

Moneyed-Interests in America: How Professionals and Firms Exert Influence in State
Legislatures

An Honors Thesis for the Department of Political Science

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Abstract

Interest groups have played an increasingly important role in American politics over the last half-century. In particular, business interest groups have expanded their influence in Washington and state capitals. Among these business interest groups, there are two main types — trade associations (made up of firms) and professional associations (made up of individuals). These two types of membership are what I investigate in this project. Most of these business interest groups undertake access strategies — that is, they make campaign contributions to gain access to legislators. My analysis focuses on the different types of PAC contribution strategies chosen by professional and trade associations at the state legislative level. Both types of groups exhibit similar strategies focused on maintaining access, though some trade groups demonstrate a slight electoral strategy.

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How Interest Group Membership Impacts Advocacy Strategy: An Introduction

The policymaking process in America has many players—legislators, bureaucrats, and, of course, interest groups. Interest group activity in America has only grown over time. Often, a main concern with interest groups and lobbying is how moneyed-interests play a role. The purpose of this project is to look at business/industry interest group activity. To be specific, I investigate the strategies that these moneyed-interests undertake to influence policy. In this introduction, I detail the research questions I pursue in this project. First, I state the questions. Second, I explain their policy, political, and normative importance. Finally, I look at how my project fits into some of the existing literature and conclude with a summary of what I have covered.

Research Questions

Business and industry interest groups are rather diverse. Thus, the first question I plan to answer is: who are these business/industry interest groups? While the answer to this question is somewhat elementary, I believe that creating a clear operational definition will provide a strong base moving forward. In addition, I intend to look at the membership of these interest groups. I ask another descriptive question: what characterizes the membership of business/industry interest groups? To be specific, I intend to investigate two segments of these interest groups—professional organizations and industry trade groups. The membership of these organizations is rather self-explanatory. But as with the previous question, setting up a clear definition will be of great use.

Along with these definitions of business/industry interest groups and their membership, I need to create an operational definition for advocacy strategies. In short, what are the various

advocacy tactics and strategies used by interest groups? The inclusion of both tactics and strategies here is intentional. As compared to other interest group activity research that has been done, I likely do not have the capacity to complete a large-scale survey of interest groups, lobbyists, legislative staff, and bureaucrats to learn which tactics are used most. As a result, I plan to mostly look at interest group spending—both in terms of campaign contributions and lobbying expenses. Therefore, my research will focus on these tactics. However, covering the other tactics will be useful in gathering a full picture of interest group activity. In regard to strategies, I will clearly lay out the strategies that interest groups undertake with their campaign and lobbying contributions. Clarifying which strategies interest groups use will inform how I go about my data collection and analysis.

At this point, I have asked the descriptive questions necessary to provide a strong base. The main question I plan to investigate is: how does membership type impact an interest group's advocacy strategy? Professional organizations made up of individuals look fairly different compared to trade associations made up of firms—so, does this difference in membership type lead to a noticeable difference in strategy? Lastly, a final question I plan to answer is: how does the industry in which an interest group operates impact its advocacy strategies? Two interest groups I plan to study are physician organizations and hospital association. Both of these organizations operate in the healthcare sector—given that similarity, do they share similar strategies? This question is a bit more ancillary to my project, but important nonetheless.

To briefly cover how I plan to answer these questions, I use a previously created dataset of interest group contributions to state legislators (Fourinaies and Hall 2018). I then perform regression analyses to look for patterns in these organizations' contribution history.

Importance

Money has played an increasingly large role in American politics in recent years. Looking at interest group activity through the lens of campaign finance provides a clearer view of the policymaking process. Though I will not attempt to determine how much of a role certain interest groups play in the passage of a bill, determining the strategies that these interest groups undertake will better inform us of their role in shaping policy. Better understanding the role of these interest groups' in the policymaking process informs both American voters and members of these organizations.

Voters deserve to understand the strategies that business interests in America use to impact policy. Most Americans do not have the disposable income to make large, impactful contributions to politicians in order to shape policy. Additionally, most Americans cannot employ high-powered lobbyists to go in, meet with lawmakers, and shape policy. Therefore, I aim to uncover as much about these organizations advocacy strategies to better inform the American people. Beyond informing voters, this project will also help inform the members of these organizations. As I mentioned above, I plan to look at professional organizations and industry trade groups. Members of a major professional organization, say physicians who are members of the American Medical Association (AMA), may not fully understand how the AMA operates on their behalf. Perhaps they agree with the AMA's strategies to influence policy, perhaps not. Informing these members of their organization's strategies will help ensure that the organization's actions match the wishes of their members.

Beyond the policy importance of this project, there exists a normative importance as well. Simply put, should business/industry trade groups be contributing all of this money to lawmakers' campaigns and spending so much on lobbying? Clearly, these organizations have

strong incentives to spend quite a bit of money influencing policy. Is this the best use of money for these organizations? For some, particularly professional organizations of physicians like the AMA, perhaps this money could be used to provide scholarships to aspiring doctors or fund further educational opportunities for members. While I am sure that an organization such as the AMA has similar initiatives to what I just mentioned, it seems that much of the political spending these organizations use could be better-purposed.

Contribution to Existing Literature

While the literature on interest group activity is expansive, a few works in particular provide a strong starting point for my project and show where I can make a contribution. The first is “Predictors of Interest Group Lobbying Decisions” by D.E. Apollonio. Apollonio looks at the various factors that may influence an interest group’s advocacy strategies, including how membership impacts strategy. The primary focus in this regard is on membership in labor unions and citizen advocacy groups, not membership of professional organizations and firm membership of trade associations (Apollonio 2005). Here, I will be able to add to the existing literature and look at how the membership of these professional organizations and trade associations plays a role.

In addition, *Mobilizing Interest Groups in America: Patrons, Professions, and Social Movements* by Jack Walker is another work that will inform my analysis. In this book, Walker details the many factors that influence interest group activity. To be specific, he finds that whether a group takes an “inside” strategy of direct lobbying of political leaders or an “outside” strategy of mobilizing the public relies on a few factors, including group membership. In particular, this strategic decision depends on whether membership is limited by professional

affiliations (Walker 1991). In my project, I plan to expand upon this finding and determine the differences in advocacy strategies between interest groups that have members that are professionals (doctors, lawyers, etc.) versus interest groups that are made up of firms. This discussion is only a brief look at the literature I plan to review. In the next section, I cover the rest of the relevant literature and provide a more extensive review.

Conclusion

In sum, I have detailed the questions I plan to pursue and why they are important. Understanding how the membership of business/industry interest groups impacts their advocacy strategies will inform voters as well as members of these organizations. Moreover, studying this phenomenon will prompt questions about whether all of this spending is the best use of these organizations' money. Throughout this paper, I answer the questions I pose here and consider their importance to our political system.

What Determines an Association's Advocacy Strategy? A Review of the Literature

Introduction

Interest groups continue to play an important role in the American policymaking process. Increasingly, we see many special interest groups attempt to advocate for the benefit of their membership over the benefit of broader society (Berry and Wilcox 2009; Grossman and Helpman 2001). These groups range from those representing the interests of large corporations, labor unions, professional associations, as well as those focused more on social issues such as religion (Grossman and Helpman 2001). In doing so, they undertake a wide variety of strategies and tactics to influence policy and legislation at all levels of American government. The strategies themselves are overarching plans in order to exert influence. Broadly speaking, interest groups undertake a wide variety of strategies. However, the two I will focus on in particular are access and electoral strategies, especially when it comes to PAC contributions. Tactics, on the other hand, are the actions that interest groups take to push for certain policies (Berry 1977b). These tactics include, but are not limited to, grassroots mobilization, direct lobbying of legislators, congressional testimony, and campaign contributions (Berry 1977b; Berry and Wilcox 2009). In this research project, I will focus my data analysis on campaign contributions in particular, but understanding the other methods used to exert influence is important nonetheless. As well, I focus my analysis on business groups, specifically trade and professional associations.

In this literature review, I first cover the basics of interest groups in America. Following that, I go more in depth on the relevant tactics and strategies used by a variety of interest groups. Next, I look specifically at PAC contributions and the different strategies that exist within that realm. This section is key when considering the data analysis I conduct. Finally, I cover what has

been studied about trade and professional associations' behavior in particular. That leads into a discussion of how my research fits into this broader discussion and moves it forward.

Interest Group Basics

When it comes to interest groups in America, there exists a diverse collection. Since the middle of the 20th century, many interest groups have entered existence (Berry and Wilcox 2009; Grossman and Helpman 2001). During this time, many of those interest groups were geared toward acting on behalf of the public (Berry and Wilcox 2009). As a result of this precipitous rise in public interest groups, business groups furthered their political reach by opening offices in Washington, D.C. and forming corporate Political Action Committees (PACs) (Berry and Wilcox 2009). All of these added players contributed to the large amount of money spent on lobbying expenditures by the end of the 20th century (Grossman and Helpman 2001). Interest groups have risen to represent nearly every faction of American society. The resulting question is who makes up this large, diverse set of interest groups?

Many types of interest groups exist, ranging from those that represent everyday citizens compared to those that represent multinational corporations. All of these groups attempt to influence government policy. In a 1985 survey, Walker broke down the makeup of the interest group scene, breaking up interest groups into the following categories: profit sector, mixed sector, nonprofit sector, and citizen groups (1991). Nearly 38% of groups were in the profit sector, 5.8% in the mixed sector, 32.5% in the nonprofit sector, and 23.9% were citizen groups (Walker 1991). In this sample, 76.1 percent were national associations with voluntary membership. Most of these national associations were related to occupational or commercial communities—trade associations and professional organizations, for example (Walker 1991). In

the years prior to this survey, many national trade associations moved to Washington. In 1970, only 21 percent of these trade associations were based in Washington, but by 1984, 31 percent of these associations made their home in Washington (Berry and Wilcox 2009). Moreover, most of these national associations are rather homogeneous—that is, their members often solely work in either the profit sector or the nonprofit sector (Walker 1991).

