowest was recorded between 1969 and 1974 when less than four percent of bills were reported from committee (Adler and Wilkerson 2008). These numbers show that committees do drive the policy process and that committee dominance is not a myth—it is make-or-break time for bills.

Among the five scenarios discussed in this chapter, this situation is the one that I described in most detail previously. The big challenge for PACs is to clear the big hurdle, the committee hearing. A hearing is the next big step after a bill has been either reviewed by the full committee or referred by the chairman of the full committee to the subcommittee. Hearings often serve multiple purposes, some of which are

- to explore the need for legislation
- to build a public record in support of legislation
- to publicize the role of committee chairmen
- to review executive implementation of public laws
- to provide a forum for citizens' grievances and frustrations
- to educate lawmakers and the attentive public on complex issues, and

- to raise the visibility of an issue (Davidson and Oleszek 2005).

Group donations coincide with these purposes. Contributions from groups have the purpose of fueling the idea that a) new legislation or a review of existing legislation is necessary, b) to show support, c) to give “public” feedback, and to d) get attention from lawmakers. A committee hearing is certainly an event of dichotomous nature, it either takes place or it does not. There are no minor hearings, half-hearings, or exploratory hearings. Therefore PACs and their parent organizations have every incentive to overcome this obstacle and their firepower is hard cash.

The next procedural step after a committee hearing is to prepare a committee markup. Markups provide an opportunity for committee members to change the language of a bill. Why would PACs contribute prior to a committee markup? I concur with Hall and Wayman (1990) who claim that the behavior most likely to be affected by contributions is members’ legislative involvement, not their votes. Therefore the goal of either individual or bundled PAC contributions should be to a) encourage attendance at the markup, b) speak during the event, c) offer amendments, d) vote at the end of the meeting, and e) negotiate with or convince other members of their position behind the scenes. Each committee member receives an advance copy of the measure to be marked up. However, one should note that not only congressional members influence committee markups, but so do committee staff as well as personal staff. The majority committee staff primarily prepares some of the preparatory work (such as the administrative tasks), while committee staff of both parties do other tasks independently (CRS Report 2006a, 2006b). Committee staff typically distribute a copy of the markup vehicle, along with related summaries, explanations, statements, or talking points they have prepared. Also, personal staff of committee members often prepare specialized packets for their members to use in the committee markups (CRS Report 2007). To sum up, PACs have reasons to believe that they can influence a

member's markup activity but they also know that committee staff and personal staff are powerful players at this stage. Assessing the separate influence of Congresspersons, committee staff, and personal staff at this stage will always be difficult for political scientists, and conducting large-scale empirical analysis seems almost impossible.

Altogether, several theoretical reasons suggest that PACs should focus on committee events. The theoretical motives can be summarized as follows:

- Convincing legislators to attach amendments is easier at the committee stage compared to the roll-call stage.
- Legislators are interested in credit-claiming and committees provide an arena that makes it easier to facilitate this goal compared to meetings of the entire House.
- PACs know that the public and the media pay little attention to committee decision making compared to roll-call voting. Also, several organized interests record and publish a member's roll-call on important bills such as the liberal organization Americans for Democratic Action (ADA scores) and the traditionalist group American Conservative Union (ACU scores). At the same time, there are no groups that publicize committee behavior and committee votes—this makes it unlikely that such groups will establish vote-buying connections at the committee stage.
- Trying to buy beneficial policy outcomes is cheaper in committees than it is for the full House of Representatives. Fewer lawmakers will initially be either on the fence or against the PAC's policy preference and have to be convinced for a change of the status quo. Certainly, convincing critical committee members does not mean having secured a majority of upbeat House members. However, PACs are likely to hope for a domino effect, i.e. that a change at the lower level will cause a chain reaction with an impact at the floor level.

Does the discussion about PAC contributions around committee hearings and markups apply to all committees equally? Adler and Wilkerson's (2008) results suggest that PACs have a higher chance of influencing some committees and their events than others. In fact, activity levels and success rates vary by committee of jurisdiction and reflect differences in how committees do business. For example, the House Appropriations Committee and the House Ways and Means Committee both report few bills because both tend to concentrate their legislative efforts on a small number of markup vehicles (e.g., Social Security). However, the House Ways and Means Committee has a much lower success rate in part because members have incentives to sponsor large numbers of bills authorizing changes to the tax code. Between 1973 and 1998, among the committees with the highest percentage of reported bills, i.e. with bills released from committee and included in the House calendar along with a report explaining the provisions of the bill, were Appropriations (35 percent), Natural Resources (22 percent), and Science (19 percent). The House committees with the lowest percentage of reported bills (five percent or less) in that timeframe were Ways and Means, Rules, and Banking. Altogether, PACs should be more likely to increase their contributions prior to committee events with a greater likelihood of surviving the committee stage, such as events at the Appropriation Committee.

Scenario 3: Just before a vote relevant to a group's interest is taken in the House, a PAC contributes to congressional members in order to influence the ultimate outcome of the roll-call vote.

PACs may contribute shortly before a vote relevant to a group's interest is taken in the House or in the Senate in an attempt to influence a vote decision. Why spend all your money during the 'regular season', i.e. during the campaign phases and early stages of policymaking, with nothing

left for the ‘play-offs’, when the actual votes take place? Floor votes ultimately decide the fate of any bill and we should therefore expect increased PAC activity prior to such events. Such contributions may

- remind legislators of the upcoming event. Such reminiscential contributions could be meaningful for apparent supporters, those legislators who sit on the fence, and those who have not shown interest up to that point.
- change the level of activity during floor procedures. For example, let us assume that a bill aimed at providing financial aid to the U.S. auto industry was granted a special rule. A special rule is a simple resolution of the House of Representatives, usually reported by the Committee on Rules, to permit the immediate consideration of a legislative measure, notwithstanding the usual order of business, and to prescribe conditions for its debate and amendment. Such conditions are known as open rules, closed rules, and modified versions of both types of rules. Under an open rule, any member may offer germane amendments. Under a close rule, no amendments are permitted. Between open and closed rules are modified open and modified closed rules, which limit the amendment process to only those amendments referred to in the rule (Wolfensberger 1995). If the bill will be debated under (modified) open rules, contributions from PACs may alter legislators’ behavior during debate—they may become more involved while the bill is discussed.
- tip the outcome of the floor vote in favor of the contributors. Ultimately, policy-oriented contributions only serve a purpose if they lead to tangible outcomes. Floor votes provide for the ultimate test. In the end, such contributions only paid off if losing propositions have turned into winning ones. We should therefore not be surprised that numerous studies have used congressional floor votes as the benchmark for policy success (e.g., Ginsberg and Green

1986; Jones and Keiser 1987; Grenzke 1989; Neustadl 1990; Wright 1991; Langbein 1993; Wawro 2001).

However, the advantages of contributing at the committee stage discussed earlier turn out to be the disadvantages of concentrated PAC effort at the floor stage. Legislators are probably less likely to introduce amendments on the floor out of fear of rejection at this more visible stage. Congressional floor debates and procedures make it more difficult to claim credit for a successful bill as an individual. PACs understand that “buying” a successful coalition on the floor requires considerably more resources than to exert game changing influence in committee. These problems are particularly the result of increased visibility at the roll-call stage. Every roll-call vote can be tracked back online, free of charge, through the Library of Congress THOMAS site or Thomas Voting Reports, Inc. In addition, a number of organized interests choose votes relevant to their organization and make them public.

In sum, there are several reasons that make an increase in PAC contributions likely prior to floor events, most notably the idea that PACs may turn the tide at this crucial stage while securing the presence of established supporters. However, there are considerable disadvantages associated with for one’s own organization and for legislators linked to increased visibility. The organization may come across as undemocratic at best and as one that uses bribe money if the worse comes to the worst. I therefore expect scenario 3 to be far less common than scenario 2.

Scenario 4: A PAC makes a contribution upon a request by a legislator.

Scenarios 1 through 3 view PACs as proactive stakeholders who make their own decisions. However, decision-making can be more complicated in reality. As noted in the first chapter, PACs may have to respond to organizational pressure, political pressure, exogenous pressure,

and miscellaneous agenda pressure. I argue that the most important and probably most common pressure can be attributed to legislators trying to fill their campaign coffers. In other words, legislators have multiple avenues, directly or rather indirectly, to signal to PACs and their parent organizations that contributions are a precondition to get heard.

There is some support from interviews with PAC administrators for the idea that legislators frequently request money from them. As one PAC administrator confirms, “we don’t go out looking for people to give money to anyone. We are inundated with requests for money (Clawson et al. 1998, p. 35).” According to a survey conducted by Clawson et al. (1998), 83.7 percent of corporations reported that candidates pressured them for a contribution at least occasionally, while 18.8 percent stated this happened frequently. Only 3.6 percent of corporations answered that candidates put no pressure on PACs in general, while the majority (52.7 percent) said “a moderate amount”, and 1 in 10 answered “a great deal”. The pressure from legislators is often rather subtle than aggressive, most commonly in the form of invitations to fundraising events through the mail. At other times, staff members make clear to PAC officers that a contribution at fundraisers will allow them to meet more important staff members instead of a young, less experienced staff member. Members of Congress have been even more direct by asking PAC-affiliated lobbyists if their PACs actually contributed to his or her campaign when they tried to schedule an appointment (Clawson et al. 1998). Senator James Abdnor (R-SD) went even a step further by including a reply card to a fundraiser with three choices: to buy one or more \$1,500 tickets to his fundraising dinner, to make a \$5,000 PAC contribution, or to say: “No, our PAC does not wish to support the Salute to Jim Abdnor featuring President Reagan (Stern 1988, p. 63).”

I expect legislators to hold fundraising events in temporal proximity to important legislative events—particularly at the committee level—and to send out invitations to those PACs that are potentially affected by their outcomes. This idea is based on the assumption that legislators are rational actors who are interested in maximizing early money for their campaigns. However, this hypothesis will not be tested due to the lack of systematic data. Fundraising calendars from a number of candidates or incumbents are not publicly available. However, future projects could attempt to obtain a sample of fundraising calendars by contacting the offices of Representatives.

Scenario 5: The contribution is a non-ambiguous campaign contribution.

I define a non-ambiguous contribution as a contribution that the receiver as well as the transmitter perceive as a means to finance a political campaign and that is made during the campaign phases. Such contributions may very well be intended to influence the outcome of an election as well as subsequent legislative action, however, the fact that they are given during the distinct campaign phases makes it clear that *immediate* policy change is not the primary intention of these contributions. In other words, there is no room for confusion that contributions made during the campaign phases signal interest in a legislator's election or reelection.

One reason for the maze of contradictions in the PAC literature may be ascribed to the missing or blurry distinction between non-ambiguous campaign contributions and policy-oriented contributions and their intentions. Many studies simply use donations by one group (e.g., Chappell 1981; Peltzman 1984; Vesenska 1989) to explain legislative outcomes in the following election cycle without deeper theoretical justification. However, a good reason is needed why the donations by a single group would alter the outcome of a piece of legislation

several years later. This is not to say that contributions from the previous election cycle cannot have effects on the legislation in the subsequent cycle. Later rewards are quite possible; however, future studies should a) point at the difference of possibly election-oriented vs. policy-oriented contributions, b) justify the timeframe from which the contributions have been selected based on the intentions behind them, and c) make clear that the impact of one or a few groups is often limited and justify why other groups have been excluded from the analysis.

INTERIM CONCLUSION

So far I have made an attempt to categorize contributions in relation to the donor's intent by looking at the donors' options in terms of timing and the contexts in which the money is given. Three of the five scenarios presented deal with potential pro-active PAC strategies in the policy process. In one scenario, namely when PACs contribute as a result of requests on part of legislators, the donations can be requested and made during any part of the election cycle. The final scenario describes PAC activity during the electoral process. The distinction between primary elections and general elections or between first campaigns for candidates and reelection campaigns is not vitally important for understanding the basic options that are available to PACs. The key point that has been made so far is that strategic PAC behavior is, compared to the electoral process, much more complex in the legislative process given the various opportunities for giving while we know the least about PAC allocation strategies during this time. Consequently, this research project aims to give first answers that hopefully other research will delve into. While quantitative studies like this one are adequate to answer some of the questions related to PAC motivation in the policy process, future studies could—for example—conduct in-

depth interviews with PAC administrators to see how they view their options and the frequency and effectiveness associated with them.

So far I have focused on strategic decision-making on part of PACs. However, when groups evaluate their options and their effectiveness, it is crucial that they understand well if and how legislators will perceive and react to the groups' signals. The following section introduces new ideas but also discusses latest insights from the literature on how legislators may perceive and react to contributions.

AGENDAS AND INDIVIDUAL DECISION-MAKING

Contributions in election-years are not hard to interpret for legislators: they signal support for one's (re-)election campaign. The message is unambiguous: we want you to get or remain in office. Conversely, Congressmen cannot as easily understand the expectations on part of the contributors associated with the donations during the campaign phases. Endorsements and the accompanied contributions usually do not come along with specific policy proposals. Instead, typically policymakers know from past experience where the groups stand and what their general policy platform entails. PACs do by and large not disseminate specific policy goals for the next legislation period in written form along with the contributions for a good reason. The written dissemination would only raise the media's and public's suspicion that there is a clear connection between money and policymaking. The public's perception that a PAC tries to bribe policymakers can only hurt the group, the recipients, and the political process in general.

In sum, election-year contributions have the advantage that they signal support when need is imminent. At the same time, anticipations on part of legislators fuel PAC activity and often make the contributions inevitable during campaigns. However, electoral contributions also

come with costs. Legislators may have difficulties knowing what specific policy actions are expected from them in the future, at what time, and with what intensity. Also, since the inflow of contributions peaks in the months and particularly weeks prior to the primaries or general election, PACs run the risk of going unnoticed in the noise of transactions.

How do legislators perceive policy-oriented contributions? As noted above, a high level of ambiguity as far as PAC expectations are concerned characterizes election-oriented contributions—this is, however, not true for policy-focused contributions. Contributions received from organizations prior to committee events or floor events signal that immediate action on part the legislator is requested. The signal is univocal: we take the event(s) seriously and so should you. Admittedly, while contributions prior to events indicate *which* occurrences legislators should pay attention to at *what time*, the *intensity* of the hoped for response is more difficult to assess given the existing contribution limits. With intensity I mean the level of personal commitment while the event is underway. Hall and Wayman's (1990) distinction between different types of activities is particularly useful in this context: attendance, voting participation, speaking, offering amendments during committee markup, role in authoring the bill, and negotiating behind the scenes. In other words, the cost of policy-oriented contributions is that a PAC may be perceived as 'pushy' or trying to corrupt lawmakers. Then again, such contributions have the advantage of sending out relatively clear signals to the recipients, at least compared to election-oriented contributions.

COGNITIVE PROCESSES

As noted earlier, contributions serve as pieces of information for legislators. All contributions are equivalent to new information even if they echo old patterns. If groups continue to support the

same person with a similar or even same amount of money at the same point in time over a longer period of time then the information is still new in a sense that those contributions simply indicate contentment with the legislator's work and positions on policy issues. Such information is hardly shocking and probably not surprising but it serves as new information nonetheless.

How specifically does a single legislator process information? Jones and Baumgartner (2005) organize the decision-making process in four sequential stages but note that in reality stages blur and even merge. However, to better understand individual decision-making, reconstructing the stages is still useful. The authors identify four stages: a recognition stage, a characterization stage, an alternative stage, and a choice stage. If we apply these stages to the recipients of contributions, then we could outline the process the following way:

- **Recognition stage.** Legislators have to pay some attention to incoming contributions and connect them to potentially problematic aspects of the decision-making environment. Legislators then have to understand the problems presented by the contributors, usually through accompanied lobbying. The next step is to prioritize these problems but also to decide which of these problems will be addressed and which can be ignored for the time being.
- **Characterization stage.** At this stage, decision-makers construct a "problem space" by determining the relevant attributes of the problem present by the PAC's parent organization. This step is followed by deciding the weights of the attributes, i.e. which attributes can be ascribed the highest weight, which ones receive lower weight, and which are irrelevant (at that point in time).
- **Alternative stage.** After legislators have finalized the list of relevant attributes, they will consider the alternative courses of action for each attribute that they consider useful. With

regard to lawmakers' behavior in the legislative process this means that the recipients of the contributions will consider a) at which stage of law-making process they will put their information process into action and b) to what extent and with what kind of activities they will demonstrate their decisions. At that point, lawmakers will also examine alternatives that have been used for similar problems and think about new alternatives. At the end of this process, the individual legislator constructs "solution spaces" to these problems composed of the available alternatives. Each attribute may be connected to one or more potential alternatives or solutions.

- **Choice stage.** The final stage is simply the decision stage. Here one has to decide which alternatives to choose and then start to implement the favored alternatives.

An individual *may* work toward the implementation of several alternatives. This is the case if several problems have been identified to which several attributes may be relevant.

According to Simon (1997), individuals prioritize information by giving attention to them in the *recognition stage*. Organizations may work on solutions to multiple problems through the division of labor. Individuals, on the other hand, do not have that luxury and therefore have to direct their attention to a limited number of problems. Therefore Simon refers to attention as a "bottleneck" of conscious thought. With regard to how policymakers may react to PAC contributions this means that legislators cannot actively focus and thus support the cause of groups with widely varying interests. In any given week, a legislator can only focus on a relatively small number of issues. However, there is no doubt that some individuals can switch more easily from one problem to next.

Defining the issues of a PAC's parent organization and describing the exact problems are the fundamental steps in the *characterization stage*. What does the PAC want from the legislator? The perpetuation of the status quo? If policy change, to what degree? How important would be any changes to the groups and to society? As Jones and Baumgartner point out, defining the issue and characterizing the problem are important processes simply because there are many ways to understand the issues. Each problem can be framed in multiple ways and how we characterize the issues has far-reaching consequences for the next two stages.

In the *alternative stage*, individuals construct causal theories that imply how the problems are understood in the first place. However, even if everybody can agree on the nature of the problem that does not mean that all people can agree on one solution. Even under that circumstance several paths to solve the problem are quite conceivable. Some of these paths may have been tested in the past; others may be new. Some of the alternatives will be easier to implement; others will be more difficult. No matter how the legislator decides to handle the PAC-related issues, choosing among available alternatives is never a simple or obvious process.

