Is It Whom You Know or What You Know?

An Empirical Assessment of the Lobbying Process

Marianne Bertrand (Chicago Booth, NBER, CEPR, and IZA)

Matilde Bombardini (UBC, NBER, and CIFAR)

Francesco Trebbi (UBC, NBER, and CIFAR)

November 2010

Abstract

What do lobbyists do? Some believe that lobbyists' main role is to provide issue-specific information and expertise to congressmen to help guide the law-making process. Others believe that lobbyists mainly provide the firms and other special interests they represent with access to politicians in their "circle of influence" and that this access is the be-all and end-all of how lobbyists affect the lawmaking process. This paper combines a descriptive analysis with more targeted testing to get inside the black box of the lobbying process and inform our understanding of the relative importance of these two views of lobbying.

We exploit multiple sources of data covering the period 1999 to 2008, including: federal lobbying registration from the Senate Office of Public Records, Federal Election Commission reports, committee and subcommittee assignments for the 106th to 110th Congresses, and background information on individual lobbyists.

A pure issue expertise view of lobbying does not fit the data well. Instead, maintaining connections to politicians appears central to what lobbyists do. In particular, we find that whom lobbyists are connected to (through political campaign donations) directly affects what they work on. More importantly, lobbyists appear to systematically switch issues as the politicians they were previously connected to switch committee assignments, hence following people they know rather than sticking to issues. We also find evidence that lobbyists that have issue expertise earn a premium but we uncover that such a premium for lobbyists that have connections to many politicians and Members of Congress is considerably larger.

Keywords: Lobbying, Special Interest Politics, Political Access, Expertise, Advocacy.

JEL Classification Codes: D72, P48, H7.

1. Introduction

At the intersection between the political and the economic spheres lays the lobbying industry. Trillions of dollars of public policy intervention, government procurement, and budgetary items are constantly thoroughly scrutinized, advocated or opposed by representatives of special interests. The sheer relevance of the 4 billion dollars federal lobbying industry has become evident in any aspect of the 2008-2009 financial crisis, including emergency financial market intervention (the TARP), financial regulation, countercyclical fiscal policy intervention, and healthcare reform[1]. Notwithstanding its perceived fundamental role in affecting economic policy, very little systematic empirical research about the lobbying industry is available to economists and political scientists alike. For both sets of scholars what do lobbyists do is a question without a definitive answer.

A large part of the academic theoretical literature on interest groups has painted the lobbying process as one of information transmission: informed interest groups send cheap or costly signals to uninformed politicians.[2] Although these stylized models do not account for the presence of the lobbying industry as an intermediary between the interest groups and lawmakers, they would likely view lobbyists as experts who provide information to legislators and help guide their decision-making process. Such expertise might be particularly valuable when one considers that legislators themselves may have neither the technical background nor the time to delve into the

---

[1] See for instance Birnbaum (2008): *"A key provision of the housing bill now awaiting action in the Senate -- and widely touted as offering a lifeline to distressed homeowners -- was initially suggested to Congress by lobbyists for major banks facing their own huge losses from the subprime mortgage crisis[…]"* [Vital Part of Housing Bill Is Brainchild of Banks, 6/25/2008, The Washington Post] or Pear (2009): *"In the official record of the historic House debate on overhauling health care, the speeches of many lawmakers echo with similarities. […] Statements by more than a dozen lawmakers were ghostwritten, in whole or in part, by Washington lobbyists working for Genetech, one of the world's largest biotechnology companies."* [In House Many Spoke With One Voice: Lobbyists', 11/15/2009, New York Times].

[2] Grossman and Helpman (2001) offer an exhaustive literature review. The basic idea is that interest groups, although known to be biased, are credible to the politician if their preferences are sufficiently aligned with the politicians' or the information they send is costly (or if it can be verified. Among the most prominent contributions are Crawford and Sobel (1982), Calvert (1985), Potters and Van Winden (1990, 1992, 1994), Austen-Smith (1992, 1993, 1994, 1995), Austen-Smith and Wright (1994, 1996). A few papers have looked at the interactions between the two tools available to interest groups (information transmission and campaign support), e.g., Austen-Smith (1995), Lohman (1995), and more recently, Bennedsen and Feldmann (2006).

detailed implications of all the pieces of legislation they are debating. This view is also maintained by the American League of Lobbyists, which on its official website states "Lobbying is a legitimate and necessary part of our democratic political process. Government decisions affect both people and organizations, and information must be provided in order to produce informed decisions."[3]

This informational aspect of lobbying stands in stark contract with the less benign view, held by many in the media and on the street, that a lobbyist's main asset is not *what* they know but instead *whom* they know.[4] In interviews with insiders, McGrath (2006) reports "There are three important things to know about lobbying: contacts, contacts, contacts." What is valuable under this alternative view is not lobbyists' expertise, but instead their influence over various members of Congress through personal, and possibly also financial, connections.[5]

Sorting out these two views of lobbying is important because they differ not just in their ethical implications, but also in their implications for the quality of the legislative output. With very few exceptions, mostly limited to specific congressional studies, systematic evidence has eluded both political economists and political scientists.[6] Moreover, many of the existing studies based on surveys (see Esterling, 2004, and Heinz et al., 1993) report the *lobbyists'* point of view on what lobbyists do, a potentially biased representation that we believe we improve upon. The

---

[3] http://www.alldc.org/publicresources/lobbying.cfm

[4] See Salisbury et al. (1989) for an early discussion and test based on surveys of lobbyists and Apollonio, Cain and Drutman (2008, section B), Drutman (2010) for a recent discussion.

[5] It is important to notice, however, that such a view of lobbyists does not necessarily imply (even though it could be associated with) a quid-pro-quo aspect of the lobbying process. According to the "quid-pro-quo" view, politicians either modify their electoral platform or implement policies when in office and receive in exchange valuable campaign contributions that are used more or less directly to sway voters. A large number of models with different objectives share this fundamental "quid-pro-quo" approach. A non-exhaustive list of papers that have employed this approach includes Austen-Smith (1987), Baron (1989), Baron (1994), Snyder (1990), Snyder (1991), Grossman and Helpman (1994, 1995, 1996), Dixit et al. (1997) and Besley and Coate (2001). Bombardini and Trebbi (2009) explore the interaction between monetary support and direct votes promised by interest groups but essentially maintain the quid-pro-quo approach. This strand of the literature has received a lot of attention from the empirical point of view, in particular in its application to the literature on endogenous trade policy (Goldberg and Maggi, 1999; Gawande and Bandyopadhyay, 2000, Bombardini, 2008).

[6] Early related contributions include Langbein (1986), Salisbury et al. (1989), Wright (1990), Heinz et al. (1993).

importance of better understanding what exactly lobbyists do is further motivated by the explosive growth of the federal lobbying industry over the last decade (see Appendix Table A1).

In this paper, we combine multiple data sources that help us paint a picture of the lobbying process over the last decade. This includes lobbying records as maintained by the Senate Office of Public Records (SOPR), lobbyists' campaign contribution donations from the Federal Election Commission, and biographical information for a subset of lobbyists that we collect from an online registry.

We first document basic facts about the expertise of lobbyists and connections between lobbyists and politicians. We build measures of expertise by looking at the entire set of lobbying records that are associated with a given lobbyist and evaluating how narrow or broad the range of issues a lobbyist's name is associated with is. While we cannot directly observe lobbyists' contacts with politicians, we propose to proxy for it with a count of the number of campaign contributions that lobbyists make to various politicians and Members of Congress. [7] We remain agnostic as to what these connections represent and prefer to keep the view that they proxy for any kind of contact between lobbyists and politicians. According to many scholars campaign contributions are simply a way to gain access to time-constrained politicians, "a chance to 'tell their story'" (Sabato, 1985). The presence of such access costs is compatible with an informational view of lobbying, where those groups that gain access communicate useful information to the politician. But such connections could also represent personal relationships where expertise plays no role and no information is transmitted.

We first establish some key trends in the data. In particular, we show that the steady growth in the size of the lobbying industry over the last decade has been paralleled with an also somewhat steady growth in the number of connections between lobbyists and politicians. Interestingly, the growth in lobbying has been almost exclusively driven by external lobbying, not in-house lobbying, with external lobbyists being those that maintain generally more ties to politicians (at

---

[7] Wright (1990) is among the first to report a positive correlation between lobbying contacts and campaign contributions, while Ainsworth (1993) underscores that "indeed, there is evidence that campaign contributions appear to be most useful as predictors of access (Grenzke 1989; Herndon 1982; Langbein 1986)."

least through individual campaign contributions). Furthermore, while connections to politicians appear on the rise among all types of lobbyists, the prevalence of issue expertise among lobbyists has been quite stable over the last decade.

An important facet of the current media and policy debate surrounding lobbying has centered on the revolving door between positions on the Hill and positions in lobbying. On the one hand, revolving door lobbyists could be a key source of issue expertise, and restricting the ease with which these individuals can move from offices in Congress or government to the lobbying sector may result in the loss of valuable knowledge. On the other hand, this group might be particularly powerful in influencing current lawmakers due to overlapping social networks. Contrary to the first view, we establish unambiguously that revolving door lobbyists are not those with deeper issue expertise; what distinguishes them from other lobbyists is a much higher number of connections to politicians and current lawmakers.

Simply counting the number of legislators a given lobbyist makes campaign contributions to obviously falls short of establishing that such connections play a role in the lobbying process, which would be the claim of those holding the more cynical view of what lobbyists do. Indeed, a lobbyist may give campaign contributions to a set of politicians for reasons that are purely personal, and unrelated to his or her professional activities. This is particularly true for the group of revolving door lobbyists, who must have particularly strong political preferences.

We therefore next dig deeper into understanding whether and how connections between lobbyists and politicians (through campaign contributions) matter for their job. We show that whom lobbyists make campaign contributions is systematically related to what they work on. Specifically, a lobbyist that works on, say health care-related issues is systematically more likely to be connected (through campaign contributions) to legislators whose committee assignments include health care. Lobbyists' donations are not given for purely personal reasons. The evidence rather hints at campaign contributions proxying for the lobbying activity of lobbyists, likely a tell-tale of the otherwise unobservable connection between lobbyists and congressmen.