Beyond these trade and professional associations, which are the focus of my analysis, there exists other types of groups that warrant further discussion. Not every group fits neatly into one of the four categories that Walker used. One type of group that is oft-discussed are labor unions. Labor union membership has dropped since the mid-1970s (Berry and Wilcox 2009). Moreover, according to Berry and Wilcox, labor PACs had been decreasing in the early 21st century (2009). Citizen groups, on the other hand, are characterized by not restricting membership to those of certain occupations or commercial backgrounds. These groups tend to focus on appealing to a wide segment of the population for membership (Walker 1991). Much of the increase in citizen groups grew out of the civil rights and antiwar movements during the 1960s (Berry and Wilcox 2009). Additionally, many of these citizen groups fit under the umbrella of public interest groups. As Berry and Wilcox note, these public interest groups work for the good of the people, rather than a specific financial interest (2009). These groups came into vogue in the late 1960s. Ralph Nader in particular was essential in sparking the growth of these organizations (Berry and Wilcox 2009).

The membership of all these groups, my main focus, is important to discuss. As noted by both Walker 1991 and Berry and Wilcox 2009, the membership of these groups differs in many ways. Labor unions, of course, often do not have voluntary membership (though the rise in right-to-work laws have altered that) (Walker 1991). As a result, Walker did not include them in his

analysis. Citizen groups, as I previously noted, are made up of a wide variety of people without any occupational or commercial association. Finally, these associations of professionals and firms are what I will study in particular. The major difference that exists between them is that professional associations have individuals as their members, while trade associations are made up of firms. In his analysis of the interest group landscape, Walker discusses the difference that exists between the national associations that are made up of autonomous individuals and, in comparison, those made up of organizational representatives, “who join groups to represent an institution” (Walker 1991). Though I will not have the capacity to investigate this distinction, it is certainly an important distinction to draw. The focus of my analysis is whether an association is made up of individuals or firms.

Interest Groups’ Role in a World of Asymmetric Parties

Before moving on to a discussion of the advocacy tactics and strategies that these groups use, I find it valuable to discuss the current political context in which interest groups operate. As well, because my empirical analysis will measure the differences in contribution behavior toward the two parties, this political context is relevant. This current political context is characterized by asymmetric polarization. Increased polarization has defined the last few decades of American politics. While there exists speculation regarding which party has moved further right or further left, respectively, research has been done to indicate that the Republican party has become more polarized than the Democratic party. This shift has not just been the case with ordinary voters. Elites of the two parties polarize at different rates—Republican elites have moved further to the right than Democratic elites have moved to the left (Russell 2018) (Mann and Ornstein 2012). Mann and Ornstein, in their book *It’s Even Worse than It Looks*, explain the many reasons for

this occurrence. Newt Gingrich's stronghold over the Republican party in the 1990s, combined with the rise of Fox News, helped to cement Republicans as unwilling to compromise when in the minority (Mann and Ornstein 2012). Additionally, the 2010 midterm election, characterized by the Tea Party's takeover of the House Republican Caucus, increased the number of highly ideological conservatives in Congress (Mann and Ornstein 2012).

The development of the parties over the 20th century has brought them to where they are today. The Republicans started as a fractured party of moderates and conservatives who spent much of the mid-20th century in relative obscurity in the minority. After Goldwater, the party transformed into an ideological behemoth. Now, the Republican party acts as a vehicle for the conservative movement (Grossmann and Hopkins 2016). Almost all of their focus is on promoting the ideals of small, limited government and leaving federalism intact. The GOP is a big, broad conservative movement that paints all issues in a conservative light. As a result of this rigid ideological bent and strong feelings of loyalty to the GOP, GOP voters are less likely to be willing to compromise on political issues and be less likely to support Republican politicians that are willing to compromise to pass legislation (Glaser and Berry 2018). This finding is but another example of the ideological hold that the ideals of conservatism have over today's Republican party.

In comparison to the GOP, today's Democratic Party is a "big tent" party—that is, different groups make up the party, and they do not all have the same ideological bent that characterizes the Republican party. Compared to the Republican party, the Democratic party worries about "discrete party constituents," many of which are various interest groups (Grossmann and Hopkins 2016), 72). Grossmann and Hopkins explain this phenomenon further, noting that many more interest groups are active in Democratic primaries than in Republican

primaries, at least in terms of endorsements. In particular, ideological groups made up a bigger proportion of groups involved in GOP primaries, indicating how strong conservatism is among GOP-affiliated interest groups. Another example of the homogeneous conservative nature of the GOP is that Republicans are more likely than Democrats to support the candidate supported by the GOP (Shufeldt 2018). Rather than being influenced by interest groups focused on specific issues, GOP voters take cues from the ideological behemoth that is the Republican party.

Grossmann and Hopkins provide further evidence on this difference in interest group activity among the two parties. In a survey conducted at the 2008 national party conventions, Democratic delegates belonged to more interest groups and were more likely to belong to a social group organization, while GOP delegates were more likely to be a part of an ideological organization (Grossmann and Hopkins 2016).

This difference between the two parties' relationship to interest groups extends to donors and party platforms. With respect to donors, GOP donors are more likely to be influenced by ideology rather than an endorsement from an interest group, which Democratic donors find motivating (Grossmann and Hopkins 2016). In addition, the party platforms demonstrate this divide. The GOP spends more time than Democrats on an ideological message about the size and scope of government, while Democrats spend more time than the GOP on policies and references to specific group constituencies (Grossmann and Hopkins 2016). Finally, the dominant GOP groups in Washington are corporate and business groups. These groups are by far the largest segment of the interest group sphere in Washington and have traditionally focused on giving to GOP legislators. However, when Democrats control Congress, these groups tend to move some of their money toward Democratic incumbents (Grossmann and Hopkins 2016). On the other hand, most issue-groups are Democratic-affiliated. As a result, the network of Democratic-

affiliated interest groups is more closely intertwined with the Democratic party's goals—as Grossmann and Hopkins put it, “the Democratic Party also maintains strong links between its electoral and legislative coalitions... The diverse groups that unite to support the same candidates also collaborate in order to pass bills in Congress” (121). In contrast, GOP-affiliated interest groups do not unite to work together on electoral and legislative goals. Understanding these differences between interest groups on both sides of the ideological spectrum will inform the results of my empirical analysis.

Advocacy Tactics and Strategies

Though I only plan to fully investigate one tactic (campaign contributions) that interest groups' use, I will provide a brief overview of the variety of tactics that exist. According to Berry 1977, there are three main types of tactics. The first type is direct contact by lobbyists to government officials. Direct contact by professional lobbyists can take on many forms, including meeting with government officials and testifying before congress (Walker 1991). These types of actions can also be described as “inside advocacy” (Baumgartner et al. 2009). In the case of public interest groups that have everyday citizens as their members, these groups may encourage a letter-writing campaign or have the members directly lobby their representatives (Berry 1977b). This second type of tactic is not limited to citizen interest groups, but is often used by those groups. The final category of tactics is defined as indirect lobbying, which includes campaign contributions (Berry 1977). As I have mentioned, campaign contributions will be the focus of my data analysis.

Interest groups tend to utilize some tactics more often than others. A 1980s' study from Kay Schlozman and John Tierney investigated interest group behavior and noted the most used

tactics. The three most common tactics are testifying at hearings, contacting government officials directly, or having informal contacts with government officials (Schlozman and Tierney 1986). Endorsing candidates and providing work for campaigns are among the least used and almost exclusively used by unions (Schlozman and Tierney 1986). Contributing to campaigns is used by 58% of the interest groups surveyed by Schlozman and Tierney, which puts it in the bottom half of all tactics included in the survey. 2/3 of trade associations contribute to campaigns, at a rate twenty percentage points lower than corporations. 90% of unions utilize campaign contributions, the highest rate of any type of group (Schlozman and Tierney 1986). Only 29% of citizen groups utilize campaign contributions as a tactic. While professional associations are not included in this part of the survey data, we can see a pattern emerging here. Business groups, while not contributing to campaigns at the same level as unions, still view campaign contributions as a useful tactic.

Before looking at the specific PAC contribution strategies relevant to my analysis, I must first discuss the broader advocacy strategies that exist. First, three major factors influence the choice of strategy—the power of the status quo, the degree of change sought, and the salience of an issue (Baumgartner et al. 2009). As noted by Baumgartner et al, the key to many public policy changes is being able to alter the powerful status quo. Therefore, interest groups must find an alternative to the status quo that satisfies a wide variety of actors (Baumgartner et al. 2009). As well, the degree of change sought can play a role in influencing what kind of strategy an interest group chooses to take. As illustrated by an example regarding the funding of graduate medical education, what seems like a more “doable” change will likely result in a more aggressive strategy (Baumgartner et al. 2009). Finally, the salience of an issue can impact how public a group makes their campaign. Baumgartner et al note that the AARP’s focus on pushing

Medicare's inclusion of prescription drugs included a large public advertising campaign, but not every issue requires that type of action, or even warrants it (2009). As an interest group, determining where the relevant issue stands in regard to these three factors will play an important role in choice of strategy.