Once the available alternatives have been analyzed, issues reach the *choice stage*. Some alternatives may be dismissed because they are not politically feasible. For example, even if a legislator wants to play a very active role at the committee stage for a specific issue, he or she may be held back because of the lack of seniority or because other members of the House have proven that expertise is valuable in the policy area. I agree with Jones and Baumgartner who argue that most political scientists who study individual decision-making have focused on this last stage, often ignoring the rest of the information-processing model, when in fact the first three stages quite often determine a big part of the ultimate decision.

THE DECISION NOT TO CONTRIBUTE

The focus of this chapter has been on pro-active policy strategies by PACs. The goal of such contributions would not just be to signal the importance of an issue but also the hope of increased attention, access, and possibly helpful effort on part of the recipients. However, there are particularly three reasons why PACs may not contribute at all in the legislative process but wait for other groups with similar interests to step up.

First, the free-rider strategy poses a serious alternative for any group since policy outcomes lead to a collective benefit for an industry, not a single organization. Consequently, PACs and their parent organizations have incentives to free-ride on the efforts of others (Gordon et al. 2007). Individual groups can always put forward arguments that would justify their inactivity when in fact the real reason is that they do not want to shoulder their share of the effort in order to spend the money otherwise. For example, PACs can always point at past efforts, the relative unimportance of an issue, the fear of coming across as somebody to who tries to corrupt others, and many other issues as reasons for their inaction. If I will not find evidence for my hypotheses, then this argument would weigh heavily and confirm the idea that PACs only pursue electoral goals.

Second, PACs and their parent organizations may be reluctant to contribute while legislation is underway because they do not believe their contributions can make any difference, no matter how large the donations are and no matter if the contributions are bundled or not. Ansolabehere et al. (2003) argue that legislators' votes depend almost entirely on their own convictions, the preferences of their voters, and the demands of their political party. Contributions make up such a tiny fraction of the variation in voting behavior that investments targeted at legislative events seem unreasonable. The authors point out that investor PACs have

so little leverage because lawmakers can raise sufficient funds from their constituents. PACs and their organizations only give a little—relatively speaking—because they can only get a little. Constituents, on the other hand, nominate, elect, and reelect politicians, and since incumbents care primarily about reelection, they must especially appeal to their constituency.

Third, corporate PACs are often interested in little economic regulation and point at increased costs for those businesses and consequently consumers as well as global disadvantages if further regulations ought to become effective. In other words, if PACs are to get involved in the policy process then we are likely to see simultaneous lobbying efforts in support of limited regulation. However, if the lack of such regulations has created or is likely to create negative externalities for the constituency, then bills supporting little regulation would be unpopular among citizens. In that case, the prospects of electoral punishment would not only make it very unlikely to get the politician's support but could also come back to haunt the group. Depending on the reactions from constituents, PACs may not contribute in the first place.

In sum, there are several theoretical reasons why we should not expect timing to play a role in the legislative process for PAC contributions but there are also reasons why these fundraising arms may not spend money during that time. In the end, PAC allocation strategies come down to what PACs believe is most useful to them. The next chapters should shed some light what arguments weigh most heavily.

SYNOPSIS

In this chapter I have presented five different strategies that PACs may pursue in the legislative process. None of the respective strategies discussed is particularly novel in itself. However, no other scholars have—to my knowledge—set forth this cohesive set of options and derived their

hypotheses from them. Four elements of my theory are worthy of further explanations, the focus on non-election years, PAC contributions as part of a comprehensive strategy to exert influence, the issue of influence, and policy change.

First, a fundamental aspect of my theory is based on the fact that contributions are given in non-elections years. If we look at the monthly or quarterly contributions by smaller, mid-sized, and large PACs over any election cycle, we can establish two simple rules of thumb: first, the larger the PAC, the more money it will set aside for non-election years, and second, the largest PACs often spend around or close to 50% of their budget in such years. This fact is crucial because in discussions with other scholars I was told that PACs are created for electoral strategies to either maintain the status quo or to expand the cast of characters. If electoral strategies are the only goal that PACs pursue, then the timing aspect in non-election years should not matter. Why spend money in connection with certain events or processes and make the life of PAC administrators more complicated when legislators only care about to actually get the money from them in the first place? *If* I should find evidence for my theory, then PAC behavior is more complex than regularly claimed.

Second, my theory points out that ideologically driven PACs have few incentives to get involved in the policy process. For example, the NRA gives rather small amounts of money through its PAC, the Political Victory Fund, simply because it does not view PAC money as particularly useful. As discussed earlier, policy-oriented contributions are mostly ineffective if they political issues of group are ideologically polarizing. Lawmakers will not change their positions on gun laws because they receive money that equals “small potatoes”. Therefore my theory focuses on pragmatic PACs who not only constitute the larger number of PACs but in my opinion also have incentives to act strategically outside the heated phase of campaigns. However,

it should be noted that this study isolates PAC contributions from independent expenditures and advocacy issue money. These other types of contributions may also be strategically timed outside the hot electoral phases. In fact, other types of group expenditures may reinforce the findings of this project or may shed new light on the issue. However, the goal of this project is to serve as a starting point for work on money and politics in the legislative process, and future studies could investigate this question.

A third aspect that needs future scholarly attention is the question of PAC influence in the legislative process. This study is primarily concerned with actual PAC motivation based on empirical evidence. The ultimate goal of interest group scholars has been rightfully on group influence. The scope of my theory is limited because I hypothesize that PACs *attempt* to influence particular legislative events. However, I do not make statements and will not present evidence at a later point that will allow us assess actual PAC influence on legislative behavior. Such assessments are desirable and conducting such empirical studies is not impossible but such a project would go beyond the scope of this dissertation—such an attempt will be the next logical step.

Finally, my arguments imply that PACs become in fact active when policy changes loom. Unless a new bill would only reauthorize existing law under the same conditions, new legislation entails, by definition, at least some changes. Some scholars have argued that PACs work toward maintaining the status quo (Robbins and Tsetovat 2008). I would certainly agree that some contributions are given associated with the wish that lawmakers will defend the status quo at legislative events. However, I do not see any reason why PACs should not give when they would hope for active political participation in favor of policy change if that is indeed what the groups want. This study though only aims to answer the when and why questions, not the what question.

Future studies may want to tackle the question to what extent legislators argue in favor or against bills and how this is related to lobbying and PAC contributions.

Overall, the case made in this chapter is simple. We should only study PAC influence *after* we understand PAC motivation, not the other way round. There is no doubt that contributions are an antecedent variable to potential group influence and analyzing the timing of contributions helps us to get a better grasp of what drives PACs. Are PACs really only trying to influence politics, i.e. elections and the composition of Congress? Or is there evidence that PACs try to influence policy as well? The following chapters will investigate this question empirically.

CHAPTER 3

COMMITTEES OR FLOOR? ON THE MOTIVATION OF
CORPORATE PACS IN THE LEGISLATIVE PROCESS

“Everything in politics is timing.” – Thomas P. “Tip” O’Neill, Jr.

Many citizens, journalists, and even legislators continue to express their concerns about the power of organized interests in the legislative process as the result of their financial contributions to political campaigns. These fears have been expressed throughout American history (e.g., Key 1936; Domhoff 1972; Hamilton et al. 1995). A number of scholars have investigated the question whether legislators are more likely to vote for a bill favored by an organized interest upon receiving one or more contributions from the group (see Baumgartner and Leech [1998] for a list of studies on the influence of Political Action Committees). Political Action Committees (PACs) are organized for the purpose of supporting electoral challengers or incumbents, often as the fundraising arm of affiliated incorporated entities. The problem with existing studies is their *assumption* that PACs attempt to influence *floor* votes and their subsequent focus on potential influence at that stage (e.g., Ginsberg and Green 1986; Jones and Keiser 1987; Grenzke 1989; Neustadl 1990; Wright 1991; Langbein 1993; Wawro 2001) instead of basing their argument on empirical evidence.

Studying group influence without a good understanding of group motivation will unavoidably lead to misleading results. Such results are likely to understate overall group influence *if* a change in the outcome of floor votes was not intended in the first place. In other

words, the fact that numerous studies show no or marginal PAC influence on roll-call votes (e.g., Chappell 1981, Welch 1982; Feldstein and Melnick 1984; Johnson 1985; McArthur and Mark 1988; Vesenska 1989; Wright 1990, Rothenberg 1992; Ansolabehere et al. 2003) should not surprise anybody *if* PACs never had this objective in mind. In fact, theoretical arguments why PACs would rather focus on *committee* events instead of floor events are prevalent (e.g., Shesple 1978; Ripley and Franklin 1980; Hall and Wayman 1990; Grier and Munger 1993) but “virtually all scholarly work” (Snyder 1992, p. 15) has focused on the relationship between campaign contributions and congressmen’s roll-call voting behavior. In short, we are currently faced with a paradox—theoretical depth would lead us to believe that PACs are more likely to become active and potentially be influential around committee events while empirical richness allows us to reason that PACs have very limited influence on floor votes.

Previous research does indicate a variation of PAC contribution activity over time. Stratmann (1998, 2005) examines the timing of PAC contributions prior and subsequent to floor events empirically. His observations regarding other legislative events, however, are only descriptive based on visual inspection of the data. Box-Steffensmeier et al. (2005) find that PAC resources and geography primarily determine the timing of PAC contributions. However, the authors remain vague about the exact timing and do not connect it to any events or processes that help us understand the context in which the contributions took place. In summary, there are no studies to this date that connect the timing of PAC contributions to more than a few major bills or look for a more general pattern of PAC allocations regarding various legislative events aside from roll-call votes.

This study makes several contributions to the PAC literature. First, while most studies approach the legislator-PAC relationship from the “bribery” perspective on the part of PACs, this

study approaches the relationship from the “extortion” perspective to a much greater extent. Put differently, PACs are often viewed as political actors who try to proactively manipulate political processes or outcomes by contributing money to “needy” candidates, while in reality legislators frequently demand money from groups in order for them to just get noticed without giving hints of scratching the group’s back. While the former approach is popular among journalists and in public discourse, the latter approach is the more realistic one. PACs rarely contribute except in response to demands, and as one PAC administrator points out, “I think any PAC administrator will tell you that we are just besieged with requests, both in Washington and the whole industry, for funding. It’s horrendous. Whether they have campaigns or not, opponents or not” (Clawson et al. 1998, p.35f.). Second, while previous research has analyzed PAC motivation in conjunction with omnibus bills, i.e. bills that package together several measures into one draft, this study analyzes the behavior of legislators and PACs in connection with bills that can be described as “average” in terms of their scope. Third, and most importantly, this study utilizes the timing and amplitude of contributions to understand at what point in the legislative process both legislators and PACs think they will get the most “bang for the buck” by systematically including committee and floor events at the same time. In other words, this study provides future studies with an empirical basis for studying interest group influence without jumping to premature conclusions about group motivation. Finally, this study tests if PACs are more likely to contribute to legislators prior to events or reward positive outcomes of committee events and floor votes.

In the next section, I review the literature on PAC timing and motivation in the legislative process. I believe that one has to bear in mind the significant power legislators have to exert pressure on PACs in a discussion about PAC behavior outside the more heated phases of

campaigns. I then provide an empirical analysis of the proposition that we should see a spike in corporate PAC contributions around important committee events to the respective members of those committees, committee leaders in particular. I find that Entertainment PACs contribute particularly to committee leaders and majority members of subcommittees that directly affect them. Majority members of standing committees of germane committees also receive significantly more contributions than non-members. Most importantly, committee members and committee chairs in particular receive more contributions in close temporal connection with committee markups. Only house leaders, however, receive significantly more contributions around floor votes while I do not find such a relationship with members of the majority party, committee members, or committee leaders. Overall, my results suggest PACs are actively involved in the legislative process in the early stages. There is no indication at all that PACs try to influence imminent floor votes.

THE TIMING OF PAC CONTRIBUTIONS AND ACCESS

Scholars of money and politics have investigated the effects of contributions for election and policy outcomes (e.g., Krasno 1994; Wright 1996; Gerber 1998; Moon 2006; Stratmann 2007), the allocation strategies of individuals (e.g., Hedges 1984; Gurian 1986; Wilcox, Brown, and Powell 1993; Brown, Powell, and Wilcox 1995), and the allocation strategies of organized contributors (e.g., Gopoian 1984; McCarty and Rothenberg 1996; Kroszner and Stratmann 2000, 2005). The latter group of studies has increased our understanding of PAC recipients considerably. For example, we know more about the significance of legislators' influence, ideology, and need when PACs decide whether they will contribute or not (e.g., Jacobson 1985; Romer and Snyder 1994; Milyo 1997; Mueller 2003) and the characteristics that determine

whether industries have established a PAC and to what extent they contribute (e.g., Pittman 1988; Grier et al. 1994, Hart 2001). Consequently, we have not only gained a better understanding of PAC formation, resources and strategic giving, but also of how PACs perceive the distribution of legislative power and the electoral process in American politics at large.

However, while answering questions of who gets what, how, how much, from whom, for what reason, and with what kind of impact, provides insights into PAC behavior and effectiveness, previous research has usually investigated such questions based on two premises. First, legislators need, get, and use money for their campaigns. The problem with this premise is that it only describes the function of money for legislators, namely the role that money takes up in electoral politics. This assertion does not answer questions related to either legislators' behavior or PAC behavior in the legislative process nor does it take into account the timing of contributions and its impact on legislative behavior and outcomes. The second premise has already been outlined: If PACs exert influence in the legislative arena then we will find the effects at the roll call stage. The problem with the second premise is a rather obvious one—if the legislative process is like “making sausage”, then it is more daunting and less appetizing than sporadically raising a hand. In other words, PACs might try to influence earlier stages of policymaking with their contributions.

Political Action Committees (PACs) have to decide when and to what extent they will contribute to individual members of Congress. PACs may become active prior to elections, during the legislative process, or contribute rather consistently throughout a congressional term depending on the group's resources and whether a “give early, give often”-strategy (Snyder 1992) will help them achieve their goals. At the same time, incumbents are interested in maximizing their *war chests* for the upcoming election and use them later either directly for

advertising time or campaign staff among other things, and indirectly to demonstrate strength and deter quality challengers early on (Drew 1983; Jackson 1988; Sorauf 1992). For PACs that decide to get involved in the legislative process, the questions are: At what stage(s) of the legislative process do we become active and do we contribute before or after a legislative event takes place?

Two basic decisions have to be made. First, given that PACs want to invest their money so that it maximizes their chances of receiving the greatest possible benefit in return, PACs have to decide whether they want to contribute while it is in committee, when the House votes on the bill, or at some other legislative stage. Second, PACs have to pinpoint the timing of their contributions. Groups might want to contribute *prior* to an event in order to influence legislative behavior. Such contributions could potentially lead legislators to ask the “right” questions during a hearing, to propose “PAC-friendly” amendments during markups, and to vote for or against a bill that is due for approval. The other option groups have is to contribute to a cooperative legislator *subsequent* to such an event as a mark of recognition.

The questions posed have received surprisingly little scholarly attention with the exception of Stratmann (1998, 2005) and Box-Steffensmeier et al. (2005). While the latter study contributes to our understanding of PAC contributions in terms of early vs. late contributions, the former isolates a few omnibus bills to understand PAC motivation outside the hot phases of elections campaigns. Stratmann’s (1998) findings can be summarized as follows: First, the inflow of funds allows PACs to make flexible decisions on when to distribute the money to House legislators. Inflows are fairly steady because many PACs receive funds through monthly

dues that are paid by members of the PACs parent organization.³ Second, Stratmann (1998) analyzes whether agricultural PAC contributions increased for the 1985 and 1990 Farm Bill votes relative to the same weeks in other election cycles. He finds that contributions increase around important committee dates, namely prior to two legislative markups. Contributions from agricultural PACs (Stratmann 1998) as well as other types of PACs (Stratmann 2005) also start to increase two months prior to far-reaching floor votes, peak around the time the vote is taken and drop to almost zero two months after the House votes. Third, Stratmann (1998) finds that likely supporters receive their contributions largely before the floor votes, while marginal legislators and likely opponents receive contributions mostly after such votes have taken place.

Box-Steffensmeier et. al (2005) examine how donor and recipient characteristics affect the incidence and timing of donations to incumbent House members in the 1993-1994 election cycle. First, the authors find that almost all large PACs contributed in the first 100 days of the election cycle, while only 40 percent of small PACs did. Second, as far as candidate influence is concerned, majority party leaders receive their money earlier from large corporate and labor PACs but not from smaller PACs. Seniority and membership on a prestige committee did not affect the timing of contributions. Third, like-minded legislators receive earlier contributions. Fourth, large labor PACs give to incumbents who face quality challengers earlier in the election cycle compared to small labor PACs. Lastly, large and small corporate PACs and large labor PACs that are based in a candidate's home state contribute earlier to his or her campaign.

The results presented by Stratmann (1998, 2005) and Box-Steffensmeier et al. (2005) have to be discussed in connection with PAC goals. What are the early contributions and the

³ However, one should note that PACs have the option of borrowing money or saving up money in the months prior to important events to allow for more flexibility. Also, for PACs that only focus on the congressional composition, I would expect a spike in contributions to PACs in temporal proximity to elections.

contributions preceding far-reaching floor votes good for? Scholars sometimes argue that contributions outside the more heated phases of election campaigns help PAC-affiliated lobbyists to secure “access” to legislators (e.g., Schlozman and Tierney 1986; Chin et al. 2000; Brunell 2005). However, political scientists have used the term *access* in different ways. Access has been defined quite broadly as securing a private return, or as a symbolic gesture that allows groups to signal their importance but primarily helps legislators to fill their campaign coffers, or simply as a way of exchanging information (Austen-Smith 1995). If we want to reduce the literature on access to a common denominator, then it would be that PAC contributions may provide organized interests with the opportunity to present their case to legislators (Witko 2006).

The idea that access to legislators and staffers serves as a principal motivator for PAC contributions has been documented in a number of studies. For example, Heberlig (2005) finds that lobbyists like to secure access to members about whom they have limited information, newly elected members of Congress in particular. In his study, AFL-CIO lobbyists tried to get access to freshmen legislators in order to make the case for their minimum wage campaign. However, he also finds that those lobbyists did *not* meet freshmen legislators to gain access for later lobbying on the same issue. At the same time, the AFL-CIO lobbyists also met with legislators who affected labor’s legislative goals—“freshmen on committees with jurisdiction over labor’s agenda, and those who were young and electorally secure and thus likely to influence its strategy as they gained seniority (Heberlig 2005, p. 517)”. However, as Heberlig contends, we should be cautious to not over-generalize these findings because they are based on the campaign of a single organization on a single vote.