In what we see as the main contribution of the paper we attempt to disentangle whether whom or what lobbyists know drives their activity. We find evidence that lobbyists switch issues in a

predictable way as the legislators they were previously connected to through campaign donations switch committee assignments. Hence, for example, a lobbyist that is connected to a legislator whose committee assignment includes health care in one Congress is more likely to cover defense-related issues in the next Congress if the legislator he or she is connected to is re-assigned to defense in the next Congress. In other words, part of what lobbyists do appears to be a function of whom they know, have access to and possibly can influence, rather than what they know. We however also report some evidence of lobbyists establishing connections to politicians entering a lobbyist's prior area of expertise due to a change in committee assignment. This effect is very small and confirms the role of lobbyists' connections as an exogenous driver of what issues they work on, rather than links endogenously created to facilitate the transmission of knowledge and expertise to the relevant lawmakers.

In a complementary analysis, we ask what makes lobbyists more valuable, using the dollar value attached to the lobbying reports. First, we investigate what makes hiring the lobbying team on a given report expensive and find that, while having at least an expert on the team is important, having connected lobbyists brings a larger premium. Second, to approximate the value of an individual lobbyist, we use some residual measure of the dollar value of the lobbying reports he or she is assigned to. Is the lobbyist's value coming from his or her expertise in specific technical areas? Or is it coming from the connections that the lobbyists maintain with politicians and lawmakers? This additional analysis mostly confirms that connections rather than issue expertise might be the relatively scarce resource lobbyists are bringing to the table. Finally, we check for changes in premia associated with "issue cycles", that is whether returns respond to whether an issue is becoming popular. We find no evidence that the return of a specialized lobbyist moves with the issue cycle, and it seems that most of the adjustment during a boom is through additional entry of non-specialists who start lobbying on that issue. Analogously to the issue cycle, we check for evidence of "political cycles" in the returns to lobbyists, and find an increase in the returns to lobbyists associated to a given party when that party is in a position of power.

Overall, we find a larger premium associated with connections, as opposed to expertise. This is interesting because, at first glance, the barriers to entry into establishing the type of connections

of politicians we measure in this data may seem very small: a small donation to their political campaign. This stands in contrast with the potentially large cost of acquiring technical expertise, a feature we do not find overwhelming support for. The positive premium we estimate for connected lobbyists suggest that the political contributions might be best understood as a manifestation of deeper, harder to replicate, personal ties.

Can our findings rule out that lobbyists are experts or that they convey information? The evidence points to a relatively small role played by technical expertise,[8] but is consistent with a scenario where lobbyists connected to a given politician are valuable because they have a deep knowledge of that politician's constituency,[9] and have built a relationship of trust and credibility vis a vis that politician. They could be communicating information, but their returns are seemingly more related to this complementary asset they bring to the table and not their role as intermediaries in the transmission of information.

The rest of the paper proceeds as follows. We first describe the pool of lobbyists and present some summary statistics on their professional background (Section 2). We then define our measures of expertise and connections, and discuss trends in those over the last decade (Section 3). Section 4 briefly looks into which specific asset revolving door lobbyists are particularly endowed with (issue expertise or connections). We then move to more detailed tests of whether and how connections to politicians affect what lobbyists work on (Section 5). Section 6 presents our analysis of the premia associated with issue expertise, connections and past experience on the Hill or in government offices, along with an analysis of returns over "issue cycles" and "political cycles". We conclude in Section 7.

---

[8] Incidentally, it is easy to verify that large firms like Cassidy and Associates employ very few individuals with background that points to technical training. See Table A-3.

[9] Hansen (1991) suggests that "Lawmakers operate in highly uncertain environments. They have an idea of the positions they need to take to gain reelection, but they do not know for sure. Interest groups offer to help . . . They provide political intelligence about the preferences of congressional constituents."

2. The Lobbyists

We use lobbying registration information from the Senate Office of Public Records (SOPR) to build a database of lobbyists for the period 1999 to 2008.[10] Each of the records filed with SOPR contains not only the name of the reporting firm and the name of the client firm or organization, but also the names of the individual lobbyists that were involved in this specific lobbying case. It is therefore possible to construct, starting with the lobbying records, a database that contains the names of all lobbyists that were active at the federal level over the last decade. We identify about 37,000 individual lobbyists between 1999 and 2008. The Center for Responsive Politics lists on average 13,024 unique lobbyists per year between 1998 and 2010, varying from 10,404 in 1998 to 14,873 in 2007.

The SOPR data also allows us to separate the lobbyists into two sub-groups based on whether they are in-house lobbyists (these are the cases where the registering firm is the same as the client firm in the lobbying report) or whether they work for a lobbying firm that is representing another organization (the cases where the registering firm is different from the client firm). In what follows, we refer to the former group as the "internal" (or in-house) lobbyists and to the latter group as the "external" lobbyists.[11] We can also use the SOPR data to compute, for each lobbyist*year observation: number of years of experience (with the caveat of the left-tail truncation), and number of records the lobbyist name is attached to in a given year. Furthermore,

---

[10] Data on lobbying expenditures from the Senate Office of Public Records has been previously employed in a very small number of papers, some of which utilize only a very limited subset of the available information. Ansolabehere, Snyder and Tripathi (2003) focus on the link between campaign contributions and lobbying and show that the two are correlated, consistently with a view that campaign contributions are a way for interest groups to buy access to politicians. Once access is gained lobbyists have a chance to voice the interests of their clients. The paper also shows that the pattern of campaign contributions varies according to the intensity of lobbying of a given group. Baumgertner and Leech (2001) offer a partial analysis of the distribution of lobbyists across issues, finding high concentration in some issues and very low in others. Bombardini and Trebbi (2008) study trade association lobbying in international trade, while Igan, Mishra and Tressel (2009) and Mian, Sufi and Trebbi (2010) study lobbying by home mortgage firms during the US housing market expansion.

[11] If a lobbyist ever appears as both internal and external in a given year, we arbitrarily categorize her as external in that year. When we collapse the panel data at the lobbyist level, we also categorize as external a lobbyist that appears both as internal and external in different sample years.

we can compute how many years a given lobbyist appears as active over the sample period (10 years at most).

We rely on www.lobbyists.info to obtain additional time-invariant background information about the lobbyists we identify in the lobbying records. This website, which was originally derived from the directory "Washington Representatives" and is maintained by Columbia Books & Information Services (CBIS), is the best information source we are aware of for federal lobbyists. Often included on the website are short biographies that allow us to further profile the lobbyists. In particular, we searched for specific strings in this online directory to build a set of background experience indicators, such as whether a lobbyist has "Republican" or "Democrat" associations, whether the lobbyist has "House" or "Senate" or "White House" experience, or whether the lobbyist is referred to as "Hon." (the explicit code for former members of Congress).[12] Not all lobbyists identified in the SOPR data appear on www.lobbyists.info; in practice, we found about 14,000 of the 37,000 lobbyists identified in the SOPR data in www.lobbyists.info. Maybe not surprisingly given that we downloaded the directory information in 2009, we are more successful at identifying lobbyists that were active in the later part of the sample period than lobbyists that were active at the first few years.[13] The match rate varies between the upper 30 percents at the beginning of the period to the mid 60 percents towards the end.

Table 1 summarizes the lobbyist-level data; the unit of observation is a lobbyist and all lobbyists are equally weighted to compute these summary statistics. About 40 percent of lobbyists work in-house. The average lobbyist appears in the data for about four years and has nearly two years of experience; he/she is associated with about 5 lobbying records in a typical active year. Among

---

[12] To be specific, we first downloaded the whole directory by running a blank search on the database. Second, we run a series of searches conditional on matching certain strings of text in the bio, like "senate" or "house" or "Democrat", etc. Third, we merged together every single list against the whole set of lobbyists, generating a dummy conditional on the matching being successful (i.e. you get Democrat==1 if you are in the output of that search). Prior to converging on this coding method, we run about 200 manual spot searches to check that the method was working and producing clean results.

[13] Those lobbyists that can be identified in www.lobbyists.info typically have more years of experience and are associated with more lobbying records in each active year. See Table 1.

those lobbyists that we can find in www.lobbyist.info, 97 percent have some biographical information associated with their name. Among those, about 11 percent have some association to the Republican party and about 9.5 percent to the Democratic party. A bit more than 1 percent of the lobbyists for which we could find biographical information are former members of Congress. A majority of those are ex-House Representatives, and about equal shares come from the right and left wings of the political spectrum (.6 percent and .5 percent, respectively). About 2 percent of the biographies mention some experience in the White House. There is also a large representation of former "aides" (11 percent) and individuals with experience in senators' offices (also 11 percent).[14]

Table 2 shows how lobbyists' background has changed over the years. The most dramatic change over time appears to be in the share of in-house lobbyists, which has declined from nearly 60 percent at the beginning of the sample period to less than 40 percent by the end. In fact, as can be seen in Appendix Table A1, the rapid growth in total lobbying expenses over the last decade (about a 30 percent increase) can be almost exclusively accounted for by a growth of external lobbying, which more than doubled over the sample period. In-house lobbying instead, while up in the first part of the last decade, was back down to its starting level by the end of the decade. While this is not the central topic of this paper, this does suggest that building an understanding of the recent growth of lobbying expenses should start with identifying the key drivers of the external lobbying process. In what follows, we make sure to present separate analysis for external and internal lobbying.

And indeed, external and internal lobbyists differ quite strongly in terms of their past professional experience. In particular, external lobbyists are much more likely to have political affiliations, and much more likely to have worked on the Hill prior to becoming lobbyists (either as Members of Congress themselves or as aide or counsel to those Members of Congress). In other words, lobbyists that went through the revolving door are much more likely to land jobs in professional lobbying organizations than to staff the public affairs departments of for-profit corporations or other organizations whose main business is not lobbying.

---

[14] Of course, these two groups can overlap.

Now, despite an active media coverage that might have suggested the contrary, there is no systematic evidence (at the individual lobbyist level at least) that the revolving door is more open today than it was in the past. The share of active lobbyists in 2008 that were, for example, former members of Congress, is smaller by 2008 than it was in 1999. Similarly, there are fewer (in percentage terms) active lobbyists in 2008 that have experience in the White House or experience as "aide" or in a senate office than there was in 1999. Much of the decline in the share of revolving door lobbyists appears to be concentrated in the second half of the sample period.