Another strategic consideration for interest groups is whether to join a coalition. Among public interest groups, coalitions are popular (Berry 1977a). While coalitions may not be as popular among business lobbies, they still exist. The three main types of coalitions are dependent, participatory, and independent coalitions (Berry 1977a). Dependent coalitions see one interest group as the focal point—this group provides most of the resources and is the most active. Participatory groups, which are somewhat similar, have no one dominant group but one group may be the lead coordinator (Berry 1977a). In contrast to these two types, independent coalitions have the longest staying power because they have an independent staff (Berry 1977a). That longer staying power is hard to achieve, however, because of the large financial commitments required to initiate an independent coalition.

Berry 1977 also discusses four main strategies that public lobbies choose to take. These strategies include legal advocacy, embarrassment and confrontation, information, and constituency influence and pressure (Berry 1977a). The two I will focus on here are information and constituency influence and pressure. An information strategy attempts to provide legislators with a better picture of the policy being discussed. As well, Berry notes that an information strategy is more focused on inside advocacy as it relies on cooperation with legislators. In comparison, a constituency influence strategy focuses more on outside advocacy and grassroots action (Berry 1977a). The reason that I mention these two strategies is that they are an important primer before I move into my discussion of PAC contribution strategies. While they do not

perfectly align with access and electoral strategies respectively, they are relatively similar.

Information strategies benefit from access, while influence and pressure strategies benefit from electoral gains.

PAC Contribution Strategies

In order to contribute to legislators' campaigns, interest groups make their donations through political action committees (PACs). Amendments to the Federal Election Campaign Act in the 1970s sparked significant growth of PACs of all types, especially of corporate PACs in the years shortly after (Berry 1977a). PACs are able to donate directly to candidates, but many of their operations include in-kind contributions or independent expenditure campaigns (Berry and Wilcox 2009). These kinds of donations are often directed to legislative candidates at both the state and federal level. Next, I will discuss the different types of PAC contribution strategy.

Deciding how to spend PAC money illustrates the broader strategy of that interest group. Two main strategies exist—an access-oriented strategy and an ideological strategy (Berry and Wilcox 2009). Access strategies attempt to maintain access to legislators, hence the name. As a result, most interest group PACs that undertake an access strategy primarily donate to incumbent candidates (Berry and Wilcox 2009). Moreover, donating to powerful incumbent candidates on certain committees is often used in an access-oriented strategy (Berry and Wilcox 2009; Hojnacki and Kimball 1998). As well, these access-oriented strategies are focused on specific committees for interest groups in certain industries. For example, as Berry and Wilcox 2009 note, members on an Agriculture committee in the House or Senate will likely see contributions from agribusiness PACs as part of those groups' access strategy. While I do not plan to

investigate the success of these access strategies, I find it valuable to note that previous research has shown that money does buy access (Langbein 1986).

PACs that undertake ideological, or electoral, strategies attempt to affect the partisan composition of the legislative body at hand (Berry and Wilcox 2009). Berry and Wilcox note that the groups most likely to undertake these ideological strategies are labor unions and citizen groups. Although I plan to investigate business groups (who primarily use access strategies) in my data analysis, understanding both of these strategies is important.

Other research has investigated the different factors that determine what types of strategies interest group PACs' choose. One factor is interest group ideology. McKay 2010 investigated this aspect of interest group behavior and came to a few key conclusions. First, the more ideologically extreme a group is, the more likely a group will prioritize PAC contributions over lobbying expenditures (McKay 2010). While this does not perfectly match with either an access or electoral strategy, it shows that more ideologically extreme groups might focus less on using access they gain from their PAC contributions. If anything, McKay suggests that these more ideologically extreme groups engage in electoral strategies. Second, McKay concluded that the more conservative a group is, the more likely it is to spend more on lobbying relative to PAC contributions. Third, business interests tend to pursue access strategies, while labor unions primarily pursue electoral strategies. This final point is key to my data analysis. I focus primarily on business interests that focus on access strategies. Because of that, I will delve into the differences in the access strategies between professional and trade associations when I perform my data analysis.

Many public policy debates end with the status quo remaining (Baumgartner et al. 2009). This pattern is important when looking at effective PAC contribution strategies. These PAC

contributions can often be described as playing defense (Gopoian, Smith, and Smith 1984). Moneyed interests often have a stake in keeping policy as it is; thus, they often play defense through these PAC contributions. Moreover, these PAC contributions often have greater impact when targeted to committee members and leadership. When contributing to committee members, these members are more likely to invest more time and effort on the issue relevant to said interest group (Hall and Wayman 1990). As Hall and Wayman note, money spent on PAC contributions to committee members is effective in mobilizing support, but does little to persuade opponents on a certain issue. This finding fits with other research that indicates that interest groups prefer to lobby their allies (Hojnacki and Kimball 1998). As well, Hojnacki and Kimball find that interest groups target influential committee members like the Chair or Ranking Member in order to garner as much meaningful support as possible. While Hojnacki and Kimball look at other factors beyond PAC contributions, their findings remain important to consider when looking at these access strategies. These groups aim to influence legislators who will be the easiest to persuade, working to build larger coalitions. By going after allies, and influencing the more powerful members of committees, interest groups can build larger coalitions and have more sway on how legislation is shaped or thrown aside entirely.

Professional and Trade Associations — What Makes Them different?

This discussion of PAC contributions contextualizes the various ways that interest groups attack public policy debates. I must also discuss the organizational determinants that drive interest groups to undertake these certain strategies. Furthermore, I will narrow to the two types of interest groups on which I will focus—professional associations and industry trade associations. As I discussed above, professional and trade associations are just two small subsets

of the diverse set of interest groups seen in American society. Professional associations, such as the American Medical Association, are made up of individuals—physicians in the case of the AMA. Industry trade associations (like the American Hospital Association) are made up of firms. Saitgalina et al discuss these two categories of interest groups and the factors that influence the choice of advocacy strategy for the two respective groups. The four strategies that Saitgalina et al investigate are lobbying, advocacy, grassroots, or operating PACs. Lobbying consists of meeting with legislators to influence their positions on policy issues, while advocacy focuses on educating everyday citizens on these issues (Saitgalina et al. 2020; Grossman and Helpman 2001). A grassroots strategy focuses on the mobilization of the public in support of an issue. Finally, PACs allow interest groups to contribute directly to candidate campaigns (Saitgalina et al. 2020).

Saitgalina et al have a few main findings. First, a heavy reliance on membership dues for revenue can limit how much advocacy activity in which an association engages (Saitgalina et al. 2020). Second, associations were more likely to engage in advocacy activity if they had a larger staff or board or had an affiliated foundation. Additionally, healthcare-related organizations are more likely to engage in public policy activities compared to other industries (Saitgalina et al. 2020). Third, business organizations were more likely, compared to engineering/manufacturing associations, to have an affiliated PAC. Saitgalina et al speculate that business groups (banking especially) deal with oversight from elected officials rather than regulatory agencies.

Finally, Saitgalina et al also address membership's impact on an interest group's strategy. Associations with corporate members were more likely to be able to engage in grassroots activity, which contrasted from the hypothesis that corporate membership would lead to more direct lobbying (Saitgalina et al. 2020). Also, greater membership is inversely related to choosing

lobbying tactics (Saitgalina et al. 2020). This discussion of membership provides a strong basis going forward in this paper. As I noted previously, I investigate how the different membership types (individual vs. corporate) of professional and trade associations impacts the PAC contribution strategies they choose. My research will fit into this existing literature by focusing on a narrower slice of interest group behavior. Specifically, by looking at how membership type influences PAC strategy, we learn more about the broader strategies that these interest groups choose to take.

Summary and Evaluation of Literature

Though this review of the literature is by no means exhaustive, it provides a solid basis upon which to move forward. In particular, the existing research has done a remarkable job of analyzing the broader landscape of interest groups in America, as well as what characterizes the different types of interest groups. The existing research also has covered the different strategies and resulting tactics used by interest groups, too. Now, in direct relation to what my research covers, there has been some research looking specifically at PAC contribution strategies of interest groups. Limited research, however, has been done on the factors that determine professional and trade associations' PAC contribution strategy, as Saitgalina et al note. Saitgalina et al do not delve deep into how different membership types impact PAC contribution strategy. Much of that discussion surrounding membership focuses on size, diversity, and geography. In my project, I focus specifically on how the type of member (individual vs. firm) impacts contribution strategy.

Furthermore, Hojnacki and Kimball's research on interest group contributions to committee members leaves room for further analysis. As I noted, their paper analyzes more than

just PAC contributions. By focusing in solely on PAC contributions, I am able to investigate how the type of membership plays a role. Moreover, much of the literature has found that contributing to senior committee members is an indication of an access-oriented strategy. I take that analysis one step further by investigating the impact of majority party status along with seniority among committee members. In doing so, I determine what element is more impactful to a group's contribution strategy.

By focusing on these types of interest groups whose members are part of the same occupational or commercial community, we can gain a better picture of the ways that moneyed-interests exert power in American politics. Additionally, my focus on PAC contributions will help describe the ways in which campaign finance works in today's complicated campaign environment. With the growth of small donors, have PACs changed strategy in certain ways? Understanding the ways in which these business-affiliated PACs act will add to our broader understanding of the American electoral system as well.

PAC Contribution Analysis: Methodological Plan

Research Questions

Before discussing my methodology, I will first restate my research questions. The first few questions, as I explained in my introduction, are descriptive questions that will provide the basis for the main correlational questions I aim to answer. In order to understand how the different membership structures of business groups impact their advocacy strategy, I first need to define these types of groups. How much do professional and trade associations, respectively, spend on lobbying? How big are their budgets? How much, on average, do their affiliated PACs contribute? I will discuss this further when explaining the operational definitions I have made for these terms.