Do contributions early in the election cycle always buy access? Evidence for this proposition is weak. Generally speaking, research has shown that early contributions are

advantageous for challengers and incumbents compared to contributions later in the election cycle because early money increases the success of later fundraising (Biersack et al. 1993; Krasno et al. 1994). However, McCarty and Rothenberg (2000) develop and test a formal model that indicates that the value of early money actually has relatively less importance than previous research suggests. In part, the authors argue this is because incumbents do not want to pay the price of greater access that early donations would buy the interest groups. McCarty and Rothenberg argue that incumbents do not consider cash on hand at the beginning of the electoral cycle important enough to justify the necessary bargaining concessions. Also, Hojnacki and Kimball (2001) find that when ties to legislators' districts are absent, there is only little contact between PAC affiliates and representatives even when money has been contributed to support a legislator's election or re-election to Congress. Lastly, Chin et al. (2000) conduct an experimental study with sixty-nine congressional staffers to better understand how scheduling decisions are made and find evidence that members give priority to constituent requests over PACs. In other words, even if PACs contribute to legislators, their affiliated lobbyists often have difficulty in securing a scarce resource, namely legislators' time. In sum, the idea that PAC contributions are the entry ticket for PAC-affiliated lobbying efforts is far from being universally accepted, particularly in the empirical literature.

THE UNDERVALUED FACTOR: LEGISLATORS' PRESSURE AND THE TIMING OF FUNDRAISERS

The last point, understanding the scarcity of a legislator's time, leads to an often overlooked or at least understated aspect in the PAC literature. Most studies approach the question of PAC motivation and influence from a PAC perspective: Who do PACs contribute to and why? How

much do they contribute overall? Do PACs move policy? Put differently, PACs are usually seen as proactive political players making autonomous decisions while in reality, they usually respond to outside pressure. In the following paragraphs, I discuss the process of timing PAC contributions more closely from a perspective that I see as more accurate.

PACs are flooded with requests; consequently PACs almost always contribute in response to requests. As one PAC administrator confirms, “we don’t go out looking for people to give money to anyone. We are inundated with requests for money (Clawson et al. 1998, p. 35).” According to a survey conducted by Clawson et al. (1998), 83.7 percent of corporations reported that candidates pressured them for a contribution at least occasionally, while 18.8 percent stated this happened frequently. Only 3.6 percent of corporations answered that candidates put no pressure on PACs in general, while the majority (52.7 percent) said “a moderate amount”, and 1 in 10 answered “a great deal”. The pressure from legislators is often rather subtle than aggressive, most commonly in the form of invitations to fundraising events through the mail. At other times, staff members make clear to PAC officers that a contribution at fundraisers will allow them to meet more important staff members instead of a young, less experienced staff member. Members of Congress have been even more direct by asking PAC-affiliated lobbyists if their PACs actually contributed to his or her campaign when they tried to schedule an appointment (Clawson et al. 1998). Senator James Abdnor (R-SD) went even a step further by including a reply card to a fundraiser with three choices: to buy one or more \$1,500 tickets to his fundraising dinner, to make a \$5,000 PAC contribution, or to say: “No, our PAC does not wish to support the Salute to Jim Abdnor featuring President Reagan. (Stern 1988, p. 63).”

The preceding discussion is important for my subsequent analysis. While the timing of fundraising in general has been explored in terms of “early money” and “seed money”, not a

single study has been conducted on the timing of actual fundraisers. The problem with studying fundraisers is the lack of systematic data. Ideally, one would have access to all fundraising events by at least a number of candidates and/or incumbents. Since these data are not publicly available, I will use the timing of PAC contributions in a non-election year in order to examine whether they coincide with important legislative events. I expect legislators to hold fundraising events close to important legislative events—particularly at the committee level—in election years and to send out invitations to those PACs that are potentially affected by their outcomes. Even though legislators are always on the lookout for full electoral campaign coffers, fundraisers plays a less important role in non-election years.

CONTRIBUTIONS AND COMMITTEE EVENTS

Favorable public policy is the ultimate goal for all PACs. PACs and their parent organizations will not be satisfied if sympathetic candidates have been elected who display very low prioritization or even indifference in their behavior once in office. However, different types of PACs use varied strategies to reach the ultimate goal. There are two basic types of PACs. Ideological PACs that represent highly controversial issues—such as abortion policy, gun control, or gay and lesbian rights—focus on the composition in Congress because their chances of influencing legislative behavior are minimal. Put simply, a \$1,000 contribution will not change someone's mind on abortion or attitude towards gun control. All other PACs and their affiliated organizations, however, are legislative players to a certain degree since not all preferred candidates will be elected. In fact, contributions by a single group might affect the organization's support within Congress by only a member or two (Wayman 1985). Consequently, PACs have incentives to watch and influence legislative behavior as long as they

believe they have a reasonable chance at making a difference. Since the focus of this study is on the legislative timing of PAC contributions, all theoretical considerations presented here only apply to the latter group of PACs, usually called pragmatic PACs, access-oriented PACs, or investor PACs.

Put simply, I argue that primarily committee hearings and markups explain the timing of PAC contributions in the legislative process. In other words, I claim that the policy agenda in general and the committee agenda in particular are the primary motivators for PAC contributions aside from elections. Highlighting the importance of committee events compared to a members' floor voting is not new. Hall and Wayman (1990) find evidence for their claim that the impact of group expenditures is more likely to appear in committee than on the floor. These effects include activities such as attendance, voting participation, offering amendments during committee markup, and negotiating behind the scenes at the member or the staff level.⁴ If such *effects* of group expenditures at committee markups can be seen, then it is not a very big step to expect that some of the *causes* for this behavior coincide along with these committee events.

Several theoretical reasons explain why PAC contributions corresponding to committee events are likely if the organizational goal is to influence legislative behavior. First, given the much smaller size of committees and resource constraints on the part of PACs, it is simply cheaper to attempt to influence legislators' behavior at that time compared to the floor where there will be typically more legislators one would have to contribute to in order to influence any outcomes. High-stakes contributions in connection with floor votes are the exception, not the rule. Second, it is more difficult to try to attach amendments to bills once they have reached the floor. PACs see contributions prior to committee events as a means of getting beneficial

⁴ The results are based on three highly significant pieces of legislation.

amendments introduced. Third, congressional members promote interests that aid them in reelection. PACs, therefore, find a sympathetic audience in committees (Shepsle 1978) where legislators can bring themselves closer to this goal by securing benefits to their district. Fourth, because committee decision making is less formal and less public than roll-call voting, members are more likely to be responsive to campaign donors in committees simply because they receive less scrutiny at that stage (e.g., Ripley and Franklin 1980). Finally, affected PACs are interested in the outcome of a bill once it has been referred to an appropriate subcommittee. Most bills die at this stage and PACs who want to move a bill to the next level should see contributions as a means to jump over this fundamental hurdle, whereas PACs who disapprove of the bill should see the subcommittee as the place to dispose of it. Unless bills are drafted by legislative task forces or brought to the floor after a successful discharge petition, bills must get committee approval first. Taken together, groups should strategically allocate their resources at the committee level because it promises the better value for their investment. This principle is especially important in the House of Representatives where the size of the chamber's membership, the greater importance of the committee stage, and the frequent restrictions on floor participation recommend a more targeted strategy (e.g., Grenzke 1989, Grier and Munger 1993).

In addition, there are psychological reasons why PAC contributions should coincide with committee events. Such contributions are more likely to attract attention than contributions given at times that are more difficult to interpret for a legislator. Most Congressmen serve on multiple committees, therefore not only juggling a number of issues simultaneously but also receiving information in abundance from colleagues, staff, constituents, organized interests, agencies, and other political players. If a PAC wants to be noticed in that noise, it has to time its contributions carefully along with other lobbying activities. The contribution itself is only one signal that could

possibly be misunderstood by legislators. To avoid misinterpretation, the contribution has to be accompanied by verbal communication, actions or “common knowledge” (e.g., “the NRA wants looser gun regulations.”). Lobbyist and former U.S. ambassador Tom Korologos once said, “the things Congress does best are nothing and overreacting”. If this statement is true, it means that groups hope to cause what Jones and Baumgartner (2005) call “disproportionate information-processing” by contributing and communicating strategically, especially if a PAC manages to bundle its contributions and other actions along with like-minded groups. Put differently, PACs will want legislators to overemphasize their concerns if the alternative is to be ignored.

The idea that PACs time their contributions around committee events does not apply to all organized interests and committees to the same degree. While timing aspects have not been studied at the committee level, past research indicates that committee characteristics affect the strength of the relationship between interest group money and committee votes. Previous research suggests that a reciprocal relationship between contributions on the one hand and favorable votes in committee on the other hand is more likely for ideologically moderate committees (e.g., Maltzmann 1997) with broad jurisdiction (e.g., King 1997), low issue salience (e.g., Evans 1996) and whose issues affect organized interests with above-average resources (e.g., Gordon 2005). The latter result indicates that larger PACs not only have the ability to contribute earlier and more often in an election cycle but also take advantage of that option, a result that agrees with Box-Steffensmeier et. al (2005). Evans’ (1996) study, on the other hand, suggests that timing one’s contributions along with committee events should be more promising when issue salience is low because less public and media attention makes mutuality easier. In a nutshell, the timing aspects of PAC contributions seem to be most important for larger,

ideologically moderate committees who play for high political stakes but do not have to face daily scrutiny.

While I expect PAC contributions to coincide with committee events, I do not expect PACs to give to all members of a committee to the same extent. Dahl (1956) argued that majorities seldom rule in the United States; intense minorities do. This is certainly true for congressional committees and subcommittees where actual “participation in one’s own committees is a sometimes thing” (Hall 1996). When participation is highly selective, the bulk of work is undertaken by a small number of individuals, with the size and composition of the actual working group changing from bill to bill. With reference to the timing of contributions, this means that PACs have to assess the likelihood of a legislator to show interest in a bill and to attend the corresponding meetings on the one hand and to assess that legislator’s activity and impact at such meetings on the other hand. The latter appraisal is the more crucial one. A legislator who submits proposals without the backing of his colleagues is a paper tiger who is only able to advance the cause of the group on a limited scale. Committee chairs and—to a lesser degree—the ranking minority member, however, have the greatest legislative capacity and procedural prerogatives. Also, majority party members have the advantage of organizing the committee, setting the agenda in large part, and moving legislation to the next level more easily. Consequently, PACs should contribute primarily to these “players with extra cards” (Hall 1996) prior to events where they can demonstrate that they can make the most of their hand.

HYPOTHESIS

My hypothesis in this study is straightforward:

H1: *PAC contributions will likely increase when regular committees make decisions that affect their interests, specifically in the two weeks prior to subcommittee and standing committee markups.*

In other words, I expect PACs to be less active at other stages of the legislative process. PACs may increase their contributions in very close temporal proximity to (sub-)committee hearings since the outcome of these meetings will speed up policy change, slow it down, or even make it unlikely. In fact, committee hearings constitute a unique vehicle to collect and analyze information that may or may not result in further committee or chamber action. Nevertheless, affected PACs are even more likely to contribute prior to markups to attract attention, signal importance, and because they think they have a more realistic chance of influencing legislative behavior as well as legislative outcomes at that stage. While the same argument can be made for (sub-)committee hearings, markups are unique in two ways. First, organized interests hope to see amendments introduced that they agree with (and that they possibly prepared themselves) and second, markups are “do or die” for bills. Consequently, PACs should definitely spark interest in these events and take action. Finally, I anticipate floor votes to be the *least* likely congressional event to evoke a spike in PAC activity. “Buying” influence is unlikely at this stage because of higher public and political scrutiny, a less interested non-committee audience, and the fact that most PACs do not have the resources to even attempt to build *quid pro quo* relationships that could change decisions given the large number of representatives in Congress.

The hypothesis stresses potential contributions prior to events. PACs may try to increase awareness of upcoming events, encourage attendance, and active participation associated with a hope of an affirmative vote. However, it is also quit feasible that PACs reward legislators

monetarily for moving forward endorsed legislation. In that case PACs have to invest less in “attention costs” preceding congressional events, i.e. the time to track and evaluate upcoming meetings. Instead, organized interests can “repay” legislators for favors subsequent to decisions and not just promises. In fact, legislators themselves may contact groups themselves or publicize their decisions on personal and committee websites and press releases. The anticipation vs. reward hypothesis will be investigated in the following analysis.

THE MODEL AND DATA

To test my hypothesis, I examine the PAC allocation behavior of the 20 largest entertainment industry PACs to all House members in the 2001-02 election cycle. The four largest entertainment PACs in the 2001-02 election cycle were Time Warner, Viacom Inc., Comcast Corp., and the National Association of Broadcasters. The unit of analysis is the individual legislator in the House and the principle time unit is a single week variables. Entertainment PACs meet three essential preconditions for studying PAC contributions in the *legislative* process: they are pragmatic, affected by a relatively small number of congressional committees, and they are large enough to make any contributions at all in a non-election year. These criteria are not requirements if the goal is to explain the behavior of *ideological* PACs or *electoral* contributions during the campaign phases.

First, the entertainment industry as a whole gave more money to Republicans (56%) in the 2001-02 election cycle, but a decent share of the money also went to Democrats. In fact, Republicans and one independent that caucused with the Republicans made up 51.5% of the voting share in the House during the 107th Congress so that a majority member in the House only received a little more than a minority member. This overall contribution strategy is characteristic of pragmatic PACs. Ideological PACs, on the other hand, spend most or all of their money

during the more heated campaign phases, which makes them an inappropriate choice for this study. Ideological PACs would have no or hardly any variation in the dependent variable. Second, entertainment PACs are only affected by a few standing committees and subcommittees.⁵ This makes it less complicated to sort out the relevant bills and events for each group of PACs and makes it unlikely that relevant events will be ignored. Third, the PACs investigated have to be large enough to get involved in legislative politics. Small PACs contribute later in an election cycle, often only shortly before an election takes place. Put simply, we cannot explain variation in contribution activity by small PACs that does not exist in the first place.

The chosen corporate PACs are also particularly appropriate for exploring the timing of *pragmatic* PAC contributions because they are biased against my argument in several ways. First, issue salience was relatively high for entertainment regulations in the 107th Congress; that should lead to fewer contributions prior to legislative events than in the reverse case. The hearings and proposed legislation focused particularly on intellectual property and copyright laws (specifically music on the internet via peer-to-peer networks), as well as issues such including broadband deployment and digital television. The congressional activities with regard to peer-to-peer networks received a good deal of media and public attention in the face of the lawsuit against the online music file sharing service *Napster* and its subsequent shutdown as well as other looming court cases.

Second, the committees investigated are not “classic” reelection committees like the House Transportation and Infrastructure Committee where the interaction with organized

⁵ This criterion is crucial. For example, aerospace PACs can be affected by approximately ten subcommittees. That would make the research impractical. Conducting this study with Senate committees would be particularly difficult because of their overlapping jurisdiction.

interests is fairly intense (e.g., Smith and Deering 1990) and contributions are more likely to coincide with legislative events. Entertainment PACs are affected by two standing committees in the House of Representatives: the Committee on the Judiciary and the Committee on Energy and Commerce. One out of five House legislators serves on one these committees (20.6%). The corresponding subcommittee for the House Judiciary Committee is the Subcommittee on Courts, the Internet, and Intellectual Property, whereas the Subcommittee on Telecommunications and the Internet in the House Energy and Commerce Committee deals in part with legislation of interest to entertainment PACs. As Maltzmann (1997) points out, the House Judiciary Committee is not an ideologically moderate committee, but rather a committee with distinct ideological lines. The ideological polarization is not surprising given the divisive nature of issues the committee works on, such as civil and criminal proceedings and civil liberties. Therefore PACs know that influencing members of the Judiciary Committee is anything but easy.

Finally, evidence suggests that members of the Energy and Commerce subcommittees are less powerful compared to other subcommittees in the House. At standing committee markups, non-members offer more amendments to subcommittee bills at a higher success rate (Hall and Evans 1990). Since PACs want to exert political influence, they are therefore less likely to contribute prior to hearings and markups of the corresponding subcommittees. These three features make it less likely to find timing effects. Should I find support for my hypothesis, I should have reasons to conclude that the results of this study can be generalized to other PACs and committees. The regression equation is:

$$R_{it} = \beta_0 + \beta_1 MStJ_i + \beta_2 MStE_i + \beta_3 CJ_i + \beta_4 CE_i + \beta_5 HL_i + \beta_6 200I_t + \beta_7 SE_t + \beta_8 HJ_t + \beta_9 HE_t + \beta_{10} MJ_t + \beta_{11} ME_t + \beta_{12} F_t + \beta_{13} (MStJ_i * HJ_t) + \beta_{14} (MStE_i * HE_t) + \beta_{15} (CJ_i * HJ_t) + \beta_{16} (CE_i * HE_t) + \beta_{17} (MStJ_i * MJ_t) + \beta_{18} (MStE_i * ME_t) + \beta_{19} (CJ_i * MJ_t) + \beta_{20} (CE_i * ME_t) + \beta_{21} (HL_i * F_t) + e_{it},$$

where R_{it} represents the total amount of money received by Congressman i from the 20 largest entertainment industry PACs in the 2001-02 election cycle in any given time period t , specifically PACs representing the TV, movie, and music industry. All time periods cover one, two, or five weeks. The number of cases in my study is 869, i.e. everyone in the House is included in the study (435 members) for both years (times two). The analysis takes the departure (e.g., due to a death) and arrival of members into account.