3. Expertise and Connections

3.A. Expertise

One of the prevailing views of what lobbyists do is that they support overly burdened legislators (and regulators) with much needed expertise on often complicated topics, and therefore provide valuable guidance in the lawmaking and rulemaking processes.[15] In this section, we construct measures of expertise (or specialization) at both the lobbyist and lobbying firm levels; we also describe trends in those measures over time.

We propose to measure the extent to which lobbyists are experts by assessing how narrow or broad the range of issues they are assigned to is. This can be done with the SOPR data. Associated with each report is a checklist of all the issues a given report is covering. (The full list of issues is reported in Appendix A1. A sample report is presented in Appendix A2.) More precisely, consider a report r at time t. The report lists a number of issues I_{rt} (where I_{rt} is bound

---

[15] Any time of information provision and research activity related to lobbying requires registration. From the Office of the Clerk, Lobbying Disclosure Act Guidance: *'Lobbying activity is defined in Section 3(7) as "lobbying contacts and efforts in support of such contacts, including . . . background work that is intended, at the time it is performed, for use in contacts, and coordination with the lobbying activities of others." If the intent of the work is to support ongoing and future lobbying, then it would fall within the definition of lobbying activities.'*

between 1 and 76 possible issues), the name of all L_{rt} lobbyists employed and the dollar amount paid for lobbying services on those issues I_{rt} at time t, V_{rt}. Let us assume that the report value is divided symmetrically across all lobbyists, so that the service of each lobbyist l in the report is valued V_{lrt}, where $V_{lrt} = \frac{V_{rt}}{L_{rt}}$. If we impute this value symmetrically to all issues, then the dollar amount for issue i and lobbyist l on report r at time t is V_{ilrt} where $V_{ilrt} = \frac{V_{lrt}}{I_{rt}}$. If lobbyist l works on R_{lt} reports then we can indicate by V_{ilt} the value of lobbying on issue i so that $V_{ilt} = \sum_{r=1}^{R_{lt}} V_{ilrt}$. Using the dollar values of each lobbying record as weights, we compute for each lobbyist l an issue-based Herfindahl Index (HHI) that measures how concentrated this lobbyist's assignments are across all active years:

$$\text{HHI}_{lt} = \sum_{i=1}^{I_{lt}} \left(\frac{V_{ilt}}{V_{lt}} \right)^2$$

where $V_{lt} = \sum_{i=1}^{I_{lt}} V_{ilt}$ and I_{lt} is the number of issues covered by lobbyist l at time t. Hence, a lobbyist whose name is attached to only one issue across all lobbying records over the last decade would be assigned an HHI of 1. As a complementary measure, we also generate a dummy variable called "specialist" that equals 1 if a lobbyist spends (in dollar terms) at least a quarter of his assignments in each active year on the same issue. We call a "generalist" a lobbyist that never spends (e.g. in no active year) more than a quarter of his assignments on the same issue.

The measures of specialization we propose are subject to both downward and upward sources of bias. First, there are typically multiple lobbyists assigned to a given lobbying report (the mean across reports is 3; the median is 2), and it is possible that not all the lobbyists whose names is listed on a report cover all the issues associated with the report. Because we do not observe when such within-report specialization occurs, we cannot account for it; this will lead us to underestimate how specialized a given lobbyist is. Second, because lobbyists typically do not work for many years in our data (the average number of active years is about 4), our proposed specialization measures may mistakenly classify as specialists those lobbyists that appear on only

a very limited number of reports or work for a very limited number of years; this will lead us to overestimate the degree of specialization.

Table 3 presents means and trends over time in the average level of expertise in the unbalanced panel of lobbyists (e.g. a panel that includes only lobbyists in the years in which they are active). All lobbyist-year observations are equally weighted in the construction of these statistics. Across all years and all lobbyists (Table 3, Panel A), our expertise measures lead us to qualify about a quarter of lobbyists as specialists and about another quarter as generalist; the average issue-based HHI in the lobbyist panel is .34. There is no monotonic trend over time in the share of specialists or the HHI measure; if anything, the share of specialists seems to have gone down in the first half of the decade and back up in the second half. Panel B replicates the same statistics but restricts the panel to the subset of lobbyists that appear in the lobbying data for at least 4 years. As we had anticipated, the share of specialists drops somewhat in this subsample (19 percent across all years, respectively); the HHI measure is basically unchanged. In this subsample, we again see no systematic trend in expertise over the sample period.

Panels C and D report means and trends in specialization for external and internal lobbyists, respectively. External lobbyists are more likely to be specialists than internal lobbyists (mean of .3 vs. .2 across all years) and less likely to be generalists (mean of .13 vs. .4 across all years). In neither of these two subsamples do we observe systematic trend in issue expertise over time.

Figure 1A displays the distribution of the share of specialists across lobbying entities for the entire sample period. Our motivation for looking at such distribution is the possibility that a subset of lobbying firms might want to differentiate by "specializing in specialization." Under this view, one might expect multiple modes when plotting the distribution of the specialist share across firms. We can easily compute this firm-level measure from the SOPR data as it links every lobbyist to the firm he or she is working for. In practice, in computing this measure, we weigh each lobbyist-firm observation by the number of records he or she was listed on across the entire sample period and restrict ourselves to the sample of organizations that employ at least two lobbyists over the entire sample period. The distribution of specialist share in professional lobbying organizations does appear bimodal, with a large mode around 0 and another much

smaller mode around 1; the distribution for in-house lobbying teams does not display any mode at 1.

3.B. Connections

In contrast with the view that lobbyists add issue expertise to the law- and rulemaking process is the view that lobbyists' main asset is their social network and, in particular, their personal relations to lawmakers. In the words of Hon. John Boehner "*many of the lobbyists who enter our offices every day to represent their clients are, for all practical purposes, complete mysteries to us. Yet for the House to function, some degree of trust is necessary. Many lobbyists are of the highest integrity and feel as much of a duty to the House as a democratic institution as they do to their clients. But there's every incentive for those with more questionable ethics to shortchange us and the House. And absent our personal, longstanding relationships, there is no way for us to tell the difference between the two.*" [16]

While investigative journalism has given us detailed accounts of relationships between legislators and lobbyists, these accounts only provide spotty pictures that cannot be generalized to the entire lobbying industry or lawmaking group. A clear difficulty in terms of painting a more complete picture is to build a systematic measure of connections. We propose to exploit information on campaign contributions lobbyists make to politicians to construct such a measure. Specifically, we search the campaign contribution records kept by the Federal Election Commission to identify all campaign contributions made by the lobbyists identified in the SOPR data. For each lobbyist, we can measure whether he or she has made at least one contribution to a campaign over the sample period; we can count a lobbyist's average number of contributions in any given Congress; and we can also tag those lobbyists that make "many" campaign contributions in any given Congress (we arbitrarily define "many" as five 5 or more).

---

[16] John Boehner: For a Majority That Matters (January 9, 2006).

One clear concern about this measure is that it may systematically miss strong connections between lobbyists and politicians, as such connections may not require campaign contributions. To build some sense of how much of a concern this is, we considered a group of 50 lobbyists with family members serving in Congress (source: Public Citizen, 2007). There is arguably no connection stronger than family ties. Were campaign contributions just a weak substitute for closer ties, we would expect to see no connections as we measure it (e.g. through political donations) between these lobbyists and their family members in Congress. In fact, we found that 30 percent of these 50 lobbyists make campaign contributions to their family members. Hence, our connection measure, while certainly noisy, will arguably correlate with strong ties. On second thought, this might be intuitive. While it is reasonable to assume that politicians certainly allow communication without payment from closely connected lobbyists, the strong ties are also the first to be pulled when politicians need funds.

Another concern about this measure could be that, while a lobbyist may be connected to a politician, it is really the client hiring the lobbyist that is paying the campaign contributions to the politician, and not the lobbyist directly. This alternative concern may be partially addressed by considering the relationship between the campaign contributions received by politicians from lobbyists and from their clients respectively. While it is particularly cumbersome to explore any possible client-lobbyist-congressman connection in the data, the Center for Responsive Politics (CRP) presents lobbyist-client clusters of donations to members of Congress between January 2007 and June 2009.[17] Clients must be members of the health care/health insurance industry and have hired at least ten outside lobbyists who display some campaign contribution to the same Congressmen as the clients contributed to. Under the view requiring clients to carry the bulk of the campaign donations relative to their lobbyists, the amount of campaign contributions received by congressmen from clients should vastly exceed the lobbyists' donations. Quite the contrary, for 52 out of 61 congressmen identified by the CRP as recipients of lobbyist-client bundles the amount of lobbyists' contributions exceeds what paid by clients. The lobbyist-client

---

[17] http://www.opensecrets.org/lobby/lm_health.php

difference is large and statistically significant with lobbyists contributing on average $14,642 more than their clients, an average relative difference of about +50.4%.

Table 4 reports means and trends for the campaign contributions measures. The unit of observation is a given lobbyist in an active year and all observations are equally weighted when computing the statistics. Across all lobbyist-year observations (Panel A), the fraction of lobbyist with at least one donation is 27 percent; about 8 percent make contributions to more than 5 politicians in the average year they are active as lobbyists. The trends analysis reveals an upward swing in both the frequency and number of donations, with maybe a bit of a slowdown in the last sample year. When we focus on lobbyists with staying power (those active in lobbying for at least 4 years between 1999 and 2008 – Panel B), the pattern of increased connectivity over time between lobbyists and politicians becomes even clearer: for example, while only about 9 percent of lobbyists active in 1999 are of the type that makes campaign contributions to 5 politicians or more in a given Congress, that fraction goes up to 13 percent by 2007/2008.

A comparison of panels C and D reveals a large difference between in-house and external lobbyists. Connections through campaign contributions are much more common among external lobbyists than among those that work in-house. For example, while we categorize about 14 percent of external lobbyists as with "many connections," less than 3 percent of in-house ones fall into this category.

Figure 1B displays the distribution of the share of lobbyists with "many connections" across lobbying entities for the entire sample period. As for Figure 1A, our motivation for looking at such distribution is the possibility that a subset of lobbying firms might want to differentiate by "specializing in connections." Under this view, one might expect multiple modes when plotting the distribution of the share of very connected lobbyists across firms.