The other descriptive question I ask is what are the various advocacy strategies and tactics that these groups use? As I mentioned in the introduction, I plan to focus on one main tactic—PAC contributions by these interest groups. Later on in this chapter, I will provide an operational definition for this tactic as well as the various strategies I mentioned in the previous chapter.

Finally, the two correlational questions I answer are as follows. First, how does membership structure impact a group's choice of advocacy strategy? Second, how does the industry in which a group operates impact a group's choice of strategy? Having the operational definitions of membership structure and advocacy strategies will be beneficial in providing coherent methodologies to answer these questions. As well, these questions help provide the roadmap that leads me to my hypotheses.

Hypotheses

In regard to the first correlational question, I predict that groups made up of firms and those made up of individuals will primarily undertake access strategies. But, there will be variation in how they undertake these access strategies. I predict that associations of firms will be slightly more likely to donate to one party over the other. As a result, these associations of firms will take on more of an ideological or electoral strategy than associations of individuals. In terms of the second research question, I predict that interest groups operating in the same industry will have similar PAC contribution behavior. Because they are attempting to influence the same kinds of policies, just from different sides, these groups will likely contribute to similar candidates and committee leaders.

Operational Definitions

In order to determine the validity of these hypotheses, I will define the main terms—membership structure and advocacy strategy. Operationalizing membership structure is rather straightforward. The organizations I will look at are either made up of individuals or made up of firms. In addition to defining the membership structure, I will also be gathering information on, budget size, staff size, and lobbying and PAC expenditures. These data will come from a survey conducted by the American Society of Association Executives about the associations that make up the ASAE's membership (American Society of Association Executives 2019). Overall, thorough operational definitions for these groups and their memberships will allow for easier analysis of their advocacy strategies.

Operationalizing advocacy strategies is less straightforward than membership structure. The main tactic I study is PAC contributions made by interest groups. As a result, and as I

discussed in my literature review, there are two main PAC contribution strategies—an access strategy or an ideological/electoral strategy (Berry and Wilcox 2009). To determine which strategies certain groups undertake, I will look at each group’s contribution patterns. In particular, I investigate how much money each group sends to the following recipients—members of each party, relevant committee members, and leadership. A group that sends more money to leadership, while splitting its money relatively evenly among both parties, would likely be following an access strategy. This example is just a hypothetical, but it provides a solid basis for how these strategies, which sound vague, will be operationalized.

Data and Methodologies

With these operational definitions, I am able to go forth and describe the data I analyze to answer my questions. First, as mentioned in the last section, I gathered data on the basics of these types of business interest groups from a survey done by the American Society of Association Executives. Second, for data on campaign contributions, I have utilized a dataset created by Alexander Fourinaies and Andrew Hall for their paper “How Do Interest Groups Seek Access to Committees?” (Fourinaies and Hall 2018). This dataset consists of information for all 99 state legislative chambers from 1988-2014, including committee assignments and campaign finance data from FollowTheMoney.

The dependent variables in this model are the PAC contributions made by each association or set of associations. Specifically, it will be the log value of these PAC contributions. The independent variables I investigate are varied so to ascertain what strategies these associations may take when making PAC contributions. First, I look at party affiliation. The associations listed above all are “business-affiliated.” These types of PACs tend to donate to

both parties to retain access, but will skew their donations to more business-friendly legislators—likely Republicans (Bennett and Loucks 2011). To study the impact of party, I regress party on log contributions from the respective group, while controlling for majority party and seniority effects among the legislators. The results are found in Table 1 in the results section.

The next variable I use is contributions made to members of leadership of both parties. For members of leadership, I include the Speaker of the House, the President Pro Tempore of the Senate, the Majority and Minority leaders, as well as the President of the Senate and the Chair of the Committee on Rules. These members of leadership are all state legislators. By measuring the relative amount of PAC contributions given to members of leadership, I will be able to determine more about each association's relative strategy—being more likely to donate to members of leadership indicates a strong access strategy, for example. I look at each group's contributions to leadership, as well as professional groups versus trade groups. This addition of looking at all professional groups as one and all trade groups as one allows me to compare each smaller group (health professionals, for example) to the larger umbrella group (e.g. professional associations). Moreover, comparing professional associations to trade associations provides a better overall picture of how different types of membership impact contribution activity.

In addition, I investigate the impact that relevant committee members have on PAC contributions from these two types of associations. Membership on certain committees is an important determinant of PAC contributions. Bennett and Loucks look at relevant committee membership in their analysis of financial services industry PAC contributions. In a similar way, I look at relevant committee members to see if hospitals, for example, donate to health committee members at a higher rate than banks donate to banking committee members. Moreover, in these regressions, I set up three models to evaluate how a group's contributions to committee members

change depending on whether those members were in the majority party or were more senior.

The first model looks at the impact that being on the relevant committee had on log contributions. The second model includes whether the committee members were in the majority party. Lastly, the third model includes the seniority of the members. The results of this three-model regression analysis are found in the “Relevant Committees” segment of the results section.

In sum, I plan to test the impact of these variables on the contributions made by the associations listed above. As well, I create variables to analyze the contribution behavior of trade associations and of professional associations separately. That way, in addition to the analysis of each individual association, I can investigate the behavior of associations with these two types of membership.

How do Professional and Trade Associations Compare? A Review of the Results

Introduction

In this section, I first display the descriptive data about these associations and then delve into the regression results. The descriptive data characterize the public policy activity of these types of associations, professional and trade. The regression results then focus in on the impact that party, leadership, and relevant committee membership have on PAC contributions from these groups.

Descriptive Data

Before discussing the results of my regression analysis, I briefly describe the public policy activities of both professional and trade associations from a 2018-2019 survey from the American Society of Association Executives. This survey received responses from 677 associations, 60.2% of whom were professional associations, while 39.8% were trade associations.

First, trade associations had double the median full-time policy staff compared to professional associations (American Society of Association Executives 2019). The median budget among those groups surveyed was higher for trade groups than professional associations, as well. In regard to lobbying, when looking at the state level (which is where my regression analysis will focus), a higher percentage of trade associations lobby state legislators — 70.8% compared to 47.7% for professional associations (American Society of Association Executives 2019). When it comes to associations having PACs that operate on a state level, 47.1% of trade groups had an affiliated PAC, while only 34.5% of professional groups did. Finally, median PAC donations were higher for trade groups than professional groups (\$75,000 compared to \$30,000).

In short, trade groups possess greater resources, and are more likely to utilize those resources than professional associations. These differences are important to keep in mind when reading and interpreting the regression results.

Regression Results

In this section, I cover the results of my regression analysis. As noted in the methodology section, these contributions are from professional and trade interest groups to state legislators. First, I look at the impact of party on contribution patterns from these associations. Table 1 details the results of this regression analysis.

Table 1: Impact of Party on Log Contributions from Prof. and Trade Associations

	GOP	Dems	Difference
<i>Prof. Associations</i>			
Accountants	0.7329826	-0.7377248	1.4707074
Health Pros	0.5810595	-0.5323513	1.1134108
Lawyers	-0.5815938	0.6383667	-1.2199605
<i>Trade Associations</i>			
Banks	0.0474801	-0.0388751	0.0863552
Hospitals	0.6453356	-0.6002139	1.2455495
Pharmaceuticals	0.8500382	-0.8359925	1.6860307

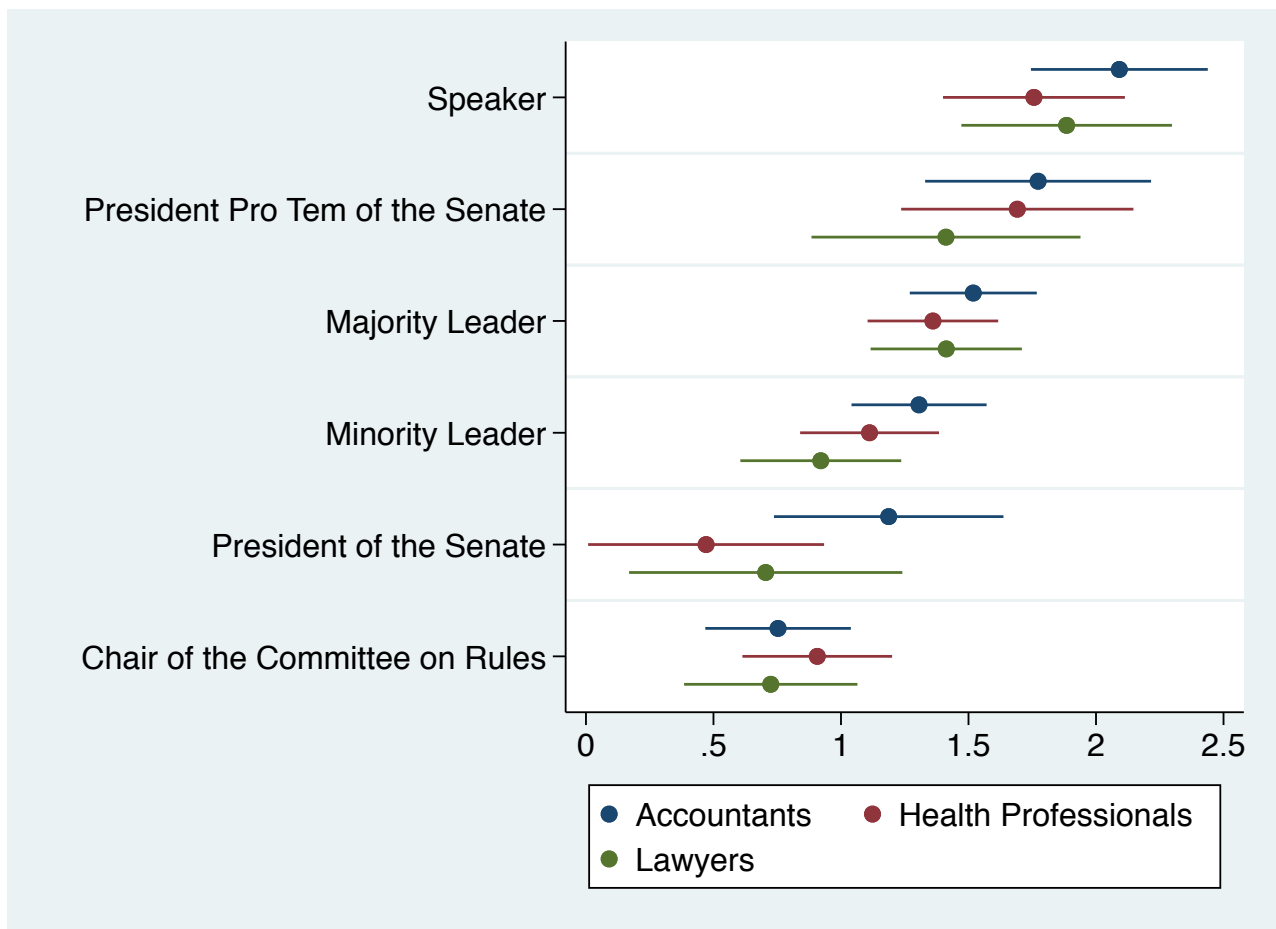
Caption: Table 1 shows the impact of party on log contributions. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions. The difference between the two coefficients displays how much more likely a group is to donate to one party over the other.