Model 1 only comprises the contributions made in the two weeks prior to an event (50 time periods per year). Model 2 presents only those contributions given to individual legislators during the week of an event (52 time periods per year). Model 3 analyzes the contribution activity by the 20 entertainment PACs in the two weeks following an event (50 time periods per year). Finally, model 4 comprises five weeks—this “surround model” includes contributions made 2 weeks prior to an event, the week in which the event takes place, and the two weeks following the event (48 time periods per year). The decision to look at contributions two weeks prior to and two weeks after an event is based on the busyness of the legislative calendar, specifically the time span between single events, as well as the likelihood of attracting attention in that time-frame. Looking at contributions made three, four or five weeks prior or subsequent to events would cause too much overlap with other events and bring about serious collinearity issues. Such large time windows are also hard to justify from a theoretical perspective. Given their busy schedules, legislators will unlikely recognize that contributions made a month before or after a committee markup were given in connection with one particular committee event unless a) the event is exceptionally important, b) is temporally isolated, or c) accompanied by written statements or personal meetings. One should note that a single PAC was only allowed to contribute up to \$10,000 to a single legislator in the 2001-02 election cycle (\$5,000 per

election⁶), but R_{it} certainly can and does exceed \$10,000 in various time periods since it is an aggregate measure. The maximum possible amount a legislator could have received from the PACs investigated in the election cycle is \$200,000.

The independent variables are membership and event measures and their interactions. $MStJ$ and $MStE$ represent membership on the respective standing committees⁷ (Judiciary and Energy/Commerce) while CJ and CE represent composite measures of the corresponding subcommittee chairs and standing committee chairs for the Judiciary Committee and Energy and Commerce Committee⁸. HL stands for House leaders; this composite measure includes the Speaker of the House, the Majority Leader, and the Minority Leader. Given the powerful position of these office holders, PACs may want to contribute to them in hope of seeing them exert their influence, particularly at the floor stage. All these membership variables are dichotomous measures, coded 1 if the representative is a member on one of the germane committees or a holds a leadership position and 0 if otherwise. Changes in the composition of the House (e.g., resignations) as well as changes in the membership on committees within the election cycle have been taken into account.

YD (year dummy) represents a dummy variable for 2001. Entertainment PACs contributed \$961,000 in 2001 (weekly average: \$18,749) and \$1.47m in 2002 (weekly average: \$28,326). Given the substantial increase in contributions in 2002, I expect a negative coefficient for this measure (coded 1 for 2001 and 0 for 2002). SE (session) is a control variable for those

⁶ Primary and general elections count as separate elections.

⁷ An separate analysis of subcommittee membership and subcommittee events would be worthwhile but their inclusion in the model would create collinearity issues. Consequently, this model focuses on the most important events and its participants.

⁸ Including both subcommittee and standing committee chairs in a leadership variable is based on the idea that both chairs are gatekeepers in the legislative process with the ability to influence each other. While standing committee chairs received more contributions than the relevant subcommittee chairs, the differences are relatively small.

times in which the House of Representatives was in session. Organizations in general are more likely to contribute while members of Congress reside in Washington and actively participate in the political process. *HJ* (Judiciary Standing Hearing) and *HE* (Commerce Standing Hearing) represent the number of hearings on the respective standing committees dealing with issues that would affect the entertainment industry. This variable comprises all oral testimonies from witnesses, and questioning of the witnesses by members of Congress in standing committees that are of interest to the aforementioned PACs. *MJ* (Judiciary Standing Markup) and *ME* (Commerce Standing Markup) represent the number of germane standing committee markups. Both variables include all relevant standing committee processes by which the committees debate and amend proposed legislation. *F* (Floor Votes) represents the number of floor votes affecting the respective PACs. The reason why I include the number of hearings and mark-ups instead of using dummy variables is that count variables are better measures of committee activity. I interact the event variables with membership and leadership dummies because I expect more contributions to leaders during heightened periods of committee activity and less contributions to them during periods of less activity.

The first interaction variables, $MStJ_i * HJ_t$ (Judiciary Standing Member*Judiciary Standing Hearing) and $MStE_i * HE_t$ (Commerce Standing Member*Commerce Standing Hearing), test the interaction of the individual's membership on the standing committee and the standing committee's hearing of the bill. $CJ_i * HJ_t$ (Judiciary Chairs*Judiciary Standing Hearing) and $CE_i * HE_t$ (Commerce Chairs*Commerce Standing Hearing) represent the interaction of standing and subcommittee chairs and that standing committee's hearing. The next four interaction variables put the hypothesis to a test. $MStJ_i * MJ_t$ (Judiciary Standing Member*Judiciary Standing Markup) and $MStE_i * ME_t$ (Commerce Standing Member*Commerce Standing Markup) represent

the interactions for membership on one of the respective standing committees and standing committee markups. $CJ_i * MJ_t$ (Judiciary Chairs*Judiciary Standing Markup) and $CE_i * ME_t$ (Commerce Chairs*Commerce Standing Markup) are interactions for standing and subcommittee chairs and that standing committee's markup. Finally, while PACs may or may not contribute to non-committee members before floor votes to encourage participation and influence outcomes, the interaction of House leadership and floor votes $HL_i * F_t$ (House Leaders*Floor Votes) tests if contributions by the entertainment industry to House leaders peak around floor events that will affect the entertainment business. The variable represents another way to compare the relevance of committee events compared to floor events for corporate PACs. If PACs are likely to contribute to legislators around floor events then they are more likely to give to those who may exert influence on others, namely the leaders of the chamber. Altogether, the interaction variables allow us to properly determine whether membership on the committee is what affects PAC contributions, the effect of the timing of the events, and whether timing has an effect in case a legislator is indeed on the committee.

The subsequent analysis incorporates the bills that originated in the Commerce Committee and the Judiciary Committee within each regression but does not conflate membership or events. Conflating membership and events would lead to a misspecified model. For example, in that case I would argue that a Judiciary *or* a Commerce member would get a contribution while the Judiciary Committee marks up a bill. However, I only expect contributions to members of the Judiciary Committee to receive contributions when events at their respective committee take place.

To test my hypotheses empirically, GLS regressions with AR(1) disturbances and random effects are used. To determine whether fixed-effects or random-effects models are appropriate, I

conducted Hausman tests. The statistically insignificant p-values for all models indicate that it is safe to use random effects models.⁹ Since autocorrelation is common with time-series cross-sectional data¹⁰, I conducted Wooldridge tests and Arellano-Bond tests to check if serial correlation is present. The tests determined that autocorrelation does exist in all four models. Consequently, I use generalized least squares and adjust for AR(1) disturbances in all models.¹¹ A split population duration model may initially seem appropriate given the modeling of a temporal process and the successful application by Box-Steffensmeier et al. (2005). However, their approach is unsuitable in this case because a) I argue that contributions are made in anticipation of known events and not because of a random and censoring event, and b) because split-population models cannot model the size of contributions, the dependent variable in this study (see McCarty and Rothenberg 2000). Finally, several tests were conducted to examine if the data are stationary. Augmented Dickey-Fuller (ADF) t tests for a unit root in which the series was transformed by a generalized least-squares regression as well as Philips Perron tests show that the data are indeed stationary. ADF tests demonstrate this at the 95 per cent confidence level—the null hypothesis of a unit root can be rejected for all variables.¹² Philips Perron tests

⁹ Hausman test results: model 1: $p > \chi^2 = 0.8925$; model 2: $p > \chi^2 = 0.9950$; model 3: $p > \chi^2 = 0.9928$; model 4: $p > \chi^2 = 0.9972$.

¹⁰ The panel variable is the individual member of the House of Representatives, while ‘week’ represents the time variable.

¹¹ Wooldridge (xtserial) test results: model 1: $F(1, 868): 2022.346 - \text{Prob} > F: 0.0000$; model 2: $F(1, 868): 0.053 - \text{Prob} > F: 0.8174$; model 3: $F(1, 868): 2119.104 - \text{Prob} > F: 0.0000$; model 4: $F(1, 868): 746.328 - \text{Prob} > F: 0.0000$. Arellano-Bond (abar) test results: model 1: $z = 118.37 - \text{Pr} > z = 0.0000$; model 2: $z = 16.09 - \text{Pr} > z = 0.0000$; model 3: 117.52 ; model 4: $z = 170.27 - \text{Pr} > z = 0.0000$. The Wooldridge test does not show significant autocorrelation for the second model with same week contributions. However, the Arellano-Bond model does. I therefore account for autocorrelation in the analysis.

¹² This is true for at least 2 lags for each variable. All statistics are more negative than the critical value of -3.176. The maximum number of lags where a unit can be rejected is 9 lags.

with three Newey-West lags show that their hypothesis of a unit root can be rejected even at the 99 per cent level.¹³

The data for this study are drawn from several sources. Data relating to the outflows of PAC money to House members have been obtained from the *Federal Election Commission*. For the classification of PAC contributions by sectors and industry, the hierarchical system by the *Center for Responsive Politics* was used. Congressional data were obtained from the Library of Congress, the U.S. Government Printing Office, and the respective committee websites.

RESULTS

Figure 1 shows contribution patterns in 2001. Contributions increased particularly at two points, between June 17-30 (PACs contributed \$173,089) and December 9-22 (\$112,970). The rise in contributions during the summer is easier to explain. The Judiciary Subcommittee held important hearings on June 27 and July 12, the first one dealing with the *Technology, Education, and Copyright Harmonization Act of 2001* and the second one dealing with the *WHOIS Database: Privacy and Intellectual Property Litigation*. The subcommittee markup on the *Technology, Education, and Copyright Harmonization Act of 2001* took place on July 11, 2001. One should note, however, that the Act passed the subcommittee unanimously and without an amendment. Consequently, the Act would have most likely passed in any case and PACs did not change the legislative outcome. The Energy and Commerce Committee was less active in June. However, on June 20, the Subcommittee on Telecommunications and the Internet of the Commerce and Energy held a hearing on potential campaign finance reforms that would particularly impact broadcasters as well as cable and satellite providers. In mid-December, the Judiciary

¹³ The test statistics for all variables are more negative than the critical values $z(\rho) = -18.918$ and $z(t) = -7.445$.

Subcommittee held a two day-hearing on the “Digital Millennium Copyright Act” as well as an oversight hearing on the settlement by and among the United States, the Federal Communication Communications Commission, NextWave Telecom, and 35 other companies. In addition, the Energy and Commerce Subcommittee held an oversight hearing on “Direct Broadcast Satellite Service and Competition in the Multichannel Video Distribution Market” on December 11, 2001.

The other three weeks with the highest contribution activity are week 18 (April 29-May 5: \$36,936), week 20 (May 13-19: \$33,250), and week 41 (October 7-13: \$34,500). The contributions may have been given in connection with the following events. The Judiciary Subcommittee held an oversight hearing, *Music on the Internet*, on May 17, 2001. Its standing committee held three hearings around these dates: one dealing with unsolicited e-mails (May 10), one focusing on broadband competition (May 22), and the third one handling Internet freedom issues (June 5). The standing committee met on May 23 to mark up the *Unsolicited Commercial Electronic Mail Act of 2001* and reported the bill to the House afterwards. Surprisingly, Entertainment PACs contributed relatively little money in the 10 days prior or after the markup of three bills contentious bills (total amount: \$53,500) affecting the entertainment industry. The three bills dealing with broadband deployment and competition and Internet freedom failed to pass with 15 yea and 19 nay votes. The subcommittee or standing committee of the Energy and Commerce Committee did not hold events relevant to Entertainment PACs in April or May. However, the standing committee marked up the *Bioterrorism Prevention Act of 2001* to clarify its application to cable television companies on October 3. PAC contributions increased significantly in the following week.

Figure 2 displays contributions by entertainment PACs in 2002. We can see an expected increase in contributions in the five weeks prior to the general election (total amount for the five

weeks: \$444,850). In the weeks after the election, the congressional members received hardly any contributions (average total amount per week: \$2,000). The germane Judiciary Subcommittee held an oversight hearing titled the *Piracy of Intellectual Property on Peer-to-Peer Networks* in this timeframe (September 26). The germane Energy and Commerce Subcommittee, on the other hand, held two relevant hearings: one regarding the transition to digital television (September 25) and the other affecting the music industry marketing practices (October 1). None of the committees marked up relevant bills in the weeks preceding the general election.

The second peak of PAC contributions can be identified as the time between mid to end June, just as in 2001. During the second half of June, the 20 largest entertainment PACs spent \$154,024. While the germane standing committees held hearings and markups during those weeks, none of them affected the entertainment directly or indirectly. Only the Commerce and Energy Subcommittee held a hearing about public broadcasting in the digital era on July 10. In other words, congressional events cannot explain all of the eager contribution activity. Another explanation may be more likely, namely the ending of the quarter or even fiscal year for PACs. In 46 states, the fiscal year ends June 30, including California, where most entertainment PACs are based. While corporate PACs are free to decide what month their fiscal year ends, the month is likely to coincide with their parent company. One has to keep in mind that some of the same PACs are also politically active at the state level and may make decisions and plans on a quarterly basis. The by-laws of PACs usually require that “all PAC activities shall be conducted within the fiscal year except as otherwise determined by the Executive Committee” (a random example from REAL-PAC, organized by the Houston Real Estate Council) and that all types of membership in association PACs last “only from the first day of the PAC’s fiscal year to the last

day of the PAC's fiscal year unless otherwise extended by the Executive Committee" (Real-PAC). In other words, PACs are more likely to contribute to legislators in the remaining weeks of the quarter or fiscal year to comply with the rules of the organization and the expectations of its financial contributors.

Since my multivariate analysis is based on cross-sectional time-series data, it is important to conduct several tests to check for collinearity. The model that is most likely to display collinearity issues is model 4 with its larger time window. However, condition numbers show that multicollinearity is not a problem for this specific model (5.1566) or the other models (model 1: 4.9943; model 2: 4.8807; model 3: 5.0025) since only a condition number of 10 or more is an indication of instability. Also, the values for the variance inflation are low. All values range from 1.06 to 1.92 for all four models and no value comes close to a "troublesome" value of 10.¹⁴

Before the results of the multivariate analysis are discussed, it is appropriate to address the issue of substantive significance. Some might argue that the results would be hardly earthshaking from a substantive point of view if a committee member or leader gets on average a couple of hundred dollars or even a few thousand dollars extra prior to a hearing or markup—such contributions would hardly influence the outcome of the meeting. However, we have to be cautious when we interpret the results. First, bills that are relevant to the entertainment industry are of importance to other industries as well. For example, while a bill on digital rights management (DRM) clearly affects the entertainment industry, it also affects other industries such as the computer industry. Microsoft, for instance, has used and is currently using DRM as a content provider. In other words, depending on the bill, the overall increase or decrease in

¹⁴ VIF means: model 1 (1.38); model 2 (1.37); model 3 (1.38); model 4 (1.38).

contributions to an individual member in connection with a congressional event can be much higher than the results presented here will indicate. The goal is not to predict the overall effect of a bill on the contribution activity by all affected businesses, but to get a better understanding of the factors that can explain the timing of PAC contributions. Second, and maybe even more importantly, the entertainment PACs investigated are still relatively small compared to the PACs of other industries. If we use the aggregate contribution amount of all entertainment PACs in the 2001/02 election cycle (\$3.72 million) and compare the sum to all health PACs (\$25.44 million) or insurance/real estate PACs (\$46.43 million or 12.5 times as much), then the PACs investigated here are small fish in the pond. Put differently, an increase of \$500 from entertainment PACs prior to a hearing to an individual could mean that insurance/real estate PACs might give \$6,250 prior to a hearing to each legislator (if we multiply it by a factor of 12.5), and if other industries are also affected, then a total of \$10,000 or more for just one event does not look so marginal anymore. In addition, the events investigated are not remarkable in terms of their scope. For high-salience business bills we might see much higher amounts.

Table 1 shows the results of the multivariate analyses for all four models. All membership, committee leadership, and House leadership variables are highly statistically significant ($p < 0.001$) except for Judiciary chairmanship (standing and subcommittee), which only reaches this level in the post-event model but is still statistically significant in the three other models ($p < 0.01$ or $p < 0.05$). For example, the subcommittee chair and standing committee chairs of the Commerce and Energy Committee can expect an additional \$2,000, Judiciary leaders about \$650, and House leaders additional \$1,550 in any given 5-week window. In other words, there is ample evidence that entertainment PACs target legislators who affect their businesses. This finding is consistent with previous research (e.g., Grier and Munger 1993,

Loucks 1996). The fact that House leaders also receive significantly more contributions than non-leaders is still noteworthy, though, since the role of House leadership for PACs has received very little attention in the past. Subcommittee membership on one of the two committees is not part of any of the models, but including them also leads to statistically significant results for those variables (Commerce and Energy submembership: all models $p < 0.001$; Judiciary submembership: either $p < 0.01$ or $p < 0.05$). If we isolate the chairs of the respective standing committees in model 4, then the chair of the Commerce Committee receives an additional \$2,150 in each time period ($p < 0.001$) while the Judiciary chairman gets an additional \$600 ($p < 0.05$) in this 5-week window. Finally, replacing the chairmen in the original model 4 with the respective ranking members also leads to statistically significant results for those variables (coefficient for Energy and Commerce ranking members: 624.453, $p < 0.05$; coefficient for Judiciary ranking members: 971.184 $p < 0.001$).

As anticipated, the variable for the non-election year 2001 turns out to be negatively correlated to PAC contributions given the smaller amount of contributions handed out overall that year. The variable is statistically significant at $p < 0.001$ in all models. The control variable *In Session* is positively correlated to campaign contributions (models 2-4; $p < 0.001$ and $p < 0.01$) and negatively correlated to the pre-event model ($p < .05$) but the coefficients are relatively small, ranging from -10 to +37. The coefficients for the timing of events—committees and floor—are also all relatively small and most of them are insignificant. In two models (2 and 3), Judiciary markups turn out to be positively and statistically significantly associated with PAC contributions while the coefficient in model 1 is in fact negative. However, given the very small dollar amounts associated with those markups, it would be wrong to over-interpret these results. A result not shown in the table, however, deserves attention. If we add subcommittee hearings

and subcommittee markups to the post-event model (model 3), then three of those events reach positive, statistical significance with somewhat larger coefficients than the equivalent events on the standing committees. Specifically, hearings on the Judiciary subcommittee are statistically significant at $p < 0.01$ (coefficient: 17.167), while hearings on the Commerce and Energy subcommittee (coefficient: 20.688) and markups on the Judiciary subcommittee (coefficient: 39.915) are both statistically significant at the 99.9% confidence level.