As for Figure 1A, we compute the share of very connected lobbyists in a firm by weighing each lobbyist-firm observation by the number of records he or she was listed on across the entire sample period and we restrict ourselves to the sample of organizations that employ at least two lobbyists over the entire sample period. The distribution of the share of connected lobbyists appears to be very spread out among professional lobbying firms. There is a large mode around

0, but also two smaller modes around .5 and 1. The distribution is much more concentrated for in-house lobbying, with most in-house lobbying teams having less than half of their members being very connected.

4. Background Determinants of Expertise and Connections

Table 5 relates specialization to lobbyist's biographical information.[18] The unit of observation is a lobbyist and all lobbyists are equally weighted in these OLS regressions. We present regressions both for all lobbyists (odd columns) and for those with at least 4 years of presence in the SOPR data (even columns). The dependent variable in the first 6 columns is the "specialist" dummy; the dependent variable in the last 6 columns is the issue-based HHI. The main theme that emerges from this Table is that lobbyists with prior political experience or political affiliations are less likely to be experts. For example (column 2), lobbyists with prior association with the Republican or Democratic party are about 5 percentage points less likely to be specialists; former members of Congress are about another 3 percentage points less likely to be specialist (not statistically significant); those lobbyists with experience in some White House offices are another 6 percentage points less likely to be specialist. There is also some evidence (especially apparent with the more continuous HHI measure in Panel B) that expertise tends to be a more common asset for older lobbyists (e.g. those whose biographies go back to the 1960s and 1970s). The patterns above appear to be more systematic and more precisely estimated among external lobbyists.

In summary, the regressions in Table 5 appear to contradict the view that expertise on specific technical issues is the main asset being transferred through the revolving door between Capitol Hill or offices in the executive branch and the lobbying world. Of course, it could be other forms of expertise that this selected group of lobbyists is bringing to the table, such as some general knowledge of the law-making process. Our results do however contradict the view that revolving

---

[18] The sample here is of course smaller, e.g. limited to the subset of lobbyist we could identify in www.lobbyist.info and for whom detailed biographical data was available.

door lobbyists bring specific knowledge of complex topics such as, say, health care policy or the economics of financial markets.

Following the same format as Table 5, Table 6 relates lobbyists' contacts to politicians to their biographical information. Again, the unit of observation in this Table is a lobbyist and all lobbyists are equally weighted. While we could not link the revolving door to higher level of issue-based expertise (in fact, we found evidence for the contrary), there is unambiguous evidence that past experience on the Hill or in the White House is associated with more connections to politicians through campaign contributions. Consider the last 6 columns, where the dependent variable is a dummy variable that equals 1 if the lobbyist makes campaign contributions to at least 5 politicians in the average Congress we observe him in the lobbying records. We find (column 7) that lobbyists with associations with the Republican or Democratic parties are respectively 9 and 13 percentage points more likely to fall in this "many connections" category. Also, former members of Congress and those with some prior experience around the White House are respectively another 14 and 11 percentage points more likely to maintain many connections to politicians.

While a correlation between a lobbyist's past experience on the Hill or in the White House and his or her likelihood of making any donation to politicians exists for both internal and external lobbyists (columns 3 to 6), this correlation appears stronger for external lobbyists when it comes to making many campaign contributions (columns 9 to 12). While there is no single interpretation for this finding, it is possible that personal connections become a more central asset for revolving door lobbyists that land jobs in professional lobbying firms.

Table 7 provides some evidence on which lobbyists make campaign contributions to which politician. We perform this analysis separately by Congress and present results for the 107th and 108th Congresses. Within each Congress, we restrict ourselves to the subset of lobbyists for whom we could find background information on www.lobbyist.info and are active during that term and to the subset of politicians that are Members of Congress during that term. We then create all possible lobbyist-lawmaker pairs (by cross-matching the list of lobbyists with the list of Congressmen and women) and create a dummy variable that equals 1 if the lobbyist in a pair has

made a campaign contribution to the lawmaker in that pair, 0 otherwise. We perform the analysis both with and without lobbyist and lawmaker fixed effects. Standard errors are clustered at the lobbyist level. Maybe not surprisingly, whether a given lobbyist contributes to a given politician's campaign is systematically related to whether the lobbyist and the politician share the same political ideology. Possibly more interestingly, we will show subsequently that a lobbyist's political affiliation with the majority party and party of the president also systematically increases his or her value in terms of revenue relative to the minority party. It also appears that lobbyists with past experience in the Senate (either as a Senator or in another position in a Senate Office) are more likely to make campaign contributions to Senators. Lobbyists that worked in the House (either as House Representative or in some other functions) however do not seem to donate more to House Representatives.

5. Are Connections to Politicians Related to What Lobbyists Do?

The empirical approach we have followed so far to measure how connected a given lobbyist is has consisted in counting the number of politicians the lobbyist makes campaign contributions to. However, there is nothing in the way that we have constructed this measure that systematically establishes a link between these campaign contributions and the lobbyists' main professional activities. Lobbyists, like any other individuals, may decide to express their personal support for a political candidate by giving to their political campaign. Such personal taste would be consistent with our findings in Table 7 where lobbyists' campaign donations follow ideological lines. Yet, in this section, we show that there is more to the campaign contributions than just a private showing of political support. Whom lobbyists give to (and most likely whom lobbyists know) is systematically related to what issues they work on. In fact, we will show later in this section evidence for a much stronger result: lobbyists appear to change issues in a predictable way as the legislators they are connected to (through campaign contributions made in the past) change committee assignments.

The nature of the empirical exercise we perform in Table 8 is as follows. As in Table 7, we perform our analysis separately by Congress and present for now results for the 107th and 108th Congress. (We obtained qualitatively similar results for the other sessions of Congress covered in our sample time period). We start with the pool of all Senators and House Representatives in a given Congress. We then use committee assignment information to determine the specific lobbying issues[19] each of these Members of Congress are particularly tied to in that Congress.[20] For instance, the powerful House Appropriations committee maps into the lobbying Budget issue (BUD). As we did for Table 7, we then create a dataset that includes all possible lobbyist-legislator pairs in a given Congress by crossing the pool of active lobbyists with the pool of lawmakers. Note that because of computational constraints, we for now limit ourselves to those lobbyists that can be identified on www.lobbyists.info.[21]

For each lobbyist-legislator pair, it is possible to construct some measures of the "issue distance" between the legislator and the lobbyist in the pair. The first measure we propose simply counts the number of issues a given legislator is assigned to (given his or her committee position in that Congress), but do not appear in any of the lobbying records associated with the lobbyist during that session of Congress. We also define a dummy variable that equals 1 for a lobbyist-legislator pair if the lobbyist's records during that session of Congress cover all the issues assigned to the legislator in that Congress, 0 otherwise. Note that these distance measures could be further refined in future work by taking into account what fraction of the lobbyist's work (in dollar terms) during a given Congress is devoted to each issue.

In this sample of all possible lobbyist-legislator pairs in a given Congress, we then test whether the issue-based distance between the lobbyist and legislator in the pair is systematically smaller

---

[19] For the full list see SOPR instructions for Lobbying Disclosure files (line 11) available at http://www.senate.gov/reference/resources/pdf/LD1_Instructions.pdf

[20] Appendix A3 reports the correspondence matrix between House and Senate committees and lobbying issues. The data on committee assignments is from Stewart and Woon (2009).

[21] Non-reported tests conducted on random subsamples of all lobbyists suggest that the results we report below will be qualitatively unaffected when we extend the sample to those lobbyists that are not covered in www.lobbyists.info.

when the pair actually exists in the campaign contribution data, e.g. when the lobbyist made a campaign contribution to that legislator in any of the two years that Congress was in session.

The first four columns of Table 8 focus on the 108th Congress, the last four on the 107th Congress. Reported in each column is the estimated coefficient on a dummy variable that equals 1 if the lobbyist made a campaign contribution to the legislator, 0 otherwise. Note that all regressions include legislator fixed effects; such fixed effects are important as the distance measures we have defined may hugely vary across legislators simply based on whether they are assigned to narrowly-focused committees or committees with broader mandates. Also, standard errors are clustered at the lobbyist level.

There is systematic evidence across all Congresses that the existence of a campaign contribution connection between a lobbyist and a legislator is associated with a higher likelihood that the lobbyist and legislator work on the same issues. For example, the likelihood of a perfect issue overlap between a lobbyist and a legislator (e.g. the lobbying records associated with that lobbyist during that session of Congress cover all the issues associated with the legislator's committee) in a random pair in the 108th Congress is 11.5 percent. The likelihood increases by 3.1 percentage points, or about 25 percent if the lobbyist made a campaign contribution to that legislator (column 3, Table 9). Further controlling for whether the lobbyist and legislator share political orientation or house or senate affiliations (columns 2, 4, 6 and 8) leaves our main coefficients of interest essentially unchanged.

Hence, while various pieces of investigative journalism have already discussed cases of lobbyists making contributions to a particular politician's campaign, the evidence put forward in Table 8 suggests that these campaign contributions do not occur at random or that they are simply a reflection of the lobbyists' personal political tastes; instead, lobbyists' campaign contributions are systematically related to the lobbyists' professional engagements.

Of course, the relation we uncovered in Table 8 could mask many different mechanisms for the lobbying process. In the analysis below, we will be particularly interested in separating two

different mechanisms. Under the first mechanism, lobbyists' key asset remains their issue expertise. However, there is some friction in the communication of this expertise, maybe because of lawmakers' overburdened schedule and limited attention span. Campaign contributions are then a way to get politicians' attention; they serve as some grease in the transmission of information and expertise between lobbyists and lawmakers. Under the second mechanism, the personal connections lobbyists maintain through campaign contributions are their key asset. These personal and financial connections provide direct access to lawmakers and can be used to influence their decision-making process, even absent the communication of any specific knowledge. In Tables 10A-B-C and 11, we present a concrete attempt at parceling out these two mechanisms.

Before that, though, we take a first step towards understanding better how connections between lobbyists and politicians relate to their respective work assignments by replicating the analysis from Table 8 on various relevant subsamples of the data. Again, we report results only for the 107th and 108th Congress but have obtained qualitatively similar results for other time periods.

A few consistent patterns emerge from the heterogeneity analysis presented in Table 9. First, it appears that the correlation between issue overlap and campaign contributions is limited to the set of external lobbyists. For in-house lobbyists, we do not seem able to predict what issues they work on based on whom they make campaign contributions to. This is obviously likely related to the fact the campaign contributions by in-house lobbyists are a much rare occurrence (Table 5). It is possible though that, for in-house lobbyists, we are missing a big part of the connections to politicians as those may occur through campaign contributions directly made by the firms and organizations that employ those lobbyists, rather than by the lobbyists themselves.