These coefficients were obtained after controlling for which party was in the majority and seniority effects. Each group (other than lawyers) contributes at a higher rate to Republican legislators than to Democratic legislators. Pharmaceuticals have the biggest margin between the two parties, while accountants are next in line. Simply put, these groups likely see GOP members

as their best allies given the GOP’s traditionally pro-business stance. Pharmaceutical groups do stand out as having the largest margin.

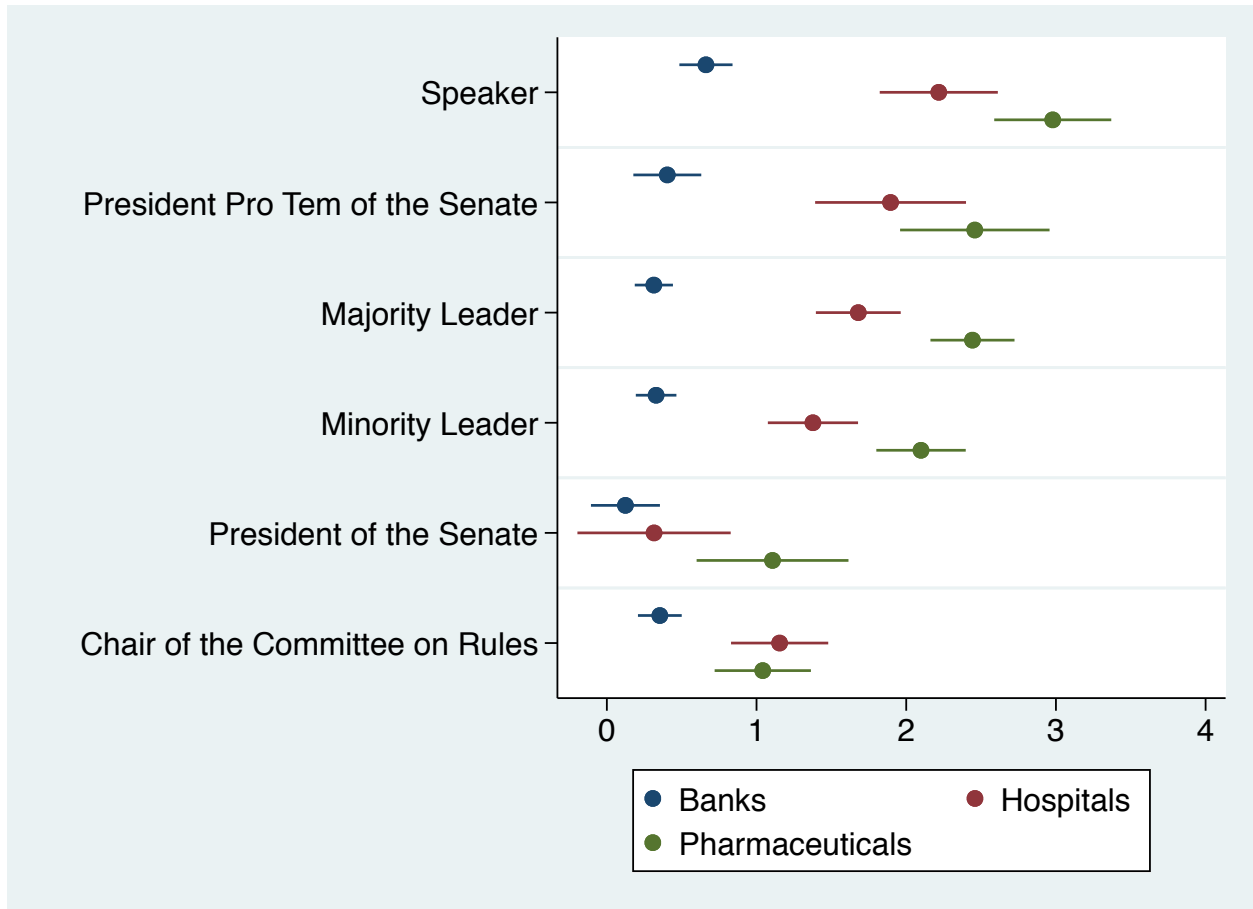
Along with the impact that party has on contributions from these groups, the impact of leadership on contributions is notable. Figure 1 shows the impact leadership has on contributions from professional associations, while Figure 2 shows the impact leadership has on contributions from trade associations.

Figure 1: The Impact of Leadership on Contributions from Professional Associations



Caption: Figure 1 displays the impact of leadership on log contributions. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group. For accountants, all coefficients are significant at the 1% level. For health professionals, the coefficient on President of the Senate is significant at the 5% level, while all others are significant at the 1% level. Lastly, for lawyers, all are significant at the 1% level.

Figure 2: The Impact of Leadership on Contributions from Trade Associations



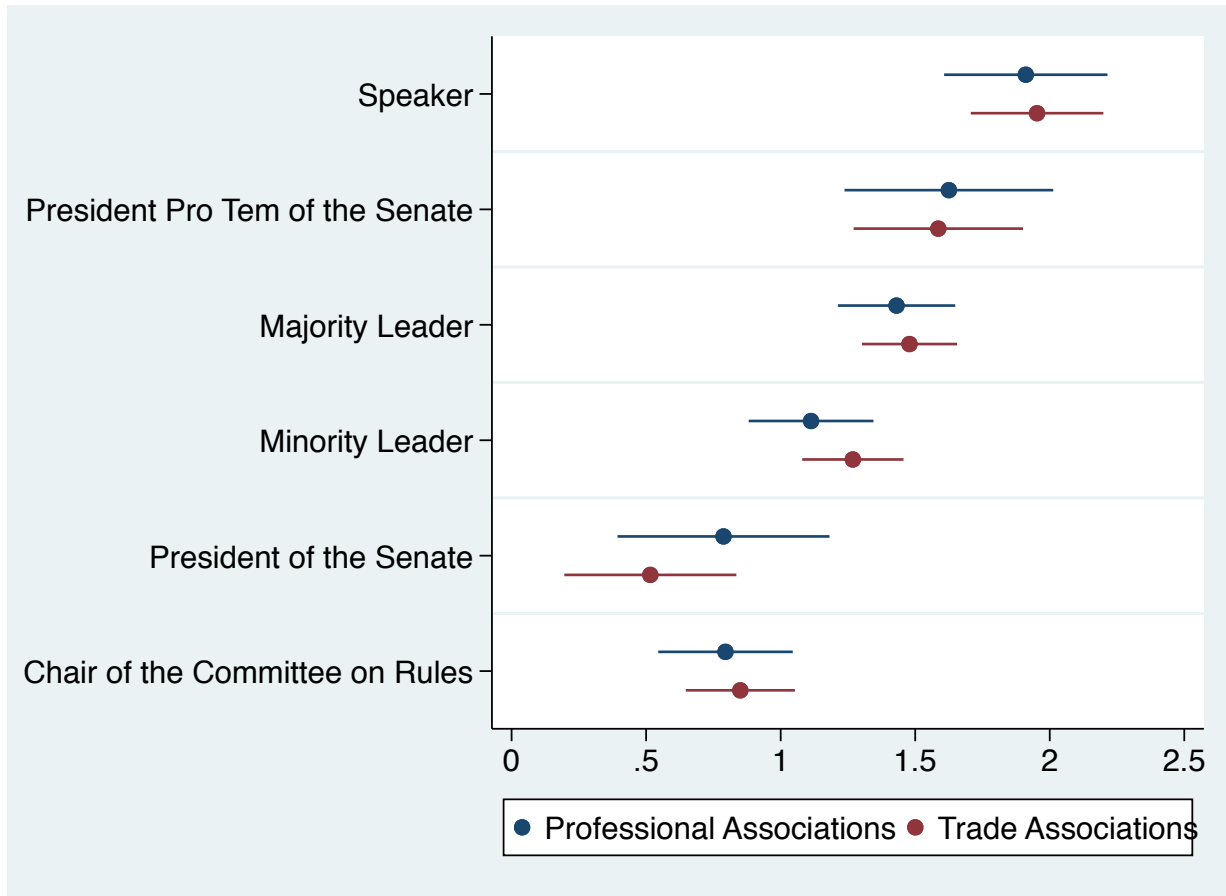
Caption: Figure 2 displays the impact of leadership on log contributions. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group. For banks, the coefficient on President of the Senate is statistically insignificant, while the other coefficients are all significant at the 1% level. Similarly, the coefficient on President of the Senate is insignificant for hospitals, though the other coefficients are all significant at the 1% level. All coefficients for pharmaceuticals are significant at the 1% level.