The interaction variables allow us to test whether timing has an effect on contribution activity in case a legislator is on one of the germane committees and therefore provide a direct test of the hypothesis. In other words, does the effect of events on contributions depend on membership or leadership on one the respective committees? Specifically, do contributions to members increase significantly in the two weeks prior to standing committee markups? The answer for the latter question is ‘yes’ for chairs but ‘no’ for regular members of the committee. Chairs of the Energy and Commerce Committee can expect an additional \$148 by entertainment PACs for each markup ($p < 0.05$), chairs of the Judiciary Committee an extra \$51, on top of the additional \$925 Commerce chairs and \$274 Judiciary chairs receive as a result of their leadership position. Due to the small interaction effects and the fact that the coefficients for regular members are negative, the hypothesis can be rejected.

Do contributions to committee members and leaders increase during the week in which a markup is held? Three of the interaction variables take on positive values and are in fact statistically significant for the same week model. Both membership interactions are highly statistically significant ($p < 0.001$) while the leadership variable for the Judiciary Committee is significant at the 95% confidence level. Only the chairs of the Commerce and Energy Committee received less money as a result of the interaction during this week but instead received an

additional \$418 ($p < 0.001$) for each markup held in the two weeks after the event on top of the \$848 he received as a result of his leadership position. Since the same week model indicates that the affected PACs targeted members of the relevant committees while events were underway, I checked if the ranking member of Energy and Commerce Committee received additional money during that week. Interestingly enough, replacing the Commerce chairs with the ranking member of the standing committee in the same week model has a big effect. The status as ranking member leads to an additional \$232 ($p < 0.001$) for each week but the interaction of him [Rep. John Dingell (D)] and standing committee markups leads to an extra \$823 (z-score: 10.46; $p < 0.001$) for each meeting in that week. As noted earlier, those bills may have also affected other types of PACs and Dingell may have received an additional \$1000 or \$2000 total as a consequence of each scheduled markup in the same week alone. I would consider such amounts substantively significant. Dingell has served in the House of Representatives since 1955 and, according to *Congress.org*, has long been one of the most powerful Democrats in the legislature.

There is even more evidence that entertainment PACs increased their contributions in connection with committee events in the days surrounding them. Due to collinearity issues, I ran a same week model in which I replaced the standing committee members with subcommittee members, standing committee events with subcommittee events, and the chairs with ranking members (standing committee and subcommittee) and included the appropriate interaction terms and control variables (non-election year, House leaders, in session). In this model, the interaction of Commerce submembership and hearings is statistically significant (coefficient: 59.110; $p < 0.001$), and so are the interactions between Commerce submembership and their subcommittee markups (coefficient: 71.030; $p < 0.05$) and Judiciary submembership and subcommittee hearings (22.357; $p < 0.05$). Finally, all interactions between the ranking members

and hearings or markups¹⁵ produce positive and statistically significant results (either $p < 0.01$ or $p < 0.001$; the coefficients range from 58.931 to 823.167) except for Judiciary ranking members and their markups. In sum, a lot of evidence points at strategic behavior on part of PACs in very close proximity to committee events.

The post-event model (model 3) is a better predictor for contributions in connection with committee events based on committee membership or leadership than the pre-event model (model 1), but it is less powerful than the same week model (model 2). All membership variables are highly statistically significant in the third model, and so are the interactions for Commerce chairs and markups, Judiciary members and markups, Commerce members and hearings. However, there are also two significant and negative coefficients for Commerce chairs and hearings and Judiciary chairs and markups. The same week model was much more powerful for the latter two interactions if we are interested in contribution increases.

A crucial question is how the results presented so far compare to floor events and PAC contributions. Table 1 shows that the coefficients are positive in all models, but only reach statistical significance in the post-event model ($p < 0.001$) and five-week model ($p < 0.001$). In addition to the extra \$660 House leaders receive as a result of the position in the two weeks after an event took place, they can expect an additional \$605 for each floor vote that affects entertainment PACs. Nonetheless, this result represents the sole exception as far as additional contributions for members of the House in connection with floor votes are concerned. Neither committee membership on the standing committee or subcommittee, committee leadership, nor majority status and its interaction with floor votes are anywhere close to reaching statistically or substantively significant results if we include these variables in any of the models. All

¹⁵ The event variables include all subcommittee and standing hearings and markups respectively.

coefficients are statistically insignificant while their coefficients are either negative or positive with extremely small z-scores. For example, if we interact majority status with floor votes in model 2 or 3, the respective z-scores are 0.05 and 0.02. Legislators will certainly not change the mind or behave differently because they can expect an additional dollar or two for each floor vote.

CONCLUSION

Studying the timing of PAC contributions is not an end in itself; it helps to better understand PAC motivation. Neglecting to understand the timing aspects of contributions means not recognizing all the options groups have in their arsenal that could give them a competitive edge and not fully knowing what the catalysts of interest group activity are and where organized interests actually try to exert influence. While our current knowledge about the timing and motivation of PAC contributions in the legislative process is still limited, this study provides evidence for the idea that future research should focus more on committee events instead of floor events. The most important result of this study is that PACs seem to become active in the days (not weeks) surrounding the committee event while floor events are largely ignored. The hypothesis that PACs attempt to influence votes on the floor of Representatives has been tested extensively with weak results and this study is no exception. In fact, even if some legislators change their votes at that stage, it only makes a difference in the end in case a potentially losing coalition can be turned into a winning one (Hall and Wayman 1990). Such a turnaround will happen very rarely at such a late point in the process. Rational PAC managers should therefore not only consider whether or not they will contribute to individual House members and how much they want to give, but should also time their contributions strategically to attract

legislators' attention, signal importance, and mobilize support. Timing one's contributions around committee events promises more value for one's money because of practical and cognitive reasons. If the goal of a PAC is to influence legislative behavior and outcomes, then PACs seem better poised to take action prior to important committee events than at any other point.

However, the results of this study have to be interpreted cautiously, not only because the analysis examines one industry of PACs and one election cycle. Legislators are aware of how important particular legislative events are to affected groups. At the same time they are interested in maximizing their contributions from PACs to build a war chest early that should discourage potential quality challengers. Legislators quite feasibly request contributions prior to legislative events because it helps them to effectively fill their campaign coffers. Moreover, legislators may time the introduction of bills, committee events, or floor action so that it not only increases the chances of a bill's success or failure but also in hope of receiving a financial reward from PACs in return. Consequently, the timing and motivation of contributions quite likely presents an interplay between PACs and legislators that House members exploit by requesting money at strategic points in time. Therefore future research should make attempts to investigate when legislators request contributions empirically.

Lastly, this study provides insights into internal PAC allocation strategies. Rational legislators interested in maximizing contributions from PACs are not only likely to request donations around committee events and point at their record of working in the group's interest during those times but also ask for money when organizations *have* to spend it to conform to the PAC's by-laws. The meeting frequency of executive committees depends on the size of the group, expected and unexpected political events, the resources available, and other factors.

Generally speaking, however, a PAC's executive committee will meet at least quarterly (e.g., PLACER-BXPAC 2008) and those with larger budgets are likely to meet more frequently. Either way, legislators would be well advised to be aware of when the fiscal year ends for interested PACs and to solicit contributions close to the end of each quarter to be part of those "cash injections". Previous research has not yet addressed the meeting frequency of PACs and the how the quarters and fiscal years affect PAC allocation strategies. More research is necessary to understand how the end of quarters and fiscal years affects other industries and the decision-making of their PACs.

Weekly Entertainment PAC Contributions in 2001

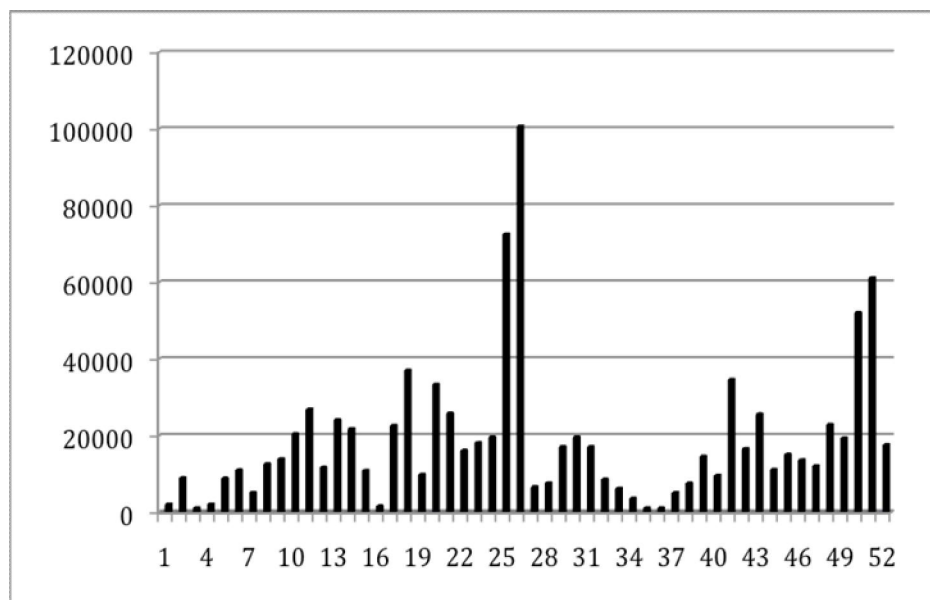


FIGURE 1

Weekly Entertainment PAC Contributions in 2002

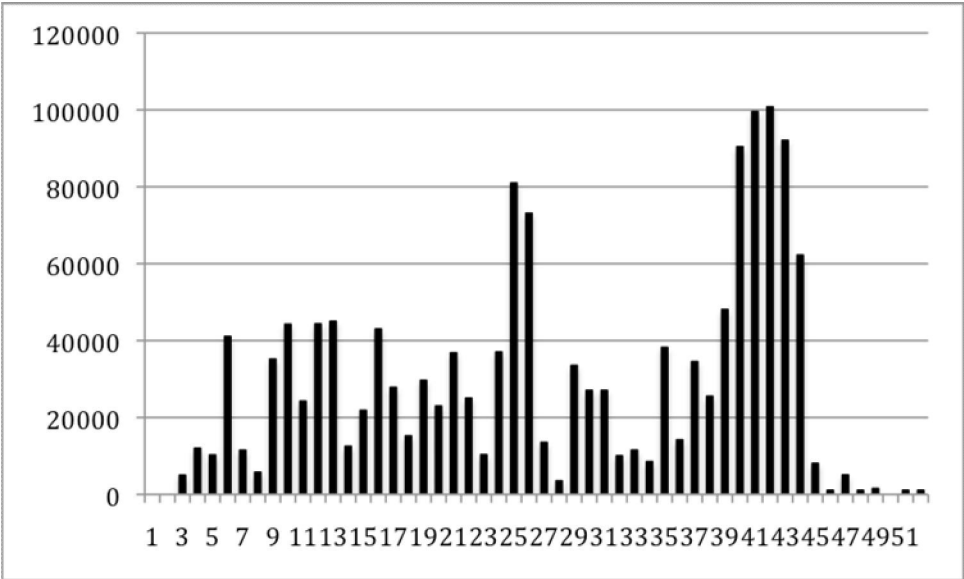


FIGURE 2

TABLE 1

Explaining Contributions by Entertainment PACs in the 2001-02 Election Cycle to House Members

	Model 1 Pre-Event	Model 2 Same Week	Model 3 Post-Event	Model 4 Surround Model
Judiciary Standing Member	179.304*** (20.876)	74.290*** (10.872)	158.710*** (21.01)	408.773*** (50.011)
Commerce Standing Member	274.596*** (17.890)	132.391*** (9.123)	273.641*** (18.005)	670.868*** (43.097)
Judiciary Chairs	273.994** (86.331)	90.218* (46.595)	290.776*** (86.886)	648.385** (207.363)
Commerce Chairs	925.371*** (85.424)	332.795*** (44.706)	847.951*** (85.971)	2014.235*** (205.749)
House Leaders	663.877*** (67.620)	332.868*** (33.991)	659.960*** (68.236)	1549.865*** (165.015)
Non-election Year	-50.121*** (11.415)	-17.806** (5.773)	-31.423** (11.492)	-92.881*** (27.433)
In Session	-10.666* (5.864)	37.163*** (4.694)	19.103*** (5.989)	13.919* (6.321)
Judiciary Standing Hearing	11.402 (8.679)	3.335 (3.644)	-4.494 (8.735)	6.446 (8.725)
Commerce Standing Hearing	-8.850 (6.852)	4.932 (3.554)	9.368 (6.895)	-1.977 (7.130)
Judiciary Standing Markup	-22.146*** (5.913)	13.663** (5.281)	12.957* (5.952)	-3.037 (6.003)
Commerce Standing Markup	5.415 (5.522)	-5.822 (4.896)	9.330 (5.556)	5.588 (5.561)
Floor Votes	-7.763 (8.739)	12.258 (8.300)	-7.181 (8.793)	-11.013 (8.753)
Judiciary Standing Member*	19.474 (28.913)	-8.036 (26.554)	5.262 (29.100)	-63.697* (28.960)
Judiciary Standing Hearing				
Commerce Standing Member*	47.377** (19.029)	-13.218 (15.135)	70.400*** (19.128)	-36.066 (19.827)
Commerce Standing Hearing				
Judiciary Chairs*	-169.773 (169.150)	42.848 (49.013)	243.210 (170.178)	-215.996 (169.587)
Judiciary Standing Hearing				
Commerce Chairs*	-340.171*** (91.243)	355.887*** (48.507)	-401.754*** (91.719)	-9.596 (95.054)
Commerce Standing Hearing				
Judiciary Standing Member*	-54.997** (18.818)	50.507*** (15.842)	48.802** (18.922)	-9.042 (19.336)
Judiciary Standing Markup				
Commerce Standing Member*	-22.824 (15.279)	64.626*** (14.094)	-17.820 (15.370)	9.645 (15.345)
Commerce Standing Markup				
Judiciary Chairs*	51.469 (78.006)	146.815* (65.778)	-162.838* (78.438)	65.047 (80.096)
Judiciary Standing Markup				
Commerce Chairs*	147.665* (73.241)	-284.909*** (64.348)	418.504*** (73.678)	204.619** (73.547)
Commerce Standing Markup				
HouseLeaders*	35.052 (127.553)	31.519 (119.390)	604.791*** (128.323)	569.246*** (127.840)
FloorVotes				
Constant	86.021*** (9.029)	7.220 (4.855)	49.517*** (9.094)	159.070 (20.782)
R-squared	0.049	0.032	0.056	0.102

Notes: Each column represents a separate regression.

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. All significance tests are one-tailed.

CHAPTER 4

PACS IN THE FEDERAL BUDGETARY PROCESS:

WHO GETS THE MONEY AND WHY?

The federal budgetary process certainly shapes the budget. However, as Kettl (1989) shows, the structure of the budget also shapes the process. Since the 1970s the budget's structure has turned to a politics of protection, marked by an expansion in redistributive transfer programs. Medicare, Medicaid, and Social Security have grown steadily but the growth of entitlement programs has come along with stable or shrinking budgets for other parts of the budget. Decelerated economic growth has led to a zero-sum game in the budgetary process: someone's gain is another one's loss. Consequently, winners try to protect new gains while potential losers try to "keep their piece of the federal budgetary pie" (Kettl 1989). Both winners and potential losers employ various lobbying techniques to express the urgency of their preferences, but they also make direct financial contributions to legislators. However, what is less clear is the timing of contributions during this process by interest groups and what events motivate them. When do organized interests donate to federal legislators in an attempt to raise awareness to their issue and position and potentially influence the outcome of such decisions? This study answers some of the questions surrounding this complex process.

A number of scholars have examined the issue context in which particular organizations make strategic decisions to influence legislators (Baumgartner and Leech 1996, 1998, 2001; Hojnacki 1997; Hojnacki and Kimball 1998; Kollman 1998; Leech 1998) and given us examples of free-riding or failed or rather underdeveloped mobilization efforts by organizations (e.g.,

Bauer, Pool, and Dexter 1963; Grier, Munger, and Roberts 1994; Martin 1995). Others have analyzed the allocation strategies of organized interests (e.g., Eismeier and Pollack 1986; Wilcox 1988, 1989; Grenzke 1989; Biersack, Hernnson, and Wilcox 1994; Wright 1996; Kollman 1997; Wawro 2001; Esterling 2007), the recipients and circumstances of such contributions in particular. What those studies have not addressed yet, however, is when organized interests are most active when push comes to shove: during the allocation process of the federal budget. Obviously, every organization wants a piece of the “cake”, but during budgetary proceedings, Political Action Committees (PACs), as the fundraising arm of interest groups, may pursue several serious contribution strategies if the ultimate goal is to influence legislators’ behavior. For one, PACs may want to contribute to the members of the committee that most directly affects them on a day-to-day basis right after the publication of the president’s budget to show opposition or support proposed legislation. Second, PACs may want to become active still early in the process and contribute particularly to members of the House Budget Committee who set the overall spending guidelines for Congress by drafting and preparing the budget resolution. Alternatively, PACs may want to wait until the proceedings reach the House Appropriations Committee where members have a say regarding the specific expenditures for various programs. Finally, PACs may want to wait until the budget decisions reach the floor stage to encourage participation and support or reward legislators soon after the votes take place. This study tests these rival alternatives.

As for the House of Representatives, I argue that PACs maximize their chances for any monetary return in the federal budget process if they a) contribute to their “go-to” legislators, i.e. to the committee leaders that affect them most, right after the president publicly proposes the budget, and b) if PACs contribute in the weeks surrounding the markup of the appropriations bill

that directly affects them. The chances of success for PACs to potentially exert any influence are more likely at the micro level (the Appropriations Committee) than at the macro level (the Budget Committee) unless there is a large and powerful coalition within a major industry. However, even in that case PACs may want to concentrate their resources on the allocations of annual appropriations simply because of the large number of political players involved in the preparing the budget resolution. Alternatively, PACs may not be too concerned about the timetable of congressional events at all but focus more on getting their message across and making sure that they contribute to the “right” people. In that case, we will not see significant increases prior to specific events. Still, even in that case we can learn something about how political organizations priorities their actions during the budgetary process.

The following section will review the limited literature about the role of groups in the budget process. Studies specifically about PACs in this process and the timing of their activities while budgetary negotiations are underway have not been conducted so far. In the subsequent section I will present my theory and hypothesis of how I expect PACs to act in the budget process. The final section analyzes the behavior of budgetary winners and budgetary losers in 2005.