Interestingly, the association between campaign contributions and issue overlap is quantitatively stronger among expert lobbyists than among non-experts, even though a statistically significant association exists for both groups. This is most in keeping with the first view of connections between lobbyists and politicians we laid out above, where connections are a complementary input in the transmission of expertise to politicians. However, this is far from a clear test. For

example, as we discussed in Table 3, expert lobbyists are also much more likely to be in-house lobbyists and it is possible that the differential patterns we observe for specialists versus non-specialists are in large part picking up on that.

There is also some evidence that the association between issue overlap and campaign contribution is somewhat stronger among the most politically experienced lobbyists, e.g. those that were at some point in the past themselves members of Congress, even though we cannot statistically reject that the estimated coefficients of interest are the same for both groups of lobbyists. It is unclear what this implies when it comes to sorting out the two different views of the lobbying process described above. Finally, we break down the sample based on the total number of connections through campaign contributions both the politicians and the lobbyists entertain. We find quantitatively similar associations between connections and issue distance across each of these subgroups.

The statistical associations we have isolated in Tables 8 and 9 imply a relationship between whom lobbyists know and what they work on. There are however many different ways to interpret such a relationship. We are particularly interested in separating two possible interpretations. The first interpretation is that what determines what a lobbyist works on is whom he or she knows: because a lobbyist knows a given politician (as proxied for by making contributions to that politician's campaign), he or she has influence on that politician and therefore is particularly effective in affecting outcomes related to the issues this politician's committee covers. In a sense, under this first interpretation, whom a lobbyist knows comes first and this determines in great part what he or she works on. A second, more benign, interpretation is that what a lobbyist knows determines which politician he or she is more likely establish some connections with. Under this second interpretation, lobbyists are defined by what they know more than who they know but need access to the relevant legislators in order to be able to efficiently communicate their knowledge.

In Table 10A-B-C, we present an empirical test of whether lobbyists "stick to" the people they know when it comes to what issues they work on. If lobbyists essentially provide companies with

access to politicians in their "circle of influence," one would expect lobbyists' job assignments to be determined by the identity of the politicians in charge, independent of the specific issues being decided upon; hence a lobbyist should "follow" a congressman that he or she knows as the congressman moves from one committee assignment to another.

To perform that test, we isolate the subset of Congressmen that switch committee assignments between Congress *t* and Congress *t+1*. We form all the possible pairs between a given Congressman and the lobbyists in our sample and create issue distance in the pair at *t* as previously defined (the number of issues that the politician works on at time *t* that are *not* covered by the lobbyist at time *t*). Because of computational constraints we cannot consider all the lobbyists in the sample, so we adopt the strategy of keeping only those that work on similar issues as the politician before the reassignment. For this group it is easier to establish whether the lobbyist follows the Congressman given a common point of "departure". We therefore keep the 1000 lobbyists (and therefore pairs) that are closest to the Congressman in terms of issue distance at time t. The data set is formed by appending 1000 pairs for each "switcher" for each Congress. Notice that there are 513 Congressman that switch assignment at some point in the period considered, so we have 513,000 pairs. For each pair we create a connection dummy variable that is one if the lobbyist and the Congressman are actually connected through campaign contributions.

We then ask in Table 10A whether the overlap of issues covered by the lobbyist and the Congressman in *t+1* can be predicted by whether the pair was connected in Congress *t*. The dependent variable is the number of issues that both lobbyist and politician work on at time *t+1*. As a control, the overlap between the lobbyist in Congress *t* and Congressman in Congress *t+1* captures the fact that the lobbyist may be already working on the issues the legislator takes up as new assignment.

In all columns of table 10A we find evidence that lobbyists follow the lawmakers that have connections with, as those lawmakers switch committee assignments. Specifically, we find a larger overlap in Congress *t+1* when the lobbyist had previously made campaign contributions to the politician in the pair. Starting from column 1 where we only include Congress fixed effects,

the results are qualitatively unchanged if we add Congressman fixed effects (column 2), controls for the lobbyist characteristics (column 3), lobbyist fixed effects (columns 6 to 8), issue distance at *t*, or if limit our analysis to the Lobbyist.Info sample (columns 4 and 5). Notice that including lobbyist fixed effects is a demanding exercise because of the low probability, due to sub-sampling, of observing the same lobbyist several times. In columns 6 to 8, the analysis based on within lobbyist variation confirms that, given a lobbyist, he is more likely to follow a politician when he is connected to him.

In Table 10B we look at possible heterogeneity of this finding across relevant subsamples of lobbyists and lawmakers. First, we see that the relationship we have uncovered only applies to external lobbyist. In other words, we cannot use whom in-house lobbyists make campaign contributions to in one Congress to predict what they will be working on in the next Congress. Moreover, the relationship between prior connections and future work assignments seem to exist only for non-specialists.

In Table 10C we repeat the analysis in the sample of freshmen, i.e. Congressmen that enter Congress at t+1. Notice that we still observe contributions during the campaign stage and therefore all variables of interest, except for issue distance at *t*, can be defined for this sample. Since we are including all lobbyists, table 10C performs the analysis separately for sets of Congresses, for computational reasons. The results are largely confirmed: as freshmen are elected and are assigned to given committees, lobbyists who gave them campaign contributions start working on the same issues (as a reminder, we are controlling for whether the lobbyist was already working on those issues).

Table 11 provides some, however weaker, evidence that connections to politicians are also endogenously created by lobbyists as new lawmakers enter their area of expertise. We again restrict the sample to the subset of lawmakers that switch committee assignments between two consecutive sessions of Congress. We again form all pairs of these politicians with every lobbyist in Congress t+1 and for computational reasons we analyze only two Congresses (106 and 107). The dependent variable is now a dummy that equals 1 if the lobbyist made at least one campaign contribution to the lawmaker in the pair in Congress *t+1*. The independent variable of

interest is a measure of issue distance between the lobbyist at *t* and the Congressman at time *t+1*. More specifically we define a 'lead' issue distance as the number of issues covered by Congressman at time *t+1* that are not covered by the lobbyist at time *t*. The question we ask is whether, as the 'lead' issue distance decreases, i.e. a politician moves at *t+1* to issues that better coincide with those already covered by the lobbyist at time *t*, the lobbyist is more likely to establish a connection with that politician. We control for whether a connection was already established at time *t* and for issue distance at time *t*. We find a significant effect of lead issue distance on connection at time t, but this effect is very small (notice that the coefficients in Table 11 are scaled up by a factor 1000 for space reasons). The coefficients in various specifications are around -0.00003 so they display the expected sign, but since the lead issue distance is at most 76, the effect on whether we observe a new connection is very small, a precisely estimated zero. The heterogeneity analysis in the remaining columns of Table 11 suggests again that the relationship we observe only extends to the pool of external lobbyists. Interestingly, the result is significant only for specialists, a fact consistent with the view that compaign contributions may also serve as "grease" in the transmission of relevant information, a fee to pay for a specialist to communicate to legislators that happen to work on their issues of interest. We believe the effect we estimate is too small for this to be the prevailing view of what these connections represent.

6. What Makes a Lobbyist Valuable?

6.A. Report-level Analysis

Our analysis so far suggests that lobbyists' personal access to lawmakers, as proxied for by the campaign contributions they make to these lawmakers, might be a consequential driver of what issues they work on, consistent with the most cynical view of lobbying that has often been portrayed in the press. Moreover, such a specialization in personal relations rather than technical issues very much characterizes those revolving door lobbyists that have been particularly demonized by activist groups and the media, and is the domain of external lobbyists who have been the source of all the growth in lobbying expenses over the last decade. However, we have also shown that personal connections do not exclusively play the role of exogenous drivers of what lobbyist work on; some of these connections also seem to be endogenous, with lobbyists

26

creating "campaign contribution" bridges to politicians that become relevant to their area of expertise due to changes in committee assignments.

A complementary approach to assess the relative importance of access versus issue expertise in the lobbying process might consist in asking how these two assets are valued. Who is paid more? Is it a lobbyist with lots of connections to politicians, or a lobbyist that masters the intricate details of health care policy or financial market reforms? Unfortunately, we do not have any information on lobbyists' income. [22] But we do observe the price tag associated with each lobbying report. It is therefore possible to assess how the characteristics of the lobbyists that are assigned to a report relate to how much was spent on that report. We perform this analysis in Table 12. Because of computational constraints and because the previous patterns we have documented are much more pronounced for external lobbyists we limit our analysis to this group.

An obvious limitation of this empirical approach is that we cannot isolate the contribution of an individual lobbyist to a given report (recall that most report have more than one lobbyist assigned to it). In Table 13, we will present an alternative approach where we try to get at individual lobbyists' value-added to a given report by estimating a vector of lobbyist fixed effects.

We first discuss the record-level analysis in Table 12. The unit of analysis is an external lobbying record, as defined in the SOPR data. The dependent variable is the logarithm of the dollar amount attached to that report $\log(V_{rt})$. All regressions reported in the Table include a vector of year dummies, a vector of dummies for report type (e.g. end-of-year report or mid-year

---

[22] Concerning payment structures: "*There are several fee structures on K Street, from annual retainers and lump sums for specific projects to monthly and even hourly rates. […]. Some firms with stellar reputations for gaining access to high levels of government charge annual fees and usually take on whatever lobby efforts, large or small, are required during the term of the contract. Sometimes, when things are heating up in Washington, clients will often drop big money to make sure that their Washington representatives have the pedal to the floor until the race is run. But it is most common to find clients paying a monthly rate. Universities, local and municipal governments, and companies that are most closely focused on the appropriations process pay fees of between $5,000 and $30,000 a month. […] Several lobbyists say prices are negotiable, depending on the length of the lobbying relationship, the intensity of the work, and the client's perceived ability to pay […]."*" [LobbySearch: The Who, When, and How Much of Hiring a Lobbyist].

report), and a vector of dummy variables for the issues that are being covered in the report. We also control non-parametrically for the number of lobbyists included on the report (with separate indicator variables for all numbers – from 1 to 62). Finally, all regressions include controls for the average tenure of the lobbyists assigned to the report, as well as the average number of active years among these lobbyists over the entire sample period and the average number of reports per lobbyist on the team per year. For ease of interpretation we construct two dummy variables. The first one equals 1 if there is at least one specialist in one of the issues covered by the report. The second dummy equals 1 if there is at least a lobbyist on the report that is connected to a politician that works on an issue in that report.