These graphs indicate the estimated effect of leadership on log contributions from interest groups in said industries. In the first graph, all three professional groups follow a similar pattern — they each donate at higher levels to those members of leadership with more power. In the second graph, there are three rather distinct contribution patterns. Banks are not likely to donate

much to leadership, hospitals more so, and pharmaceuticals at high levels. This variation between trade associations indicates the differences that exist between individual interest groups.

Along with looking at each individual interest group’s contributions to leadership, Figure 3 compares professional associations to trade associations.

Figure 3: The Impact of Leadership on Contributions



Caption: Figure 3 displays the impact of leadership on log contributions. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group. All coefficients are statistically significant at the 1% level.

From these data, we see that professional associations and trade associations do not act all that differently from each other. They both place greater value on donating to members of leadership with more power (speaker, president pro tempore, Majority Leader). These patterns indicate that

both types of interest groups focus on access strategies — building up relationships with these leaders through contributions.

The next variable I look at is contributions to relevant committees. To do so, I ran a set of regressions where the first regression included the impact that being on a certain committee had on contributions from a certain group. Then, the second regression included majority party status. Finally, the third regression incorporated seniority. Those three models, when comparing the coefficients on contributions to relevant committee members, help us glean more about each group’s strategy. Figure 4 covers the contributions made by health-related groups to health-focused committees.

Figure 4: The Impact of Relevant Committee Members on Health-Related Groups’ Contributions

Health

VARIABLES	(1) Health Professionals	(2) Health Professionals	(3) Health Professionals
cmt_health	1.352*** (0.0393)	1.352*** (0.0393)	1.368*** (0.0393)
MajorityMember		0.0291 (0.0310)	0.0103 (0.0310)
SeniorityTerms			0.0477*** (0.00492)
Constant	5.883*** (0.0168)	5.866*** (0.0249)	5.702*** (0.0301)
Observations	44,349	44,349	44,349
R-squared	0.026	0.026	0.028

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(1) Hospitals	(2) Hospitals	(3) Hospitals
cmt_health	1.481*** (0.0435)	1.480*** (0.0435)	1.497*** (0.0435)
MajorityMember		0.114*** (0.0343)	0.0940*** (0.0343)
SeniorityTerms			0.0516*** (0.00545)
Constant	4.286*** (0.0186)	4.218*** (0.0276)	4.041*** (0.0334)
Observations	44,349	44,349	44,349
R-squared	0.025	0.026	0.028

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(1) Pharmaceuticals	(2) Pharmaceuticals	(3) Pharmaceuticals
cmt_health	1.790*** (0.0430)	1.786*** (0.0430)	1.804*** (0.0430)
MajorityMember		0.234*** (0.0339)	0.212*** (0.0339)
SeniorityTerms			0.0547*** (0.00538)
Constant	2.745*** (0.0184)	2.606*** (0.0273)	2.418*** (0.0329)
Observations	44,349	44,349	44,349
R-squared	0.038	0.039	0.041

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Caption: These three regression models show the impact that being on a relevant committee (and being in the majority and more senior on these committees) has on log contributions from health-related groups. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group.

Among the three health-related sets of interest groups, all three do not see major changes to their contributions to health-focused committees until seniority is added as a variable. Being a

member in the majority party does not change the results in a significant way. As a result, all three of these groups appear to focus on access — donating to majority and minority party members both.

Next, I look at the results from business-focused groups — banks, accountants, and insurance groups — following the same three-model approach. Here are the results:

Figure 5: The Impact of Relevant Committee Members on Business Groups' Contributions

VARIABLES	(1) Banks	(2) Banks	(3) Banks
cmt_banking	0.224*** (0.0185)	0.224*** (0.0185)	0.207*** (0.0186)
MajorityMember		0.0228 (0.0155)	0.0105 (0.0155)
SeniorityTerms			0.0319*** (0.00247)
Constant	0.382*** (0.00860)	0.368*** (0.0126)	0.264*** (0.0150)
Observations	44,349	44,349	44,349
R-squared	0.003	0.003	0.007

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(1) Accountants	(2) Accountants	(3) Accountants
cmt_business	0.466*** (0.0386)	0.465*** (0.0386)	0.473*** (0.0386)
MajorityMember		0.0768** (0.0305)	0.0696** (0.0305)
SeniorityTerms			0.0182*** (0.00485)
Constant	2.243*** (0.0166)	2.198*** (0.0246)	2.135*** (0.0298)
Observations	44,349	44,349	44,349
R-squared	0.003	0.003	0.004

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(1) Insurance	(2) Insurance	(3) Insurance
cmt_insurance	2.556*** (0.0558)	2.556*** (0.0558)	2.552*** (0.0558)
MajorityMember		0.0845** (0.0338)	0.0779** (0.0339)
SeniorityTerms			0.0168*** (0.00537)
Constant	4.739*** (0.0175)	4.689*** (0.0267)	4.632*** (0.0322)
Observations	44,349	44,349	44,349
R-squared	0.045	0.045	0.046

Standard errors in parentheses

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

Caption: These three regression models show the impact that being on a relevant committee (and being in the majority and more senior on these committees) has on log contributions from business-focused groups. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group.

Similar to the health-related groups, whether a committee member is in the majority party or not does not change the coefficients on committee members. Only after adding in seniority do we see changes. Banks, once again, do not donate to members of the banking committee at high levels. Insurance groups, on the other hand, donate at very high levels to members of the insurance committees — higher than any of the health-related groups.

The main takeaway from this analysis of contributions made to relevant committees is that these interest groups are primarily undertaking access strategies. Being in the majority does not increase the likelihood of groups' donating to those members, but seniority does.

Access-oriented or electorally-focused? A Discussion of the Results

To begin, it is important to reiterate that these regressions and these data all focus on contributions made to state legislators, not federal legislators. Moreover, these associations are business-affiliated, which means that most are in the profit sector, as Walker noted (Walker 1991). As a result, the PAC contribution strategies focus on access, rather than electoral gains, as I discussed in the literature review. Again, my goal is to determine the differences between professional and trade associations' PAC contribution behavior. Moreover, I aim to determine if health-related groups take on similar strategies given that they operate in the same industry.

To answer my first research question, the main takeaway when looking at Table 1 is that all of these groups, except lawyers, donate more to Republican legislators than to their Democratic counterparts. Pharmaceutical firms see the highest difference between the two parties, while banks see the lowest difference — though their contribution levels are rather insignificant. Of the other five groups, however, health professionals see the lowest difference between the two parties. Accountants have the highest difference between the two parties for professional associations.

These data do not distinguish either type of group as following one particular strategy. By donating more to one party over the other, there may be some element of an electoral strategy — that is, funneling donations to one party over the other in order to elect allies. However, business groups tend to contribute more to Republican legislators that share their viewpoints on tax policy and various regulations. As well, these groups' inclination to contribute more to Republican legislators fits with prior research. Just as Grossmann and Hopkins noted, these business groups direct money toward Republican legislators. This finding is more significant when considering the asymmetric polarization that Grossmann and Hopkins discuss. Republicans have moved

further to the right in recent years than Democrats have moved to the left (Russell 2018) (Mann and Ornstein 2012). Moreover, we see less interest in compromise among Republican legislators (Glaser and Berry 2018; Grossmann and Hopkins 2016). Interest groups who see Republican legislators as allies may stand to benefit from their unwillingness to compromise and contribute accordingly. Although the partisan difference may indicate a slight electoral strategy, business groups' affiliation with the Republican party helps explain these more access-oriented contributions. Further analysis of the following regressions will paint a better picture of the types of strategies these groups employ.

With regard to leadership, the impact on contributions from these groups is rather clear. Five of the six groups studied (excluding banks) follow a similar pattern of high estimated effects that trail off as the members of leadership become less and less powerful. For the three professional groups (accountants, health professionals, and lawyers), there is a clear pattern. Each group is most likely to donate more to the Speaker and the President Pro Tempore of the senate than to lower level members of leadership. This clear pattern indicates that these professional groups see particular value in gaining access to those at the top. On the other hand, the results for the trade groups are more mixed. Pharmaceutical groups and hospitals follow the same pattern as these professional groups, though pharmaceuticals at a higher level than hospitals. Banks, finally, are unique in their lack of contributions to leadership. The estimated effect of leadership on banks' log contributions is rather low for all levels of leadership. This lack of contributions by banks surfaces again in later regression results, and I will discuss why at that point.

It is also important to discuss Figure 3, which displays the impact of leadership on log contributions between professional associations as a group and trade associations as a group.

After all I have discussed, these estimated effects are rather similar across the board. While there is some variation among the individual groups under the broader umbrellas of these two types of associations, they act reasonably similar. They both choose access over electoral goals, care about seniority on committees, and value members at high levels of leadership. As well, given their pro-business stances, these groups (excluding lawyers) prioritize contributions to Republican legislators.

Access remains the goal when groups contribute to relevant committee members. Health groups all see bumps to the estimated effect on log contributions when incorporating the seniority of committee members. By being more likely to donate more to senior committee members, the health-related groups (health professionals, hospitals, and pharmaceuticals) indicate their focus on access. Incorporating majority party status did not influence the estimated effect of committee membership on log contributions, further indicating that these health-groups choose access over electoral goals. This pattern — donating at higher levels to more senior members, but not doing so based on majority party status — plays out for banks and accountants, too. However, banks once again see low estimated effects on log contributions.