THE LITERATURE

Existing studies have not examined the role of PACs in the federal budgetary process. However, indicators of legislative activity and interest group activity are both publicly available and have been studied. As a result of the Lobbying Disclosure Act of 1995, organizations and individuals spending more than \$20,000 on lobbying activities within any six-months period have to file a report listing what the area and issue(s) they lobbied for and specifying the amount they spent. In addition, the Senate Office of Public Records makes summary data available stating the number

of organizations filing in each issue-area and the number of hired lobbying firms working for organizations and individuals. As for government activity, studies (e.g., Baumgartner and Jones 1993; Baumgartner and Jones 2003; Jones and Baumgartner 2005; True et al. 2006) regularly use the number of congressional hearings for each issue area as a measure of attention. In addition, Leech et al. (2004) test the hypothesis that issue-areas representing relatively greater proportions of the federal budget will experience higher levels of lobbying. Their budget variable is measured by the amount of the federal budget going to issue-area in the same year as the hearings take place.

Leech et al. (2004) find the following in their analysis of the interaction between government activity on the one hand and interest group activity on the other hand: First, for every additional hearing in a year, we see about one and a half additional lobbying reports by organizations and three additional reports by lobbying firms. Second, budget size does *not* have a statistically significant impact on interest group lobbying, but does have an impact on contract lobbying. However, congressional hearings prove to be a better predictor for budget size than contract lobbying. Third, the number of firms in the country has a considerable impact on the amount of lobbying. Specifically, for every additional 10,000 firms in the country, we see three additional lobbying reports filed by organizations and four additional reports by contract lobbyists. Finally, government spending has a significant effect on the actions of contract lobbyists but not on organizations. To be precise, every \$10 billion in additional governmental spending leads to two additional reports by contract lobbyists. In summary, the results suggest that group mobilization is overall more important for government spending than direct government spending or the number of firms involved in a given issue-area. Also, congressional hearings have a consistent, significant effect on the number of groups.

THEORY AND HYPOTHESIS

Leech et al. (2004) find that the relationship between government spending and lobbying is weaker than the relationship between congressional hearings and lobbying. The authors attribute this result to the fact that lobbying is not only about getting government procurement contracts or encouraging greater spending. Government involvement in and regulation of the private economy brings groups to Washington, the study claims. While the argument is plausible, it remains vague in regards to interest group motivation in the budget process. What type of groups should we expect to show more interest in the federal budget? Which groups are less likely to lobby during the budget process?

Two distinctions have to be made. First, the distinction between discretionary and mandatory spending is important in this context. Discretionary spending refers to optional spending set on a yearly basis by decision of Congress. On the contrary, mandatory spending accounts for roughly two-thirds of all government spending and includes entitlement programs such as Social Security, Medicare, and Medicaid—programs through which individuals receive benefits based on their age, income, or other criteria. Spending levels in these areas are dictated by the number of people who sign up for these benefits, rather than by Congress. Consequently, interest groups lobbying in areas affected by non-discretionary spending have much less incentives to be particularly active during the federal budget process than groups that may see the potential reauthorization of their programs, budget cuts, or even budget increases. The timing of lobbying activities and contributions in this process could be critical to the success of such groups.

Second, while this distinction is not mutually exclusive from the spending categories, it is also important to note that some types of policies are more heavily affected by budget

negotiations than others. Distributive policies exemplify programs with dispersed costs and concentrated benefits and are often associated with pork barrel politics. Examples of distributive policies are agriculture price subsidies, federal grants for higher education, and programs for parks and recreation. Organized interests benefit directly from such policies and programs while the taxpayers foot the bill. Consequently, I expect economic interest groups to be particularly active during the budget process.

Groups lobbying primarily for or against redistributive and regulatory policies are usually also affected by the federal budget process in some way, but not to the same extent as organizations who focus on “bringing home the bacon”. An organized interest such as *The National Association of State Medicaid Directors* (NASMD) is interested in a long-term shift of resources to the “have-nots”. While the annual budget is certainly of interest to such an organization, its focus is more on pushing bigger but less frequent bills. Regulatory bills like one for new air emission limitations for businesses or one for lower speed limits are not depended on the budget process and may be introduced and dealt with at any time during an election cycle. An organization such as *Mothers Against Drunk Driving* (MADD) may in fact be better off to lobby for its cause when legislators are not occupied with evaluating budgetary issues and priorities. To summarize, while I expect economic interest groups in general to pay attention to the budget process, I expect groups seeking distributive benefits for their members with annual fluctuations in terms of funding to be particularly alert and active.

THE HOUSE BUDGET COMMITTEE

The House Budget Committee is an atypical committee. An atypical committee is characterized by unique procedures and legal guidelines. The House Budget Committee not only occupies a

unique place in the congressional committee system because of its jurisdiction but also because of its timetable. The House Budget Committee has jurisdiction over all bills and resolutions of the budget and it is responsible for legislative oversight, i.e. it makes sure that legislation is not substantially at variance with the budget resolution. The budget resolution, developed in March of each year, sets forth the congressional budget and establishes various budget totals.

Other important dates for the development of the House Budget¹⁶ are the first Monday in February when the President submits his budget proposal, the six-week-deadline for committees to submit their “views and estimates” to the House and Senate Budget Committees after the President has submitted the budget proposal, and the first two weeks of April when the House-Senate conferees develop a conference report on the budget resolution. On April 15, Congress completes its action on the concurrent resolution on the budget. Between April 15 and May, authorizing committees develop—if necessary—reconciliation legislation and report legislation to the Budget Committees. Reconciliation is a process whereby Congress changes existing laws to conform to tax and spending levels set in a budget resolution. It has developed into an important procedure for implementing the policy decisions and assumptions embraced in the budget resolution, in a way that was unforeseen when the Budget Act was written in 1974 (House Committee on Rules 2007). The Budget Committees then package the reconciliation language and report to the floors of their respective chambers. On June 15, Congress completes its action on the reconciliation legislation (House Budget Committee 2007). Because of this system, Congress is required to pass separate spending bills every year to ensure the operation of government. If Congress fails to pass such a bill, or the President fails to sign it into law, non-

¹⁶ These are schedule provisions formally written in the Budget Act. The dates reflect the preferred schedule of activities; some slippage and overlap frequently occur.

essential functions of the government will cease, as they are no longer allowed by law to spend money. In order to prevent the interruption of government services, Congress will often pass a continuing resolution in September.

Generally speaking, if groups want to influence some of the events we should see spikes in contributions to members of Congress prior to their occurrence. Given the timetable described above, I will test following hypothesis:

PACs who are most likely to be severely affected by the new budget want to support or oppose the president's plans and therefore they increase their contributions significantly to the leaders of the committee that affects them most right after the publication of the president's budget proposal (H1).

In other words, I hypothesize that the timetable itself explains the timing of PAC contributions. The budget proposal is of interest to all PACs and their parent organizations because it is a good indicator of winning and losing in the political business. The media covers the potential changes in the federal budget widely and quickly determines winners and losers. Organizations and their PACs also frequently respond to the proposal immediately with press releases and information to members on their websites. In other words, given the fixed date for the budget proposal (in this study February 7, 2005) and the time groups have to prepare for its implications, I anticipate PACs to contribute to legislators right away. The committees that affect the groups also start working on their views and estimates soon after the proposal. Given that business PACs are pragmatic and give to members of both parties, I expect those PACs to contribute to the most powerful members of "their" committee (in this study the House Armed Services Committee and the House Agriculture Committee) to signal urgency along with written and verbal policy recommendations.

The committee budget resolution might also be important to PACs with an interest in the budget because it represents a “blueprint” for the budget, showing aggregate numbers. The numbers include expected revenues, budget authority, outlays the actual spending of funds out of the Treasury, the overall target (budget deficit or surplus), and government debt (Lee et. al 2004). PACs want to see an increase in spending for their causes or least a decrease that is smaller compared to all other expenditures. In years where Congress passes a continuing resolution, PACs are may also take this event seriously because it guarantees that programs relevant to the group will not cease. PACs want to prevent the interruption of government services and use contributions to convince legislators that interrupted research projects, training programs, and other services would have severe consequences for their parent organization. Even though a continuing resolution must be passed by both houses of Congress and signed into law by the President, PACs might target members of the Budget Committee specifically since they are most aware of the status quo and they are the ones who can urge members with other responsibilities to pass such a resolution. However, PACs are still only one of many other political players and factors that can affect the budget. Therefore groups may focus their resources on the more specific appropriation bills and the committee or committees with jurisdiction over their issues.

Moreover, the allocation strategy may not be that straightforward because of the characteristics of the House Budget Committee. The House Budget Committee is “less independent in its actions, less autonomous than other committees, and has not attained integration in its highly conflictual environment” (Leloup 1980). Not only is the House Budget Committee more dependent on the Appropriations Committee than their counterparts in the Senate, it also has a tradition of being partisan (Hager 1994). The great ideological distance

between Democrats and Republicans on the committee may result in more continuous giving by PACs because voting often occurs along strict party lines. Timing itself may be relatively unimportant compared to general support.

THE HOUSE APPROPRIATIONS COMMITTEE

I also anticipate PACs to contribute at another point during the budget process, namely during the appropriations process. Congress annually considers 11 or more appropriations measures, which provide funding for numerous activities such as national defense, education, and crime reduction. These measures also fund general government operations such as the administration of federal agencies. Congress has developed certain rules and practices for the consideration of appropriations measures. Appropriations measures are under the jurisdiction of the House and Senate Appropriations Committees that control about 40% of total federal spending provided for a fiscal year. The House and Senate legislative committees control the rest. While different types of appropriations measures exist, this study focuses on regular appropriations bills, which provide most of the funding that is provided in all appropriations measures for a fiscal year, and must be enacted by October 1 of each year (CRS Report 2006, *The Congressional Appropriations Process*).

Congress has established an authorization-appropriation process that provides for two separate types of measures — authorization measures and appropriation measures. These measures perform different functions and are to be considered in sequence. First, the authorization measure is considered and then the appropriation measure. Authorization measures are under the jurisdiction of the legislative committees; most congressional committees are legislative committees, such as the House Committee on Armed Services and the Senate

Committee on the Judiciary. This process is enforced, in part, by House and Senate parliamentary rules. Both the House and Senate have established parliamentary rules that may be used to enforce certain spending ceilings associated with the annual budget resolution during congressional consideration of appropriations measures (CRS Report 2006, The Congressional Appropriations Process).

The House Committee on Appropriations reports the 11 regular appropriations bills separately to the full House. The committee begins reporting the bills in May or June, completing all or almost all of them by July or the annual August recess. Generally, the full House begins consideration of the regular appropriations bills in May or June as well, passing most by July or the recess. The House Appropriations Committee holds hearings on the segments of the budget under their jurisdiction. After the hearings have been completed and the House Appropriations Committee has received its spending ceilings, it begins to mark up the regular bills under its jurisdiction and reports them to its respective full committee. The full committee will then mark up the regular bills.

My second hypothesis reads as follows:

Affected PACs and their parent organizations will increase their contributions to the members of the respective House Appropriations Subcommittee significantly in the weeks surrounding the subcommittee markup that directly affects them (H2).

METHODS AND DATA

To test my hypotheses, it is appropriate to focus on events in a non-election year. First, committee events should provide particular opportunities for legislators in non-election years to further their reelection probability by offering them chances to “bring home the bacon” and by

building an early war chest. Second, if PACs want to signal importance of policy issues and attract attention, then it is easier for them to do so in non-election years where they have to compete with the electoral agenda to a lesser degree. Given that fundraisers and actual campaigning play a more important role in election years, the analysis of a non-election year makes it also easier to filter out election “noise”. Finally, scholars such as Latus (1984) have argued that liberal and conservative PACs “seek to maximize their cohort in Congress” and that PACs “seek to influence elections”. Consequently, we should expect PACs to contribute to legislators only to a very limited extent in non-election years. By focusing on non-election years, this work can contribute to solve this yet unresolved puzzle of post-election contributions.

This study uses events in 2005 with relevance for the 2006 fiscal budget to test my hypotheses. When the President submits his budget proposal, policy analysts and journalists determine the proposals’ winners and losers rather quickly. In 2005, the main beneficiaries of the proposal for 2006 were foreign aid (a 16% increase compared to 2005), the Food and Drug Administration (+4.5%), and Homeland security (+7%). On the other hand, Medicaid (a \$60 billion decrease over ten years), the Environmental Protection Agency (-\$400 million), education (the proposal eliminated forty-eight programs and reduces the discretionary spending authority for the Department of Education by one percent), and the Department of Agriculture were quickly identified as the ones who would have to suffer from the potential changes (Appleby 2005; Baker 2005; “Memo to the Community,” 2005).

To test my two hypotheses, I analyze the contribution behavior of one group of potential budgetary winners and one group of potential budgetary losers in 2005. Potential budgetary winners are only those who are likely to be rewarded with bigger contracts than anticipated. On the contrary, potential budgetary losers are those organizations that possibly face unexpected

financial cutbacks or are to face higher cuts than foreseen. According to *Bloomberg.com*, “military contractors including Boeing Co., General Dynamics Corp., United Defense Industries Inc., and Alliant TechSystems Inc. would benefit from President George W. Bush’s proposal” (Capaccio 2005) while other contractors would profit less than projected in earlier budgets.¹⁷ The above-mentioned businesses would be heavily involved in expanding “more agile ‘modular’ brigades” (Office of Management and Budget 2005) as well as in laboratory facilities, detection systems, drones, robotic vehicles, and communication links, all of which are part of the Future Combat System (Capaccio 2005). The regression for aerospace PACs is:

$$R_{it} = \beta_0 + \beta_1 MStAS_i + \beta_2 LAS_i + \beta_3 MStB_i + \beta_4 LB_i + \beta_5 MAP_i + \beta_6 LAP_i + \beta_7 SE_t + \beta_8 BP_t + \beta_9 BR_t + \beta_{10} ASH_t + \beta_{11} ASM_t + \beta_{12} APM_t + \beta_{13} F + \beta_{14} (MStAS_i * BP_t) + \beta_{15} (LAS_i * BP_t) + \beta_{16} (LB_i * BR_t) + \beta_{17} (MStAS_i * ASH_t) + \beta_{18} (LAS_i * ASH_t) + \beta_{19} (MStAS_i * ASM_t) + \beta_{20} (LAS_i * ASM_t) + \beta_{21} (MAP_i * APM_t) + \beta_{22} (LAP_i * APM_t) + e_{it},$$

where R_{it} represents the total amount of money received by Congressman i from the four aerospace PACs listed above in 2005 in any given time period t ($N=432$; all members of the House are included in the study except for those who entered or left the House during a year). Model 1 only comprises the contributions made in the two weeks prior to an event (50 time periods per year). Model 2 presents only those contributions given to individual legislators during the week of an event (52 time periods per year). Model 3 analyzes the contribution activity by the four PACs in the two weeks following an event (50 time periods per year). Finally, model 4 comprises five weeks—this “surround model” includes contributions made 2 weeks prior to an event, the week in which the event takes place, and the two weeks following

¹⁷ The corporations are not directly mentioned in the budget proposal, but the projects that they are primarily responsible for.

the event (48 time periods per year). The decision to look at contributions two weeks prior to and two weeks after an event is based on the busyness of the legislative calendar, specifically the time span between single events, as well as the likelihood of attracting attention in that time-frame. Looking at contributions made three, four or five weeks prior or subsequent to events would cause too much overlap with other events and bring about serious collinearity issues. Such large time windows are also hard to justify from a theoretical perspective. Given their busy schedules, legislators will unlikely recognize that contributions made a month before or after a committee markup were given in connection with one particular committee event unless a) the event is exceptionally important, b) is temporally isolated, or c) accompanied by written statements or personal meetings. One should note that a single PAC was only allowed to contribute up to \$10,000 to a single legislator in the 2001-02 election cycle (\$5,000 per election¹⁸), but R_{it} certainly can and does exceed \$10,000 in various time periods since it is an aggregate measure. The maximum possible amount a legislator could have received from the PACs investigated in the election cycle is \$200,000.

The independent variables are membership and event measures and their interactions. *MStAS* (Armed Services Standing Member), *MStB* (Budget Standing Member), and *MAP* (Appropriations Subcommittee Member) represent membership on two relevant standing committees, i.e. the Armed Services Committee, the Budget Committee, and the Appropriations Subcommittee. *LAS* (Armed Services Leadership), *LB* (Budget Leadership), and *LAP* (Appropriations Leadership) represent composite measures of the corresponding chairs and

¹⁸ Primary and general elections count as separate elections.

ranking members.¹⁹ All these membership variables are dichotomous measures, coded 1 if the representative is a member on one of the germane committees or a holds a leadership position and 0 if otherwise. Changes in the composition of the House (e.g., resignations) as well as changes in the membership on committees within the election cycle have been taken into account.

SE (In Session) is a control variable for those times in which the House of Representatives was in session. Organizations in general are more likely to contribute while members of Congress reside in Washington and actively participate in the political process. *BP* (Budget Proposal) represents the budget proposal and *BR* (Budget Resolution) reflects the day when the Budget Committee passed the budget resolution. *HAS* (Armed Services Hearing) mirrors the number of standing committee hearings on Armed Services Committee. This variable comprises all oral testimonies from witnesses, and questioning of the witnesses by members of Congress in standing committees that are of interest to the aforementioned PACs. *ASM* (Armed Services Markup) stands for standing committee markups on the Armed Services Committee, while *APM* (Appropriations Markup) represents the markup of the annual defense appropriations bill on the respective subcommittee, the Defense Appropriations Subcommittee. Both variables include all relevant committee processes by which the committees debate and amend proposed legislation. *F* represents floor votes affecting the PACs.