We find qualitatively similar results across all specifications. Specifically, everything else equal, we find a premium of about 3 to 5 percent for a lobbying report that has a relevant specialist, while that premium is about 8 to 9 percent for a report with a relevant connected lobbyist. Overall, having a specialist on the team comes at a premium, but having connected lobbyists commands a price twice as large.

The last column of table 12 introduces a number of characteristics of the lobbyists on the report. We find additional premia for most of the variables that describe the political background of the lobbyists on the team. Everything else equal, staffing a lobbying case exclusively with former Members of Congress increases its price by about 12 percent. Teams composed of lobbyists with Democratic and especially Republican affiliations cost more. The largest premium we observe is for lobbyists with past experience in the White House. The large estimated premia for the revolving door lobbyists even after controlling for the presence of a connected lobbyist suggest that either our measure of connections is noisy or poor at capturing the intensity or depth of lobbyist-politician relationships (which is surely the case), or that revolving door lobbyist add value to a lobbying effort through other means than "whom they know" or what technical expertise they bring to the table. One possibility is that these lobbyists are particularly valuable because of their more general knowledge of how business is done in Congress.

6.B. Lobbyist-Level Analysis

The report-level analysis above suggests interesting patterns that can be further investigated moving to an individual lobbyist analysis. As indicated above, one the difficulties with the report-level analysis is that we cannot zero in on the value added of a specific lobbyist. Hence, we can only estimate premia at the working team level. For a subset of lobbyists that can be observed working with diverse set of co-workers, though, it is possible to estimate fixed effects in the dollar amount associated with having their name attached to a lobbying report.

Specifically, we start with a dataset where the unit of observation is at lobbyist*lobbying report level. We define as the dependent variable the logarithm of the total dollar amount associated with that lobbying report $\ln(V_{rt})$ (the same dependent variable as in Table 12, $\log(V_{rt})$ is now replicated for each lobbyist in the report). We then estimate lobbyist fixed effects in a regression that also includes year dummies, a vector of indicator variable for all issues or topics, and non-parametric controls for the number of lobbyists associated with the report L_{rt} (e.g. dummies for each possible size of the lobbying team).

Intuitively, it should be clear that such lobbyist fixed effects cannot be estimated for all individuals. To fix ideas, consider a pair of lobbyists that always work together. It will be impossible to separately estimate separate fixed effects for each them. Instead, we will only be able to compute fixed effects for those lobbyists that we observe as part of changing teams across lobbying reports. Arguably, the set of lobbyists that fall into this last category and for which we can estimate a fixed effect needs not to be a random sample.

Because the estimation of such individual fixed effects (and the standard errors associated with them) is quite computationally intensive, we for now restrict the sample to external lobbyists that are active in at least 6 years over the entire sample period. Furthermore, this condition guarantees lower measurement error in the fixed effect estimates.[23]

---

[23] For estimating each fixed effect at least six observations are available. For a related discussion Besley and Preston (2007) who discuss the issue of consistency of the individual-specific fixed effects in the case of assessing bias of local authorities with small T.

Once we have computed the lobbyist's fixed effects, we can then relate them to each lobbyist's level of expertise, connections and past professional experience. We do this in Table 13, where the unit of observation is a lobbyist and the dependent variable is the estimated lobbyist fixed effect derived from the regression outlined above. We estimate median regressions, which allow us to better address outlier concerns; we also weigh each observation by the inverse of the standard error associated with the estimated fixed effect for that lobbyist/observation further accounting for noise in the estimation.

Before moving to the regression results, we discuss Figures 2 and 3, which graphically show how the distribution of lobbyist fixed effects relate to both their expertise and their level of connections. In Figure 2, we see that the distribution of fixed effects for specialists and non-specialists are almost identical. When we separate lobbyists into those with high (>.33) and low issue-based HHI, we find the distribution of fixed effects for the high HHI group to be more spread out and with more mass towards small fixed effects compared to the distribution of fixed effects for the low HHI group. Hence we observe no premium associated with issue expertise. If anything, those lobbyists that concentrate on fewer issues appear to come at a discount.

Figure 3 plots the distributions of lobbyist fixed effects for those with no political connection and those with at least one connection (top), as well as for those with 5 connections or more in any given Congress and those with less than 5 connections (bottom). In both cases, it is very clear that the distribution of fixed effects for those with some or many connections is shifted to the right compared to the distribution for those with no or few connections.

The regression analysis in Table 13 qualitatively confirms the patterns we observed in Figures 3 and 4. Issue experts do not receive any premium; if anything, a higher level of issue concentration carries a discount. [24]

---

[24] This evidence can be reconciled with the report-level results: the fixed effect analysis provides a measure of the average return to a specialist, which is revealed to be lower than for non-specialists. This is not in contrast with the fact that when they work on issues on which they are experts, specialists may receive a higher than average compensation.

In contrast, there is a positive and significant premium associated with having more political connections through campaign contributions. The premium appears to be especially large for those lobbyists that entertain many connections to politicians (7 to 9 percent). Even after controlling for connections, we still find a large premium associated with some of the political background characteristics. In particular, everything else equal, past experience in the White House increases a lobbyist fixed effect by 12 to 15 percent. The premium associated with affiliation to the Republican party is larger and more precisely estimated than the premium associated with the Democratic party. The estimated coefficient for former Member of Congress is quantitatively smaller (3 to 7 percent) and less precisely estimated here than in the report-level analysis in Table 12.

In regressions not reported here, we also tested for the possibility that expertise might only be valuable when combined with connections, a possibility that seemed in keeping with some of the patterns we observed in Table 9. We tested for this hypothesis in both the report-level analysis and the lobbyist fixed effect analysis. We did not find this interaction term to be economically or statistically significant.

6.C. Issue Cycles and Political Cycles

In this section we perform alternative exercises aimed at measuring whether premia associated to issue expertise or to connections change with, respectively, the 'issue cycle' and the 'political cycle'. More specifically in our first exercise we ask whether a lobbyist that has affiliation to a specific party sees his average return increase as this party moves to a position of power.

Figure 4 presents evidence that connections to politicians matter for lobbyists' professional activities and particularly for their average revenue. In computing those measures, we assign to each lobbyist on the report the average per lobbyist dollar amount on that report V_{rlt} and aggregate over each year. Figure 4 reports the Republican lobbyist revenue premium in percentage terms relative to a Democratic lobbyist (benchmarked at zero) based on total per-lobbyist per-year amount reported in the SOPR data. Republican lobbyists tally higher revenues during Republican Congresses and Republican administrations (up to 30% more during the first

year of Bush's second term).[25] In Appendix Table A2, we also report, by year, total lobbying expenses associated with lobbyists with a Republican affiliation and total expenses associated with lobbyists with a Democratic affiliation. We also report, by year, number of active lobbyists with Republican or Democratic affiliations. The patterns in this data match political cycles. In particular, the Republican-Democratic gaps (columns 3 and 6) appear smallest in the very first years of the sample (Democratic President) and the last few years (Democratic Congress). Hence, Republican (Democratic) lobbyists seem to be professionally more active when political power in Washington moves to the right (left).

In our second exercise we ask whether the average return to an issue-specialist increases in periods where that issue becomes more popular and spending on that issue increases overall (perhaps because a relevant piece of legislation is being discussed in Congress or at the committee level). We construct our measure of issue cycle as follows. Consider the value V_{rt} of report r at time t, and divide it by the number of issues on that report I_{rt}. This generates an average value per issue i on report r, V_{irt}. Then we sum across all the reports that contain issue i at time t, R_{it} to obtain V_{it}, the total amount spent on issue i at time t:

$$V_{it} = \sum_{r=1}^{R_{it}} V_{irt}$$

For each lobbyist l we construct a variable that captures whether the issues in which the lobbyist is an expert is expanding. Define the set of issues for which lobbyist l is a specialist as S_l and then construct a lobbyist-specific issue cycle measure C_{lt}:

$$C_{lt} = \sum_{i=1}^{S_l} V_{it}$$

---

[25] The picture also clearly emphasizes the success of the so-called K-Street Project implemented by the Republican party leadership during the first part of the 2000's. The project was a "*database intended to track party affiliation, hill experience and political giving of every lobbyist in town.*" [Confessore (2003), Welcome to the Machine, 03/07/2003, Washington Monthly] with the explicit aim of selectively assigning political access to GOP lobbyists.

In Table 14B the dependent variable is the average return for lobbyist l at time t, V_{lt}(previously defined). The results show that the average return to a lobbyist does not seem to respond to an expansion, in dollar terms, of the issues in which a lobbyist is specialized. In Table 14A we show that the adjustment during a boom is mainly in terms of non-specialists entering a given issue. More specifically the first panel shows that the total number of lobbyists working on a given issue increases when the issue expands, while the second panel shows that the share of issue-specialists declines during an issue boom, hinting to the fact that entry is primarily by non-experts. This seems to point relatively low barriers to entry in a specific issue.

In summary, assuming one takes the analysis in Tables 12 , 13 and 14B as evidence of what lobbyists' characteristics are most prized, we find weak support to the view that issue expertise is what makes a lobbyist "special." Instead, the lobbyists that appear to earn a premium are those that have connections to many politicians and to the ruling political party. At first glance, the barriers to entry in establishing connections to politicians of the type we track here appear quite low (the average donation to a campaign is just a few thousand dollars). Such low barriers to entry seem inconsistent with the view that "connected" lobbyists would maintain a sustainable comparative advantage of the magnitude we measure here. What is likely going on is that the campaign contributions are a symptom of deeper connections between lobbyists and politicians, which cannot as easily be replicated by others. In contrast, it appears that the barriers to entry into issue expertise are either indeed quite low (maybe the experts do not need to be the lobbyists themselves but can be brought in from industry or academia) or that issue expertise is really never instrumental to "winning" a lobbying case.