That these groups contribute more when more senior members are included demonstrates access-oriented goals. Donating to powerful incumbents that sit on relevant committees is a strong indicator of an access-oriented strategy (Berry and Wilcox 2009; Hojnacki and Kimball 1998). Moreover, contributions made to relevant committee members references a key tenet of access strategies laid out by Berry and Wilcox 2009. Comparing estimated effects for health professionals' contributions to health committees and to legislators of the two parties (Figures 5 and 1) illustrates their access-focused strategy. The estimated effect of health committee membership on health professionals' log contributions is 1.368 when accounting for majority

party status and seniority. For a rank and file GOP legislator, the estimated effect is 0.581. This difference indicates how much health professionals value access to health committee members. This process plays out again for the other health groups, as well as for banks. Banks, though they have lower estimated effects across the board than any other group studied, donate more to members of the banking committee than to rank and file legislators.

Despite this increase in contributions to banking committee members, understanding why banks do not see higher estimated effects is valuable. Banks, as depository institutions, are subject to regulation by state or federal authorities, depending on who their chartering authority is (Labonte). Moreover, banks chartered by states are almost all subject to federal regulation as well (Labonte). As a result, banks likely see more value in directing their funds to federal legislators to influence regulatory and legislative decisions at that level. This regulatory environment is likely not the only factor influencing banks lack of PAC contributions to state legislators, but it certainly plays a role.

These findings match the literature in some ways but deviate in others. So far unmentioned in my analysis is what contextual factors influence these groups' choice of strategy. Because I was unable to perform a large-scale survey of these interest groups, I was not able to gain insight on how these different groups came to their decisions. Regardless, I find it important to reference findings from Baumgartner et al. 2009. Specifically, the authors note that being able to change the status quo requires a heavy amount of influence (Baumgartner et al. 2009). Moreover, the salience of the issue at hand determines how successful a group will be in altering the status quo (Baumgartner et al. 2009). I reference these points because of the findings related to banks in my analysis. Banks have low estimated effects for all types of regressions. As I previously noted, nearly all banks deal with heavy federal regulation; as a result, most banks and

banking trade groups likely focus their advocacy energy at the federal level. Baumgartner et al. 2009's findings further support this argument — on the state level, the level of effort needed to change banking regulation is likely quite large, given that corresponding federal change is likely need as well. Furthermore, the salience of banking issues at the state level is probably rather low. Because of that, a large grassroots campaign also would not be very effective. In sum, banks see lower estimated effects because of their inability to make necessary change on the state level.

Health-Related Groups

To answer my second research question, health-related groups do not act in drastically different ways, though there is some variation. In regard to how much each health-related group donates to members of the two parties, pharmaceuticals see the biggest increase in contributions to Republican members. Hospitals follow, and health professionals have the lowest percentage increase among health groups. Groups with corporate membership (hospitals and pharmaceuticals) had higher estimated effects than health professionals. This finding matches the data from the ASAE survey that trade associations had higher median budgets than professional associations. Furthermore, having a larger staff would indicate the likelihood of engaging in more advocacy activity, and the ASAE survey noted that trade associations had double the membership staff that professional associations did. All three groups had high estimated effects, which fits with the finding that health-related groups engage in frequent public policy activity (Saitgalina et al. 2020).

The same pattern exists in regard to contributions to leadership. Pharmaceuticals have the largest estimated effect on log contributions, hospitals next, and health professionals last for all levels of leadership. This pattern shows up again in contributions to relevant committee members

— in this case, health-related committees. In all of these instances, pharmaceutical groups not only have the largest estimated effects, but have the largest by a greater margin than the difference between hospitals and health professionals. Why do pharmaceutical groups see such higher levels of contribution? A 2019 analysis of the health care industry by Axios explains some of this pattern. Profits made by pharmaceutical firms made up nearly half of all health care profits, while these firms only made up 20% of the associated revenues (Herman). Hospitals, by comparison, do not have the profit levels of pharmaceutical firms (Herman). These findings help explain the difference between pharmaceuticals and hospitals. Pharmaceutical companies simply have an abundance of cash to maintain high contribution levels.

Another noticeable difference between pharmaceuticals and hospitals is how ideologically-driven they are in their contributions. The difference between each party's estimated effect on pharmaceuticals' log contributions is 1.686, while for hospitals it is 1.246 (Table 1). Both groups prefer contributing to Republican legislators, but why do pharmaceutical groups do so at an increased level? Pharmaceutical groups contribute to Republican legislators because they are their allies, which most interest groups do (Hojnacki and Kimball 1998). In 2019, the Democratic-led House of Representatives passes a major prescription drug pricing bill. This bill never advanced in the Republican-led Senate and it faced rather severe opposition from Senate Republicans and President Trump, though they all claimed to want to make progress on this issue (Everett 2019; Lambert 2019). Moreover, Politico reported at the time that Republican legislators were balancing the need to make reforms on a salient issue while not alienating their pharmaceutical allies (Everett 2019). Although this example played out at the federal level, state Republican legislators likely feel the same way. Pharmaceutical companies value holding onto their Republican allies when Democratic legislators are looking to upend their industry. This

drug-pricing bill does not explain pharmaceutical groups' contribution behavior entirely, but it helps paint a picture of partnership with Republicans.

As mentioned in my literature review, more ideologically extreme groups are more likely to engage in electoral strategies (McKay 2010). Pharmaceutical companies and their associated groups tend to favor Republican legislators compared to Democrats because of a more favorable legislative and regulatory environment as evidenced by the recent federal legislative battle. As a result, this larger difference between the two parties' estimated effects on log contributions points to pharmaceutical groups engaging in a slight electoral strategy to elect more Republicans to state legislatures. Pharmaceutical companies, while not necessarily ideologically extreme, benefit most when Republicans are in power. Because of that benefit, they may be better described as profit-maximizing groups that act in an ideological manner to achieve their goals. Finally, more ideologically extreme groups tend to prioritize PAC contributions over lobbying expenditures (McKay 2010). While I do not have corresponding lobbying expenditures in this dataset, pharmaceutical groups do end up having the largest coefficients among these groups, indicating that they prioritize PAC contributions to a large extent. These groups likely have larger budgets based on their higher profit margins, providing them more funds to spend on contributions and lobbying. The aforementioned point still stands — pharmaceutical companies are not by definition ideologically extreme, but their contribution behavior exhibits ideological elements because of their search for profit.

Summary

In sum, professional and trade associations do not undertake drastically different access-oriented contribution strategies. The main difference is the larger amount of money that trade

groups have at their disposal, as evidenced by pharma/hospitals vs. health professionals.

Saitgalina et al 2020 found that groups with larger staffs would engage in more advocacy activity, including contributions to legislators. The ASAE data presented in the results section details how trade groups had larger staffs, which helps explain why trade groups in my analysis had higher estimated effects, in effect engaging in more contribution activity.

In regard to the differences between groups that operate in an industry, groups with larger budgets (trade groups) tend to have higher estimated effects on log contributions. Along with that, healthcare groups saw higher estimated effects compared to the other business groups, supporting Saitgalina et al 2020's finding that healthcare-related groups engage in more public policy activity compared to other industries.

Conclusion: A Review of the Findings and Avenues for Future Research

In this paper, I investigate the impact that the type of membership (individual vs. firm) of an interest group has on contribution behavior. My top-line findings are as follows. First, professional and trade associations both undertake access-oriented strategies with their PAC contributions. These access-oriented strategies differ on the margins (mostly because of trade associations having larger budgets), but are relatively similar. Trade associations made up of firms do not all take on more of an electoral strategy, as I hypothesized. However, pharmaceutical firms' contribution activity displays elements of an electoral strategy, providing support for some of that hypothesis. Second, groups operating in the same industry (specifically the healthcare industry) follow similar strategies, mostly focusing on access to legislators. This finding fits with my hypothesis. Third, and finally, type of membership does not play a major role in these associations' PAC contribution behavior. As I mentioned, it plays a role on the margins, but based on previous literature and the findings I present here, other factors — budget size, staff size, profits, and issue salience — play a larger role.

This finding that the type of membership (individual vs. firm) does not play a major role is worth discussing further. Previous literature (Saitgalina et al. 2020; Walker 1991) has discussed the important role that membership plays in an interest group's advocacy strategy. This literature, however, finds that different aspects of membership — namely size, scope, and voluntary vs. involuntary membership — have more important impacts than the simple type of member, individual or firm. Although my findings are not groundbreaking, they are useful additions to the existing research. Interest groups made up of individuals do not act drastically different than those made up of firms. However, the differences that exist based on the type of membership — larger budgets and staff for groups of firms — play a role. Professional

associations made up of individuals would likely catch up to groups of firms if they had the same budgetary capabilities. Therefore, the difference is not just the type of membership. Rather, it is the impact that the type of membership has on an association's finances and capabilities.

A few limitations prevented a more full analysis of these data. First, being able to use these contribution data in conjunction with contributions made by these groups to state party organizations or other electoral groups would have been useful. The inclusion of those data would allow comparisons between contributions made to legislators as well as party organizations. Doing so would clarify whether a group takes on a more complete access strategy or spends to elect allies as well. Second, having a better picture of these groups' budgets and spending patterns across all types of advocacy would have created a more complete analysis. Third, and what brings these last two points together, conducting a survey of these interest groups to better understand the decisions they make and the factors influencing those decisions would have allowed me to paint a better picture of the advocacy ecosystem.