The first interaction variables, $MStAS_i * BP_t$ (Armed Services Member*Budget Proposal) and $LAS_i * BP_t$ (Armed Services Leadership*Budget Proposal) test the relationship between the individual's membership on the Armed Services Committee and the publication of the budget

¹⁹ The subsequent analyses were also tested by only including the committee chairs. The results were very similar, indicating the pragmatic allocation strategy of business PACs.

proposal. The next interaction, $LB_i * BR_t$ (Budget Leadership*Budget Resolution), tests whether or not leaders on the Budget Committee got additional contributions when the president made his budget proposal. The following four interaction variables $MStAS_i * ASH_t$ (Armed Services Member*Armed Services Hearing), $LAS_i * ASH_t$ (Armed Services Leadership*Armed Services Hearing), $MStAS_i * ASM_t$ (Armed Services Member*Armed Services Markup), and $LAS_i * ASM_t$ (Armed Services Leadership*Armed Services Markup) all test the relationship between the individual's membership on the Armed Services Committee and its standing committee's hearings and markups and how it affects PAC contribution behavior. The last two interactions, $MAP_i * APM_t$ (Appropriations Member*Annual Markup) and $LAP_i * APM_t$ (Appropriations Leadership*Annual Markup), provide for a direct test of the second hypothesis. Do members of the Appropriations Subcommittee get more contributions as they mark up the annual defense appropriations bill? Altogether, the interaction variables allow us to properly determine whether membership on the committee is what affects PAC contributions, the effect of the timing of the events, and whether timing has an effect in case a legislator is indeed on the committee.

As for budgetary losers, President Bush suggested to reduce crop and dairy payments to farmers by five percent for the fiscal year 2006, and to save 5.7 billion dollars in payments over a decade. Within the crop industry, the cuts would have the greatest economic effects on cotton and rice producers (Wiesemeyer 2005). Along with other types of lobbying, these corporations are likely to ask their PACs to contribute to respective policymakers to demonstrate their opposition and in an attempt to mobilize legislators who will publicly oppose the plans. The regression for rice and cotton PACs is:

$$\begin{aligned}
R_{it} = & \beta_0 + \beta_1 MStAG_i + \beta_2 LAG_i + \beta_3 MStB_i + \beta_4 LB_i + \beta_5 MAP_i + \beta_6 LAP_i + \beta_7 SE_t + \beta_8 BP_t + \beta_9 BR_t + \\
& \beta_{10} AGH_t + \beta_{11} AGM_t + \beta_{12} APM_t + \beta_{13} F_t + \beta_{14} WTO_t + \beta_{15} (MStAG_i * BP_t) + \beta_{16} (LAG_i * BP_t) + \\
& \beta_{17} (LB_i * BR_t) + \beta_{18} (MStAG_i * ASH_t) + \beta_{19} (LAG_i * ASH_t) + \beta_{20} (MStAG_i * ASM_t) + \\
& \beta_{21} (LAG_i * ASM_t) + \beta_{22} (MStAG_i * WTO_t) + \beta_{23} (LAG_i * WTO_t) + \beta_{24} (MAP_i * APM_t) + \\
& \beta_{25} (LAP_i * APM_t) + e_{it},
\end{aligned}$$

where R_{it} represents the total amount of money received by Congressman i from the 20 largest rice and cotton PACs in 2005 (N=432; excluding members who entered or left the House during a year). The analysis is the same as for the previous model; it is only slightly more complex. The membership variables for the Armed Services Committee have been replaced by variables representing the House Committee on Agriculture. The additional variable *WTO* (World Trade Organization) represents two important dates for the rice and cotton industry, March 3, 2005 and July 1, 2005. On March 3, 2005, a World Trade Organization (WTO) appellate review upheld an earlier WTO dispute settlement panel finding against the United States on several key complaints brought by Brazil that elements of the U.S. cotton program are not consistent with U.S. trade commitments. The United States was asked to bring various existing program operations into compliance with the WTO panel recommendations including the removal of prohibited export subsidies for cotton producers and certain export credit guarantees by July 1, 2005 (CRS Report 2005).

To test my hypotheses empirically, GLS regressions with AR(1) disturbances and random effects are used. To determine whether fixed-effects or random-effects models are appropriate, I conducted Hausman tests. The statistically insignificant p-values for all models indicate that it is

safe to use random effects models.²⁰ Since autocorrelation is common with time-series cross-sectional data²¹, I conducted Wooldridge tests and Arellano-Bond tests to check if serial correlation is present. The tests determined that autocorrelation does exist in all four models. Consequently, all four models adjust for AR(1) disturbances.²² A split population duration model may initially seem appropriate given the modeling of a temporal process and the successful application by Box-Steffensmeier et al. (2005). However, their approach is unsuitable in this case because a) I argue that contributions are made in anticipation of known events and not because of a random and censoring event, and b) because split-population models cannot model the size of contributions, the dependent variable in this study (see McCarty and Rothenberg 2000). Finally, several tests were conducted to examine if the data are stationary. Augmented Dickey-Fuller (ADF) t tests for a unit root in which the series was transformed by a generalized least-squares regression as well as Philips Perron tests show that the data are indeed stationary. ADF tests demonstrate this at the 95 per cent confidence level—the null hypothesis of a unit root can be rejected for all variables.²³

²⁰ Hausman test results for the aerospace industry: model 1: $p > \chi^2 = 0.9937$; model 2: $p > \chi^2 = 0.9879$; model 3: $p > \chi^2 = 0.9987$; model 4: $p > \chi^2 = 0.8037$; Hausman test results for the rice and cotton industry: models 1-4: $p > \chi^2 = 1.000$.

²¹ The panel variable is the individual member of the House of Representatives, while ‘week’ represents the time variable.

²² Wooldridge test results for the aerospace models: model 1: $F(1, 440) = 1417.453 - \text{Prob} > F = 0.0000$; model 2: $F(1, 440) = 2.060 - \text{Prob} > F = 0.1519$; model 3: $F(1, 440) = 1525.853 - \text{Prob} > F = 0.0000$; model 4: $F(1, 440) = 653.766 - \text{Prob} > F = 0.0000$.

Wooldridge test results for the rice and cotton models: model 1: $F(1, 440) = 180.526 - \text{Prob} > F = 0.0000$; model 2: $F(1, 440) = 8.617 - \text{Prob} > F = 0.0035$; model 3: $F(1, 440) = 142.955 - \text{Prob} > F = 0.0000$; model 4: $F(1, 440) = 42.738 - \text{Prob} > F = 0.0000$.

Arellano-Bond results for the aerospace models: model 1: $z = 84.74 - \text{Pr} > z = 0.0000$; model 2: $z = 13.78 - \text{Pr} > z = 0.0000$; model 3: $z = 84.76 - \text{Pr} > z = 0.0000$; model 4: $z = 126.22 - \text{Pr} > z = 0.0000$;

Arellano-Bond results for the rice and cotton models: model 1: $z = 84.71 - \text{Pr} > z = 0.0000$; Model 2: $z = 26.65 - \text{Pr} > z = 0.0000$; model 3: $z = 86.58 - \text{Pr} > z = 0.0000$; Model 4: $z = 126.22 - \text{Pr} > z = 0.0000$.

²³ This is true for at least 3 lags for each variable. All statistics are more negative than the critical value of -3.176. The maximum number of lags where a unit can be rejected is 8 lags.

The data for this study are drawn from several sources. Data relating to the outflows of PAC money to House members have been obtained from the *Federal Election Commission*. For the classification of PAC contributions by sectors and industry, the hierarchical system by the *Center for Responsive Politics* was used. Congressional data were obtained from the Library of Congress, the U.S. Government Printing Office, and the respective committee websites.

RESULTS

Figure 3 shows contribution patterns for the four aerospace PACs investigated in 2005. Overall, Boeing, General Dynamics, United Defense Industries, and Alliant TechSystems contributed \$510,000 to members of the House that year. Their respective PACs contributed more in March (\$136,500) and April (\$134,500) than in any other month. The months with the least contribution activity are January (no contributions), August (\$1,000), and December (\$4,500). Interestingly enough, rice and cotton PAC contributions also peaked in March (\$57,875) and those PACs were also least active in January (\$1430), August (\$5797), and December (\$2900). The lack of contributions when Congress is in recess is to be expected, but the rather early peak in contribution activity during the budgetary process is noteworthy. Overall, rice and cotton PACs contributed \$268,218 to House members in 2005.

If we break down the aerospace contributions by week, then we can see that PAC donations peaked during weeks 13 (March 27 - April 2; \$68,500), 15 (April 10 - 16; \$96,000), and 46 (November 13 - 19; \$39,000). A look at the legislative calendar reveals that the Armed Services Committee (at the standing and subcommittee level) held a lot more hearings between March 2 and April 15 than during any other time period that year, some of which affected the aerospace directly. The multivariate analysis will show whether the members of the Armed

Services Committee received more contributions than usual while the hearings were underway. Rice and cotton PAC contributions peaked in weeks 10 (March 6 - 12; \$22,500), 38 (September 18 -24; \$16,000), and 39 (September 25 - October 1; \$20,000). The Budget Committee passed the budget resolution on March 9, but whether the members of the committee received those contributions remains to be seen in the following analysis.

Since my multivariate analysis is based on cross-sectional time-series data, it is important to conduct several tests to check for collinearity. The model that is most likely to display collinearity issues is model 4 with its larger time window. However, the variance inflation factor (VIF) for aerospace models is only 1.17 and the condition numbers range from 4.1002 to 4.1492. For rice and cotton PACs, the VIF is 1.13 for all models while the condition numbers range from 3.9203 to 3.9483.²⁴ These results indicate that multicollinearity is not a problem since only a condition number of 10 or more is an indication of instability and no VIF score comes close to a “troublesome” value of 10.

Before the results of the multivariate analysis are discussed, it is appropriate to address the issue of substantive significance. Some people might argue that the results would not be “interesting” from a substantive point of view if a committee member or leader gets on average a couple of hundred dollars or even a few thousand dollars extra prior to a hearing or markup—such contributions would hardly influence the outcome of the meeting. However, we have to be cautious when we interpret the results. First, bills that are relevant to the aerospace industry and rice and cotton industry may be of importance to the defense and agriculture industries as a

²⁴ Aerospace models: Model 1 VIF: 1.17, condition number: 4.1109 -- model 2: VIF: 1.17; condition number: 4.1002 -- model 3: VIF:1.17, condition number: 4.1039 -- model 4: VIF: 1.17, condition number: 4.1492. Rice and cotton models: Model 1 VIF: 1.13, condition number: 3.9255 – model 2: VIF: 1.13, condition number: 3.9203 – model 3: VIF: 1.13, condition number: 3.9270 – model 4: VIF: 1.13, condition number: 3.9483.

whole and potentially to other industries as well. In other words, depending on the bill, the overall increase or decrease in contributions to an individual member in connection with a congressional event can be much higher than the results presented here will indicate. The goal is not to predict the overall effect of a bill on the contribution activity by all affected businesses, but to get a better understanding of the factors that can explain the timing of PAC contributions.

Tables 3 and 4 show the results of the multivariate analyses for all four models. Both aerospace PACs and rice/cotton PACs contribute more to their “home” committees. The variables for membership and leadership on the Armed Services Committee and Agriculture Committee are highly statistically significant ($p < 0.001$). While ordinary members can expect an additional \$170 dollars in any given time 5-week window, leaders on the Armed Services Committee can expect an additional \$1600 and Agriculture leaders \$1500 in this timeframe. In other words, there is ample evidence that entertainment PACs target legislators who affect their businesses. This finding is consistent with previous research (e.g., Grier and Munger 1993, Loucks 1996).

How important are members of the Budget Committee compared to members of the Appropriations Committee for business PACs? The results are consistent for both types of PACs. Neither aerospace PACs nor rice/cotton PACs seem to particularly care about members of the Budget Committee. While most of the coefficients for Budget Committee members are positive, none of them is close to reaching statistical significance. The situation is different for legislators on the Appropriations Committee. While rice/cotton PACs do not target leaders of the Appropriations Committee, the standing members can expect an additional \$70 during any given 5-week-window ($p < 0.001$). Aerospace PACs also contribute more to regular members of the

Appropriations Committee (additional \$275 in model 4; $p < 0.001$) while committee leaders can expect an additional \$438 during the same timeframe.

The coefficients for the timing of events—committees and floor—are relatively small and most of them are insignificant. However, the four aerospace PACs of interest in this study spend more money while hearings (coefficient: 62.26) and markups (coefficient: 48.53) on the Armed Services Committee are underway. Those additional expenses for the same-week model are highly statistically significant ($p < 0.001$). Rice and cotton PAC contributions were above average during the week in which the president proposed the new budget ($p < 0.05$) and during the week in which the Appropriations Subcommittee voted on the FY 2006 agriculture bill ($p < 0.01$). As for the timing of events, the same week model is the best predictor of PAC contributions thus far, both for defense PACs and agriculture PACs. Finally, the results for the relevance of floor votes are also consistent. None of the PACs investigated increased its contributions while floor votes relevant to the PACs were taken. All coefficients are either insignificant or negative. In other words, the results confirm the idea that—in general—committee events are a better predictor of PAC contributions than floor events.

The interaction variables allow us to test whether timing has an effect on contribution activity in case a legislator is on one of the germane committees and therefore provide a direct test of the hypothesis. In other words, does the effect of events on contributions depend on membership or leadership on one the respective committees? First, let us examine the initial hypothesis. The media pays a lot of attention to the budget proposal and groups quickly react to potential changes on their websites. The idea was that such reactions also translate into additional contributions. The results confirm this hunch. Agriculture leaders received an additional \$3200 during the week in which the budget proposal was publicized ($p < 0.001$) while

Armed Services leaders received an additional \$1200 ($p < 0.001$). In both cases, the pre-event model and the post-event model are both negatively correlated to PAC contributions. It appears that PACs reacted very quickly to the publication of the budget proposal. However, further research is necessary to rule out that the temporal connection of the budget proposal to these contributions is not just a coincidence.

Evidence also supports the second hypothesis. Aerospace PACs and rice/cotton PACs contributed additional money to their respective subcommittee members on the Appropriations Committee during the week in which the annual markup took place. Members of the Defense Subcommittee could expect an additional \$90 during the week ($p < 0.05$), while Agriculture Subcommittee received an additional \$78 that week ($p < 0.001$). In terms of substantive and statistical significance, one should highlight the fact that leaders of the Appropriations Subcommittee on Defense received an additional \$1800 from the four aerospace PACs alone in the two weeks preceding the markup. This indicates that the defense industry as a whole may contribute a lot of money to the leaders of both, the Defense Appropriations Subcommittee and the Appropriations Committee at large.

Finally, three other results are striking. First, leaders of the Armed Services Committee received an additional \$2175 from aerospace PACs in the two weeks preceding committee markups. Second, the timing of hearings on the Armed Services Committee and Agriculture Committee seems to have an impact on PAC contributions for members who served on these committees. Leaders of the Armed Services Committee received an additional \$1485 ($p < 0.001$) for each hearing in the same week of the event. Leadership of the Agriculture Committee, on the other hand, is associated with an additional \$2315 ($p < 0.001$) for each hearing in the two weeks leading to the event. Third, regular members of the Agriculture Committee could expect

additional money from rice and cotton PACs when the WTO made important announcements or set a critical deadline. Overall, the same week models of events have worked best as explanations for PAC allocations. This result is quite powerful—it points to a direct link between contributions and events.

CONCLUSION

Previous research has not tested how closely PACs contribute in connection with congressional events. The results presented here imply that organizations care about important committee events and they not only demonstrate this with the help of verbal and written statements, but also through contributions. The results cannot tell us what PACs specifically hope to achieve by contributing at those special points in time. Future research has to untangle this puzzle. This study does, however, raise an important question: do we want to allow organized interests to make financial contributions to legislators at the moment they make crucial decisions that will affect the future of a group?

At the end, however, the results of this study have to be interpreted cautiously, not only because the analysis examines the political behavior of only two industries during the course of one year. Legislators are aware of how important particular legislative events are to affected groups. At the same time they are interested in maximizing their contributions from PACs to build a war chest early that should discourage potential quality challengers. Legislators quite feasibly request contributions prior to legislative events because it helps them to effectively fill their campaign coffers. Consequently, the timing and motivation of contributions quite likely presents an interplay between PACs and legislators that House members use to their advantage.

Therefore future research should make attempts to investigate when legislators request contributions empirically.