7. Conclusion

Our objective in this paper is to provide some guidance on what lobbyists actually do. We were motivated by two opposite views of lobbying that have been discussed both in the policy and media circles and in the academic literature[26]. The first view considers lobbyists as issue experts

---

[26] Heinz et al. (1993); Salisbury et al. (1989).

who can contribute valuable information to the law- and rule-making process; the second view considers them more as sources of access to and influence on lawmakers, because of their personal and/or financial ties to those lawmakers. The lively debate surrounding what lobbyists actually do has been made particularly relevant by the dramatic growth of the lobbying industry over the last decade and their recent prominence as actors in the policy debate during the 2008-09 crisis. There are also some direct policy implications to this debate when it comes to recent proposals and attempts to totally or partially shut the revolving door between jobs on the Hill (or in other top government offices) and jobs in lobbying. On the one hand, revolving door lobbyists might be those that have the most issue expertise due to their prior experience; on the other hand, revolving door lobbyists might be those with the most personal contacts and the most influence on lawmakers.

This paper combines some purely descriptive analysis with some more ambitious attempts to get inside the black box of the lobbying process. The main takeaway from our analysis is that a pure issue expertise view of lobbying does not fit the data well. Instead, maintaining connections to politicians appear central to what lobbyists do. Such connections however need not necessarily raise a flag about unethical or illegal practices. We do see some evidence of lobbyists' prior knowledge and expertise driving whom they decide to connect to, maybe a sign that connections are needed for efficient communication between informed lobbyists and time- and attention-constrained lawmakers. But we do also see evidence of lobbyists' job assignments being driven by whom they know rather what they know. This finding is mirrored in the returns to connections being larger than returns to expertise.

One might wonder whether, even if our results do not support an expertise view of what lobbyists do, the evidence is compatible with a scenario in which lobbyists, not experts themselves, report to politicians information produced by expert researchers working for the lobbying firm. Such view of lobbyists as mere "messengers" is, we believe, incompatible with the large fees assessed for their services. Researchers, whose role we cannot quantify,[27] may

---

[27] As we previously mentioned, an analysis of employees at a major lobbying firm (Cassidy and Associates) reveals a very limited presence of technical experts among their employees.

indeed fulfill an important function, but the price tag attached to lobbyists services suggest that they bring to the table a complementary resource, perhaps credibility or political savvy, in the transmission of information.[28] We believe the mechanism by which information and reputation combine in creating value in the services of lobbyist is intriguing and leave a detailed exploration to future work.

---

[28] Birnbaum (2005): "*Starting salaries have risen to about $300,000 a year for the best-connected aides eager to 'move downtown'[to K street in 2005] from Capitol Hill or the Bush Administration.*" [The Road to Riches Is Called K Street, 6/22/2005, The Washington Post]

References

Ainsworth, Scott (1993) "Regulating Lobbyists and Interest Group Influence" Journal of Politics, Vol. 55(1), pp. 41-56.

Apollonio, Dorie, Bruce E. Cain and Lee Drutman (2008). "Access and Lobbying: Looking Beyond the Corruption Paradigm". Hastings Constitutional Law Quarterly, Volume 36, issue 1.

Ansolabehere, S., J. Snyder, and M. Tripathi (2003). "Are PAC contributions and lobbying linked? New Evidence from the 1995 Lobby Disclosure Act". Business and Politics 4(2):131-155.

Austen-Smith, David (1987). "Interest Groups, Campaign Contributions and Probabilistic Voting." Public Choice 54(2): 123-39

Austen-Smith, David (1993). "Information and Influence: Lobbying for Agendas and Votes." American Journal of Political Science 37:799-833.

Austen-Smith, David (1994). "Strategic Transmission of Costly Information", Econometrica 62, pp. 955–963.

Austen-Smith, David (1995). "Campaign Contributions and Access." American Political Science Review 89:566-81.

Austen-Smith, David, and J.S. Banks (2002). "Costly signaling and cheap talk in models of political influence", European Journal of Political Economy 18: pp. 263–280.

Austen-Smith, David and John R. Wright (1994). "Counteractive Lobbying." American Journal of Political Science 38(1): pp. 25-44.

Austen-Smith, David and John R. Wright (1996). "Theory and Evidence for Counteractive Lobbying." American Journal of Political Science 40(2): pp. 543-564.

Baron David P. (1989) "Service-induced campaign contributions and the electoral equilibrium", Quarterly Journal of Economics 104(1), pp. 45–73

Baron, David P. (1994). "Electoral competition with informed and uninformed voters", American Political Science Review 88(1), pp. 33–47.

Baumgartner, F.R. and B. Leech (2001) " Interest Niches and Policy Bandwagons: Patterns of Interest Group Involvement in National Politics" Journal of Politics 63 (4), pp. 1191-1213.

Bennedsen, M. and S.E. Feldmann, Lobbying legislatures, Journal of Political Economy 110 (2002) (4), pp. 919–948.

Besley, Tim, and Steve Coate (2001) "Lobbying and welfare in a representative democracy", Review of Economic Studies 68, pp. 67–82.

Besley, Tim, and Ian Preston (2007) "Electoral Bias and Policy Choice: Theory and Evidence" Quarterly Journal of Economics, 122(4), pp. 1473-1510.

Bombardini, M. (2008). "Firm Heterogeneity and Lobby Participation." Journal of International Economics, 75 (2), pp.329-348

Bombardini, M. and F. Trebbi (2009) "Votes or Money? Theory and Evidence from the US Congress" mimeo University of British Columbia.

Bombardini, M. and F. Trebbi (2008) " Competition and Political Organization: Together or Alone in Lobbying for Trade Policy?" mimeo University of British Columbia.

Calvert, R.L. (1985) "The value of biased information: a rational choice model of political advice", Journal of Politics 47, pp. 530–555.

Crawford,V., and J. Sobel, "Strategic Information Transmission", Econometrica 50, pp. 1431–1451.

Dixit,A., G.M. Grossman and E. Helpman (1996) "Common agency and coordination: general theory and application to government policy making", Journal of Political Economy 105 (4), pp. 752–769.

Drutman, Lee J. (2010) "The Business of America is Lobbying: The Expansion of Corporate Political Activity and the Future of American Pluralism" PhD Thesis, Berkeley.

Gawande, K. and U. Bandyopadhyay (2000). "Is Protection for Sale? Evidence on the Grossman-Helpman Theory of Endogenous Protection." Review of Economics and Statistics 82(1): 139-52.

Goldberg, P. K. and G. Maggi (1999). "Protection for Sale: An Empirical Investigation." American Economic Review 89(5): 1135-55.

Grossman, G. M. and E. Helpman (1994). "Protection for Sale." American Economic Review 84(4): 833-50.

Grossman, G.M. and E. Helpman (1995) "Trade Wars and Trade Talks" Journal of Political Economy 103, pp. 675-708.

Grossman G.M., and E. Helpman, (1996) "Electoral competition and special interest politics", Review of Economic Studies 63 (2), pp. 265–286.

Grossman G.M. and E. Helpman, Special Interest Politics, MIT Press, Cambridge (2001).

Grenzke, J. M. (1989). "PAC's and the Congressional Supermarket: The Currency Is Complex." American Journal of Political Science 33:1-24.

Hall, Richard L., Frank W. Wayman (1990) "Buying Time: Moneyed Interests and the Mobilization of Bias in Congressional Committees" The American Political Science Review Vol. 84, No. 3, pp. 797-820

Hansen, J. M. (1991) "Gaining Access: Congress and the Farm Lobby, 1919-1981". Chicago: University of Chicago Press.

Heinz, John P., Edward O. Laumann, Robert L. Nelson, Robert H. Salisbury (1993) "The Hollow Core: Private Interests in National Policy Making" Harvard University Press

Herndon, J. F. (1982) "Access, Record and Competition as Influences on Interest Group Contributions to Congressional Campaigns." The Journal of Politics 44:996-1019.

Igan D., Mishra P., Tressel T. (2009), "A fistful of dollars: lobbying and the financial crisis", IMF WP/09/287.

McGrath, Conor, (2006) "The Ideal Lobbyists: Personal characteristics of effective lobbyists" Journal of Communication Management Vol. 10 No. 1, pp. 67-79

Mian, Atif, Amir Sufi and Francesco Trebbi (2010), "The political economy of the subprime mortgage credit expansion", NBER WP 16107.

Langbein, L. I. (1986) "Money and Access: Some Empirical Evidence." The Journal of Politics 48:1052-62.

Lohmann, S. (1995) "Information, access, and contributions: a signaling model of lobbying", Public Choice 85 (1995) (3-4), pp. 267–284.

Potters, J. and F. Van Winden (1990) "Modeling Political Pressure as Transmission of Information" European Journal of Political Economy 6, pp. 61-88

Potters, J. and F. Van Winden (1992). "Lobbying and asymmetric information" Public Choice 74(3), pp. 269-292

Salisbury, Robert H., Paul Johnson, John P. Heinz, Edward O. Laumann and Robert L. Nelson. 1989. "Who You Know versus What You Know: The Uses of Government Experience for Washington Lobbyists" American Journal of Political Science Vol. 33, No. 1, pp. 175-195

Snyder, J.M. (1990). "Campaign Contributions as Investments: The House of Representatives, 1980-1986." Journal of Political Economy 98(6): 1195-227.

Snyder, J.M. (1991) "On buying legislatures", Economics and Politics 3 (2), pp. 93–109.

Stewart, Charles III and Jonathan Woon. 2009. Congressional Committee Assignments, 103rd to 111th Congresses, 1993—2009.

Strömberg, D. (2008) "How the electoral college influences campaigns and policy: the probability of being Florida" American Economic Review 98 (3), 769-807.