Being able to conduct this large-scale survey would have changed my analysis and surely posed new questions. This research project, and the limitations I have identified, point to a variety of avenues for future research. First, a survey of these interest groups would allow for a greater understanding of how different types of association membership change contribution strategy. Association executives from these industries could provide further information on the pressures their membership places upon them, along with an understanding of their membership wishes and needs. Second, investigating this question at the federal level would also be interesting. Here, a large-scale survey of all stakeholders (similar to what Baumgartner et al. 2009 did) would provide a thorough description of the factors at play. A final avenue for future research simply requires including specific interest groups instead of interest groups that fit

within a specific industry (so, for example, the Massachusetts Medical Society instead of health professionals more broadly).

These avenues for future research are not exhaustive. Studying the impact that money has in politics is a never-ending endeavor. While contributions made by business interest groups still play a major role, understanding the growing impact that small-dollar donations have in our political system is important, too. These small-dollar donations, while not raising concerns that politicians are in the pocket of major corporations, raises questions about incentives for legislators. Should these legislators aim to gather expert information from a witness in committee or grab a soundbite that can be used to collect thousands of small-dollar donations? This growth of small-dollar donations, along with the impact that business-interest groups continue to have as they seek access to legislators, points to a campaign finance ecosystem worth studying further. As residents of the United States, we all have a stake in our elections and specifically, how campaigns are financed. Making sure that politicians act in our best interests, rather than supporting special interests or their own electoral goals, is of the utmost importance.

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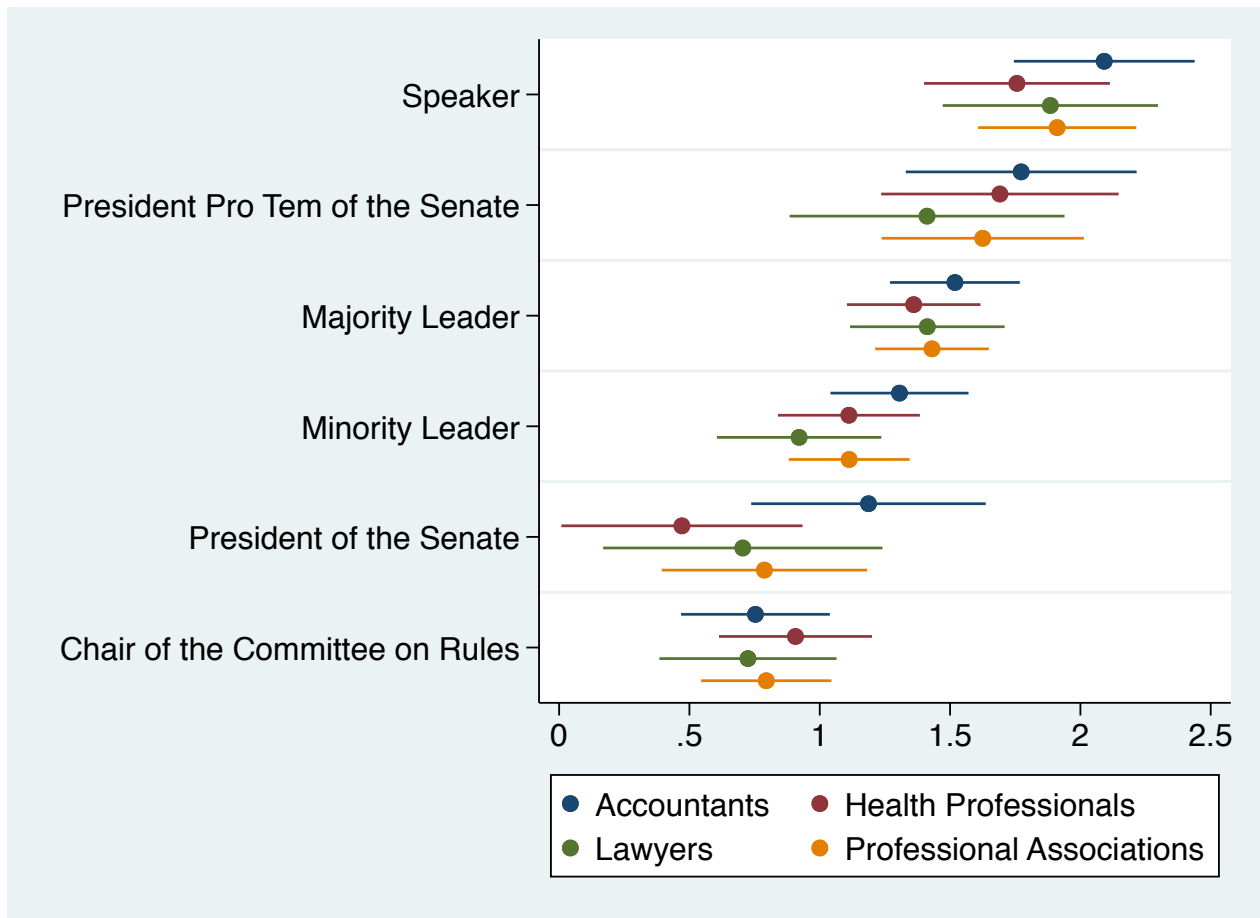
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Appendix

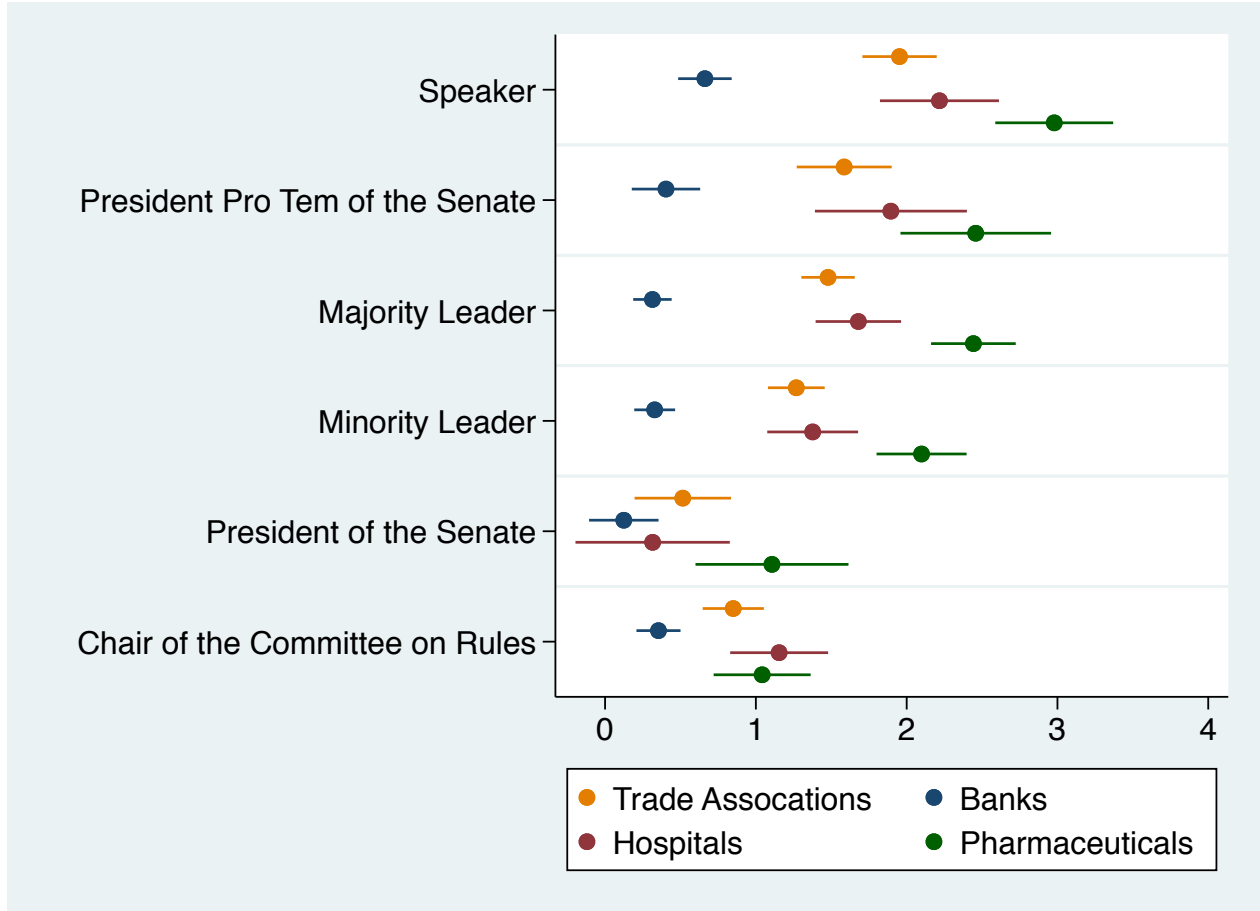
This appendix has two graphs that I deemed too cluttered to include in the results section. The following two figures depict the impact of leadership on professional and trade association contributions. They include variables for professional associations combined and trade associations combined. By joining these variables with the variables for the individual associations, we can compare each association to the “average,” per se.

Figure 6: The Impact of Leadership on Professional Association Contributions



Caption: Figure 6 displays the impact of leadership on log contributions for professional associations. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group. This graph adds in professional associations as a combined group for comparison (shown in orange).

Figure 7: The Impact of Leadership on Trade Association Contributions



Caption: Figure 7 displays the impact of leadership on log contributions for trade associations. Taking the exponentiated value of the coefficient, subtracting one, and multiplying by 100 gives the % increase in contributions for that group. This graph adds in trade associations as a combined group for comparison (shown in orange).