Weekly Aerospace PAC Contributions in 2005

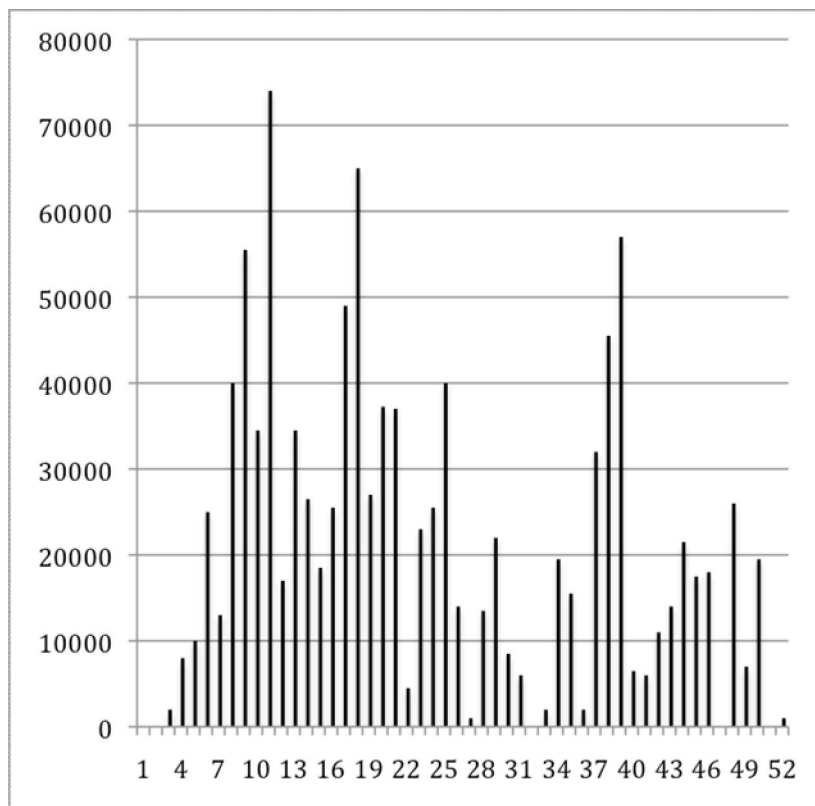


FIGURE 3

Weekly Rice and Crop PAC Contributions in 2005

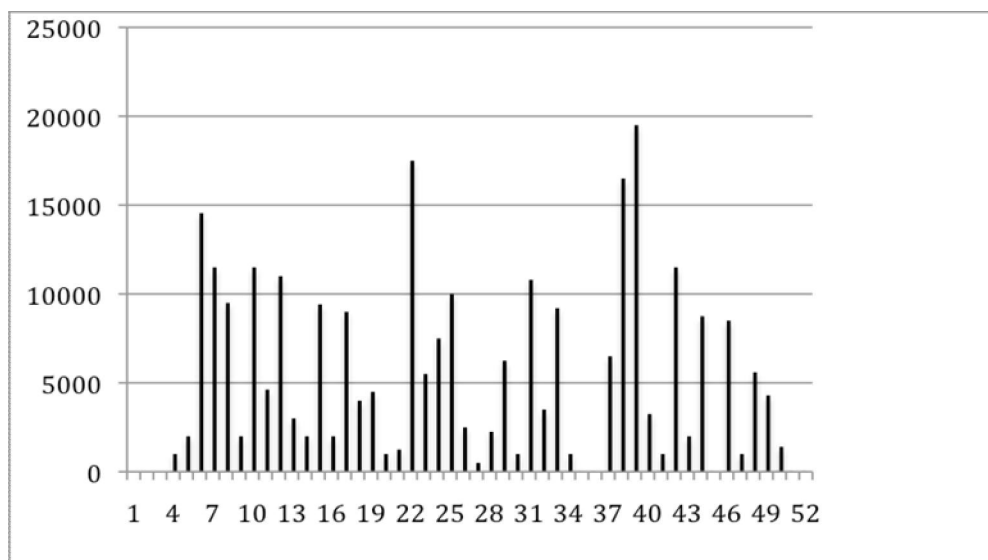


FIGURE 4

TABLE 2

Explaining Contributions by Aerospace PACs in 2005 to House Members

	Model 1 Pre-Event	Model 2 Same Week	Model 3 Post-Event	Model 4 Surround Model
Armed Services Standing Member	77.568*** (18.128)	34.889*** (9.633)	76.123*** (17.895)	172.682*** (45.460)
Armed Services Leadership	767.55*** (92.135)	191.482*** (49.266)	871.132*** (90.955)	1613.008*** (230.634)
Budget Standing Member	-3.831 (21.998)	-2.147 (11.328)	-11.203 (21.705)	-12.433 (55.642)
Budget Leadership	33.074 (91.860)	22.937 (47.543)	35.658 (90.632)	85.027 (233.089)
Appropriations Sub. Member	125.124*** (17.233)	63.280*** (8.925)	124.338*** (17.003)	274.677*** (43.593)
Appropriations Leadership	172.825* (90.567)	112.014*** (46.886)	207.998** (89.355)	437.658* (229.823)
In session	3.548 (6.821)	22.657*** (5.272)	17.681*** (6.852)	16.945** (7.102)
Budget proposal	-19.467 (20.239)	-.291 (18.057)	-20.068 (20.339)	-18.466 (20.119)
Budget committee resolution	64.152*** (18.272)	-41.640* (17.839)	23.360 (18.366)	5.009 (17.849)
Armed Services hearing	7.308 (9.573)	62.269*** (8.538)	-2.770 (9.620)	31.593*** (9.544)
Armed Services markup	24.834* (13.997)	48.534*** (13.066)	-28.758* (14.069)	15.215 (13.728)
Appropriations markup	-11.374 (19.678)	-6.381 (18.123)	17.862 (19.778)	1.530 (19.306)
Floor votes	-2.021 (6.724)	-4.214 (6.186)	-23.945*** (6.758)	-15.722** (6.613)
Armed Services member*	.722 (52.517)	35.320 (48.562)	-105.276* (52.785)	-76.689 (51.420)
Budget proposal	-91.390 (269.847)	1206.032*** (249.577)	-684.356** (271.222)	346.611 (264.209)
Budget leadership*	204.314 (265.982)	-167.114 (245.761)	528.113* (267.336)	12.816 (260.433)
Budget resolution	6.382 (28.418)	11.050 (22.749)	22.925 (28.552)	3.012 (28.842)
Armed Services member*	-1038.544*** (130.584)	1485.175*** (108.832)	-924.613*** (131.215)	-65.837 (131.051)
Armed Services hearing	-33.521 (37.194)	89.142** (34.668)	20.071 (37.385)	19.682 (36.366)
Armed Services markup	2174.865*** (191.116)	-112.615 (178.206)	-359.373* (192.093)	1868.716*** (186.858)
Armed Services leadership*	-95.983 (50.757)	90.357* (46.883)	58.175 (51.015)	94.151* (49.699)
Appropriations member*	1798.741*** (269.488)	-267.244 (248.910)	-151.367 (270.860)	1410.213*** (263.870)
Annual markup	53.278*** (8.203)	8.092* (4.788)	49.896*** (8.124)	119.572*** (18.899)
Constant	0.032	0.027	0.024	0.052
R-squared				

Notes: Each column represents a separate regression.

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. All significance tests are one-tailed.

TABLE 3

Explaining Contributions by Rice and Cotton PACs in 2005 to House Members

	Model 1 Pre-Event	Model 2 Same Week	Model 3 Post-Event	Model 4 Surround Model
Agriculture Standing Member	77.981*** (9.404)	35.143*** (5.108)	74.893*** (9.300)	169.350*** (24.969)
Agriculture Leadership	566.949*** (42.357)	267.458*** (23.013)	538.382*** (41.870)	1236.014*** (112.455)
Budget Standing Member	12.423 (10.164)	6.123 (5.430)	11.900 (10.046)	27.270 (27.004)
Budget Leadership	17.754 (42.359)	10.236 (22.727)	18.623 (41.870)	40.287 (112.979)
Appropriations Sub. Member	31.647*** (7.982)	15.523*** (4.295)	29.859*** (7.892)	68.839*** (21.157)
Appropriations Leadership	-38.521 (41.978)	-18.656 (22.581)	-36.290 (41.503)	-83.362 (111.649)
In session	-.812 (3.003)	2.558 (2.308)	2.286 (3.064)	-1.341 (3.283)
Budget proposal	.150 (8.750)	-1.048 (7.688)	6.730 (8.963)	8.392 (9.118)
Budget committee resolution	-11.826 (8.297)	16.541* (7.280)	6.770 (8.500)	7.572 (8.629)
Agriculture hearing	-4.480 (8.309)	-.737 (7.629)	-6.414 (8.523)	-6.459 (8.519)
Agriculture markup	10.117 (8.307)	-9.478 (7.600)	2.410 (8.522)	-1.762 (8.519)
Appropriations markup	-16.285 (10.844)	19.359** (8.072)	-1.477 (11.034)	-4.693 (12.269)
Floor votes	4.003 (8.959)	.014 (7.306)	11.864 (9.146)	7.446 (9.759)
WTO	.021 (6.222)	-.717 (5.506)	6.306 (6.376)	-.541 (6.456)
Agriculture member*	-60.517** (26.232)	66.207** (23.894)	29.953 (26.908)	6.646 (26.909)
Budget proposal	-1473.965*** (119.337)	3018.455*** (108.700)	-1265.401*** (122.412)	33.998 (122.417)
Budget leadership*	6.433 (116.980)	-31.285 (106.510)	-10.049 (119.995)	-9.416 (120.002)
Budget resolution	-42.162 (26.232)	-25.954 (23.894)	-30.282 (26.908)	-64.025** (26.909)
Agriculture member*	2314.82*** (119.337)	-840.503*** (108.700)	-167.062 (122.412)	-569.119*** (122.417)
Agriculture hearing	-15.110 (26.232)	.768 (23.894)	-43.350 (26.908)	-100.273*** (26.909)
Agriculture markup	-90.884 (119.337)	-211.456* (108.700)	-58.172 (122.412)	74.467 (122.417)
Agriculture leadership*	-22.392 (18.575)	79.896*** (17.018)	19.319 (19.056)	17.651 (19.031)
WTO	-580.333*** (84.499)	-351.233*** (77.418)	21.189 (86.687)	-735.135*** (86.575)
Appropriations member*	-67.183*** (24.729)	78.018*** (20.580)	-13.045 (25.286)	-45.060* (26.282)
Annual markup	84.830 (131.297)	-95.570 (109.268)	22.829 (134.256)	53.255 (139.542)
Appropriations leadership*	7.344** (3.774)	1.475 (2.274)	4.262 (3.760)	14.898 (9.040)
Constant	0.075	0.061	0.039	0.081
R-squared				

Notes: Each column represents a separate regression.

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. All significance tests are one-tailed.

CHAPTER 5

CONCLUSION

The dissertation began with a question: what motivates PAC contributions in the legislative process? Surprisingly, very few other studies have investigated this question in the past. Instead, many scholars have investigated the impact of PAC contributions on floor votes. The reason for this strategy is probably quite simple: funding data and roll-call voting data are readily available. Unfortunately, the enormous effort did not produce clear conclusions. Instead, Baumgartner and Leech (1999) call the study of group influence, particularly of PAC influence, an “area of confusion” with many contradictions. This study points at a cause for those contradictions. Groups do not or only marginally contribute in temporal proximity to floor votes. In other words, I did not find evidence that would support the assumption that groups *attempt* to influence legislative voting. It appears that Salisbury (1994) was right when he suggested that the problem with studies on group influence is not so much in the disagreements about how to measure power and influence but rather in posing the wrong questions. This dissertation suggests that more promising research questions are: What specifically do PACs try to accomplish when they contribute to members of committees during the week in which committee events take place? How successful are groups at influencing legislative behavior at committee events? Why do PACs with large parent organizations still make rather small contributions even if the political implications can be quite far-reaching and the business firm might benefit directly? Such an analysis may be methodologically more challenging and the data collection is undoubtedly more tedious than conducting studies on roll-call voting, but they are probably worth the effort.

PACS ARE DEAD. LONG LIVE PACS.

Given the heavy spending of 527 groups since 2004, scholars of money and politics have rightfully investigated the role of these groups in American politics in the last couple of years. 527 groups are tax-exempt organizations who are created primarily to influence the nomination, election, appointment or defeat of candidates for public office. Because 527 groups are not subject to the same contribution limits as PACs, organized interests have raised and spent a lot of money for issue advocacy and voter mobilization in recent elections. Consequently, some may argue that PACs are not as relevant and prevalent in American politics anymore and are in fact a thing of the past. Is this true? Have PACs become less important in the political process?

This study was conducted in part because my answer to the questions above is no. First, 527s raise and spend money in close proximity to primary and general elections. In other words, groups have found ways to channel their money to candidates and parties without using PACs as the distributors. This trend means that PACs have become less important in the electoral process overall, but at the same time it highlights their role in the legislative process—the focus of this study—where they do not face new competition from a shared common resource pool, i.e. individual donors. Second, and more importantly, PACs have been breaking new records with regard to the number of existing, active committees and the amounts PACs have donated. Between 1990 and 2002, the overall number of active PACs hardly changed from 3,058 to 3,093. Since then we have seen a clear increase in newly formed committees to currently 3,613 active PACs (Ornstein 2008). At the same time, PACs are setting new spending records. In the 2007-08 election cycle, PACs spent nearly \$1.2 billion, up from \$1.1 billion the previous two years, according to the Federal Election Commission (FEC), despite the fact that President Obama refused to accept PAC money. In comparison, in the 2003-04 election cycle, PACs spent \$843

million (Fram 2009). Of the \$1.2 billion PACs spent in 2007-08, \$416 million were spent on the federal election (CQ Money Line 2009). 175 members of Congress received half or more of their campaign money from PACs (CQ Money Line) in the '08 election cycle, 27 members received even more than 70% of their campaign cash from them (own analysis). These numbers demonstrate that PACs are far from dead but that they actually have become more relevant in recent years, notwithstanding the President's condemnation.

In sum, scholarly interest in PACs got a boost in the late 1970s with the access to data by the FEC and the attention to new phenomena and had its academic heyday in the 1980s. As noted, the effort was sobering since most scholars found that PAC contributions do not influence floor voting. It is likely that we would have seen quite a few studies drawing similar conclusions if political science had journals publishing null results. The answer was in, and the discipline moved on to investigate other questions. The empirical results of this dissertation indicate that the old endeavor is maybe comparable to a drunkard's search where a drunkard is looking for his lost car keys at night where the streetlight is shining but that is not where his keys actually are. In other words, the collective benefit would have been greater if more resources had been invested in looking at potential PAC effects at the committee level, like Hall and Wayman (1990) did in their study—which can be described as a modern classic—where the search is more difficult but potentially more fruitful. However, such a study is more time-consuming and data is difficult to come by. Therefore, non-tenured scholars in particular have few incentives to take that route because of their pressure to produce quickly and publish frequently. On the other hand, demonstrations of PAC influence at the committee level would be quite influential and further research in this area seems to be promising.

“WHY IS THERE SO LITTLE MONEY IN POLITICS?” REVISITED

As I aggregated the total amount of PAC contributions by week and saw the results for the three industries investigated, I had to think of one particular study: “Why is there so little money in politics?” by Ansolabehere, Figueiredo, and Snyder (2003). For example, given what is at stake for defense PACs in terms of large contracts, their contributions are rather small for the four selected big corporate PACs in that category. As Ansolabehere et al. point out, if corporate, labor, and trade PACs had maxed out their contributions to all incumbents running for re-election to the House or Senate in 2000, the total PAC contributions would have been 40 times greater (roughly \$10 billion) than what these PACs actually gave. Their study also finds that only 4 percent of all PACs contribute close to the \$10,000 limit (per election cycle) or actually reach it and that 40 percent of the Fortune 500 companies (all with revenues in excess of \$3 billion and surely affected by government policies) do not even have a PAC. In the 2008 national elections, candidates, parties, and interest groups raised and spent \$5.6 billion, a new record, but in the same year the government spent \$3 trillion. So why is there so little money in politics?

Scholars have pointed at a number of reasons to answer this question, some of which are: high overhead costs for PACs, “hard money” constraints, legislators’ ability to raise sufficient funds from individual donors, and that groups free-ride in order to receive public benefits. However, according to Ansolabehere, Snyder, and Tripathi (2002), interest groups spend ten times as much money on lobbying than they do on PAC contributions. In other words, groups spend a lot more money on politics than an analysis of all PAC contributions alone would tell us. Maybe an appropriate answer to the question raised above is: Whether there is “a lot” or “little” money in politics depends on your point of view. One aspect, however, is clear: The money that interest groups give is important enough for legislators to ask for it.

THE DETERMINANTS OF PAC CONTRIBUTIONS IN THE LEGISLATIVE PROCESS

First, this study shows that PACs contribute more to those legislators who serve on committees with jurisdiction over the respective groups. The results are also unambiguous in regards to committees with direct financial significance for the groups. PACs do target members of the Appropriations Committee in particular, but neither rice and cotton PACs nor aerospace PACs give significantly more money to members of the Budget Committee. Second, the latter two industries contributed significantly to the leaders of their “home” committee (Agriculture Committee and Armed Services Committee) in the week in which the president announced his budget proposal. This behavior seems to indicate that PACs want to signal activity to their members on the one hand and potentially exert influence on future developments on the other hand. Third, in connection with committee membership and leadership positions, *committee* events are a much better predictor for the timing of contributions than *floor* events. This finding is consistent across all three industries. As for committee events, we are more likely to see an increase in contributions in the week in which an event takes place and less likely to see spikes in the two weeks before or two after that. If we compare the pre-event models to post-event models, then the pre-event models are a better predictor of PAC contributions. This indicates that PACs are more interested in influencing legislative behavior rather than just rewarding positive actions afterwards. Overall, the findings suggest that scholars interested in group influence should pay increased attention to legislative behavior at committee hearings and markups.

The results presented above raise questions about the validity of a pluralist description of American politics. If committee events mobilize PACs (as this study suggests) and PACs can influence activity in committees (Hall and Wayman 1990), then organizations with more resources have obviously a better chance of getting bills out of committee. This means that the

business community, for example, is more likely to get bills to the floor stage compared to consumer groups, for instance. Some may argue that contributions prior to important legislative events are unethical and that more regulation is needed. Others will have to answer this question.

FUTURE RESEARCH

Studying the timing and motivation of PAC contributions leaves plenty of room for future research. One question that seems to be particularly important and promising is: how much money do groups overall spend on event-related contributions compared to electoral contributions? To answer this question, one can look at ratio of non-election year contributions vs. election-year contributions to get a first impression. A better way to examine this question would be to isolate only those months leading to the primary and general election of the incumbents and to compare the amount of contributions legislators received during his time to a) all other contributions, and b) those contributions given in close temporal proximity to congressional events.

A second and maybe even more interesting research question relates to internal PAC decision-making. PACs determine on their own when their fiscal year starts and ends. How does the end of the PAC's quarter and fiscal year affect their contribution behavior? Internal regulations may require PAC administrators to spend all contributions by the end of the fiscal year. PAC statutes may also outline guidelines for each quarter. Even without official rules, PACs and their parent organizations may want to inform their contributors at the end of each quarter. In that case, PACs may contribute to legislators around congressional events to show activity, but the connection to events could be simply coincidence. To investigate this research

question, quantitative research combined with interviews of PAC administrators and an analysis of PAC bylaws would be most promising.

SUMMARY

This study provides empirical evidence for something that is not surprising or shocking to political scientists: groups contribute to legislators at strategically advantageous times. What makes this dissertation relevant though, is the evidence that groups made campaign contributions not only at the committee stage, but that some of those contributions were made in very close temporal proximity to committee events that affected the groups directly.

Hall and Wayman (1990) argued that organized interests are able to buy the time of sympathetic legislators in congressional committees. Put differently, the authors find that PAC contributions to supporters can “buy” legislators’ activities such as attendance, speaking in committee, and introducing changes to the language of bills. Given that groups rarely contribute unless legislators request campaign donations, it seems more plausible that some legislators are in fact willing to “sell” their legislative time to PACs in exchange for contributions. Since all member of Congress ask for campaign contributions, it is rational to request contributions at times that help them maximize their campaign coffers. Outside the electoral context, the best possible time to request money from a PAC seems to be when an important bill has to clear an early legislative hurdle that affects the group directly. Legislators can approach PACs with a request for a contribution by making phone calls, writing letters, meeting groups in Washington and in the home district, or by holding fundraisers at these strategically beneficial points in time.

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