Wright John R. (1990) "Contributions, Lobbying, and Committee Voting in the U.S. House of Representatives" The American Political Science Review, Vol. 84, No. 2, pp. 417-438

Appendix A1: Lobbying Report Issue List

ACC Accounting
ADV Advertising
AER Aerospace
AGR Agriculture
ALC Alcohol & Drug Abuse
ANI Animals
APP Apparel/Clothing Industry/Textiles
ART Arts/Entertainment
AUT Automotive Industry
AVI Aviation/Aircraft/ Airlines
BAN Banking
BNK Bankruptcy
BEV Beverage Industry

BUD Budget/Appropriations
CHM Chemicals/Chemical Industry
CIV Civil Rights/Civil Liberties
CAW Clean Air & Water (Quality)
CDT Commodities (Big Ticket)
COM Communications/ Broadcasting/Radio/TV
CPI Computer Industry
CSP Consumer Issues/Safety/ Protection
CON Constitution
CPT Copyright/Patent/ Trademark
DEF Defense
DOC District of Columbia
DIS Disaster Planning/Emergencies

ECN Economics/Economic Development
EDU Education
ENG Energy/Nuclear
ENV Environmental/Superfund
FAM Family Issues/Abortion/ Adoption
FIR Firearms/Guns/ Ammunition
FIN Financial Inst.s/Investments/Securities
FOO Food Industry (Safety, Labeling, etc.)
FOR Foreign Relations
FUE Fuel/Gas/Oil
GAM Gaming/Gambling/ Casino
GOV Government Issues

HCR Health Issues
HOU Housing
IMM Immigration
IND Indian/Native American Affairs
INS Insurance
LBR Labor Issues/Antitrust/ Workplace
LAW Law Enforcement/Crime/ Criminal Justice
MAN Manufacturing
MAR Marine/Maritime/ Boating/Fisheries
MIA Media (Information/ Publishing)
MED Medical/Disease Research/ Clinical Labs
MMM Medicare/Medicaid
MON Minting/Money/ Gold Standard

NAT Natural Resources
PHA Pharmacy
POS Postal
RRR Railroads
RES Real Estate/Land Use/Conservation
REL Religion
RET Retirement
ROD Roads/Highway
SCI Science/Technology
SMB Small Business
SPO Sports/Athletics
TAX Taxation/Internal Revenue Code
TEC Telecommunications

TOB Tobacco
TOR Torts
TRD Trade (Domestic & Foreign)
TRA Transportation
TOU Travel/Tourism
TRU Trucking/Shipping
URB Urban Development/ Municipalities
UNM Unemployment
UTI Utilities
VET Veterans
WAS Waste (hazard/solid/interstate/nuclear)
WEL Welfare

Appendix A2: Sample Lobbying Report

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5)   - All Filers Are Required to Complete This Page

1. Registrant Name   ☑ Organization/Lobbying Firm   ☐ Self Employed Individual

Gephardt Group, LLC

2. Address   ☐ **Check if different than previously reported**

Address1 **1101 K Street, NW 8th Floor**   Address2

City **Washington**   State **DC**   Zip Code 20005   -   Country **USA**

3. Principal place of business (if different than line 2)

City   State   Zip Code   -   Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Amanda Armistead	(202) 728-8771	amandaarmistead@gephardtgroup.com	315717-1004583

7. Client Name   ☐ *Self*   ☐ *Check if client is a state or local government or instrumentality* | **6. House ID#**
Goldman Sachs Co. | 392150010

TYPE OF REPORT   8. Year **2008**   Q1 (1/1 - 3/31) ☐   Q2 (4/1 - 6/30) ☐   Q3 (7/1-9/30) ☐   Q4 (10/1 - 12/31) ☑

9. Check if this filing amends a previously filed version of this report   ☐

10. Check if this is a Termination Report   ☐   Termination Date _____   11. No Lobbying Issue Activity   ☐

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying	13. Organizations
INCOME relating to lobbying activities for this reporting period was:	**EXPENSE** relating to lobbying activities for this reporting period were:
Less than $5,000 ☐	Less than $5,000 ☒
$5,000 or more ☑ $ **$ 70,000.00**	$5,000 or more ☒ $ _____
Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).	**14. REPORTING** Check box to indicate expense accounting method. See instructions for description of options.
	☒ **Method A.** Reporting amounts using LDA definitions only
	☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
	☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature   Filed Electronically   **Date** 01/15/2009

Printed Name and Title Amanda Armistead, Executive Assistant

v6.0.1f   Page 1 of 2

Registrant Gephardt Group, LLC   Client Name Goldman Sachs Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code   FIN   FINANCIAL INSTITUTIONS/INVESTMENTS/SECURITIES   (one per page)

16. Specific lobbying issues

TARP

17. House(s) of Congress and Federal agencies   ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Thomas	O'Donnell			☐
Richard	Gephardt			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above   ☑ Check if None

Printed Name and Title Amanda Armistead, Executive Assistant

Appendix A3: Chamber, Congressional Committee, Lobbying Issues
_____

House, Agriculture: AGR, FOO, TOB, ANI, CDT
House, Appropriations: BUD
House, Armed Services (103rd, 109-110th): AER, DEF, HOM, INT
House, National Security (104th - 108th): AER, DEF, HOM, INT
House, Banking, Finance and Urban Affairs (103rd): HOU, FIN, INS, RES, MON, BAN, BNK, URB, GAM
House, Banking and Financial Services (104th - 106th): HOU, FIN, INS, RES, TUE, BAN, BNK, URB, GAM
House, Financial Services (106th - 110th): HOU, FIN, INS, RES, WED, BAN, BNK, URB, GAM
House, Budget: BUD
House, District of Columbia (103rd): DOC
House, Education and Labor (103rd, 110th): EDU, FAM, LBR, RET, ALC, WEL, REL, ART
House, Economic and Educational Opportunities (104th): EDU, FAM, LBR, RET, ALC, WEL, REL, ART
House, Education and the Workplace (105th - 109th): EDU, FAM, LBR, RET, ALC, WEL, REL, ART
House, Energy and Commerce (103rd, 107th - 110th): ACC, CSP, ENG, TEC, FOO, FUE, ALC, MMM, MED, ENV, SPO, TRD, TOU, HCR, CAW, WAS, UTI, PHA, MAN, ADV, MIA, CPI, COM, CDT, CHM, BEV, AUT, APP
House, Commerce (104th - 106th): ACC, CSP, ENG, TEC, FOO, FUE, ALC, MMM, MED, ENV, SPO, TRD, TOU, HCR, CAW, WAS, UTI, PHA, MAN, ADV, MIA, CPI, COM, CDT, CHM, BEV, AUT, APP
House, Foreign Affairs (103rd, 110th): FOR, ECN, REL
House, International Relations (104th - 109th): FOR, ECN, REL
House, Government Operations (103rd): GOV, POS, DOC
House, Government Reform and Oversight (104th - 109th): GOV, POS, DOC
House, Oversight and Government Reform (110th): GOV, POS, DOC
House, House Administration (103rd, 109-110th): GOV
House, House Oversight (104th - 108th): GOV
House, Judiciary: LAW, CON, CPT, IMM, CIV, TOR, FIR
House, Merchant Marine and Fisheries (103rd): MAR
House, Natural Resources (103rd, 110th): MAR, NAT, IND, RES, GAM, CDT
House, Resources (104h - 109th): APR, NAT, IND, RES, GAM, CDT
House, Post Office and Civil Service (103rd): POS
House, Public Works and Transportation (103rd): MAR, RRR, ROD, TRA, TRU, DIS
House, Transportation and Infrastructure (104th - 110th): APR, RRR, ROD, TRA, TRU, DIS
House, Rules, GOV
House, Science, Space, and Technology (103rd): ENG, SCI, AER, AVI, CPI
House, Science (104th - 109th): ENG, SCI, AER, AVI, CPI
House, Science and Technology (110th): ENG, SCI, AER, AVI, CPI
House, Small Business: SMB
House, Standards of Official Conduct: GOV
House, Veterans Affairs: VET
House, Ways and Means: UNM, TRD, TAX, WEL, RET
House, Intelligence (Select): INT, HOM
House, Homeland Security (Select 107th and 108th; Standing, 109th-110th): HOM
House, Energy Independence and Global Warming (Select, 110th): ENG, FUE, CDT, CAW, ENV

House, Investigate the Voting Irregularities of August 2, 2007 (Select, 110th): GOV
Senate, Agriculture, Nutrition, and Forestry: AGR, FOO, TOB, ANI, CDT
Senate, Appropriations: BUD
Senate, Armed Services: AER, DEF, HOM, INT
Senate, Banking, Housing, and Urban Affairs: HOU, URB, INS, RES, GAM, BAN, CDT, FIN, TRD, ECN, MON, BNK, ACC
Senate, Budget: BUD
Senate, Commerce, Science, and Transportation: AVI, ADV, AER, APP, AUT, COM, CPI, CSP, MAN, MAR, MIA, RRR, ROD, SCI, TEC, SPO, PHA, TRD, TRA, TOU, TRU, CHM, BEV
Senate, Energy and Natural Resources: ENG, NAT, FUE, WAS, CDT, UTI
Senate, Environment and Public Works: ENV, DIS, CAW, ROD, ECN, WAS
Senate, Finance: UNM, TRD, TAX, WEL, RET, MMM
Senate, Foreign Relations: FOR, ECN, REL
Senate, Governmental Affairs (103rd to 108th): GOV, HOM, INT, POS
Senate, Homeland Security and Governmental Affairs (109th): GOV, HOM, INT, POS
Senate, Judiciary: LAW, CON, CPT, IMM, CIV, TOR, FIR
Senate, Labor and Human Resources (103rd to 106th): EDU, FAM, LBR, RET, ALC, WEL, REL, ART, HCR, MED
Senate, Health, Education, Labor, and Pensions (107th to 109th): EDU, FAM, LBR, RET, ALC, WEL, REL, ART, HCR, MED
Senate, Rules and Administration: GOV
Senate, Small Business (103rd to 107th): SMB
Senate, Small Business and Entrepreneurship (108th and 109th): SMB
Senate, Veterans Affairs: VET
Senate, Aging (Special): RET, HCR
Senate, Intelligence (Select): INT, HOM
Senate, Ethics (Select): GOV
Senate, Indian Affairs (Select): IND, GAM
Joint, Library: GOV
Joint, Printing: GOV
Joint, Taxation: TAX
Joint, Economic: ECN

Table 1: The Lobbyists
Summary Statistics

Variable	Obs	Mean	Std.
In-house lobbyist	36981	0.416	0.493
Number of lobbying records/year	36981	4.693	9.764
Number of active years	36981	3.898	2.880
Tenure	36981	1.709	1.606
Any biographical information on www.lobbyists.info	14006	0.971	0.168
Republican	13577	0.111	0.313
Democrat	13577	0.095	0.293
Former Member of Congress	13577	0.012	0.110
Of wich:			
Republican	13577	0.006	0.080
Democrat	13577	0.006	0.076
Senate	13577	0.003	0.057
House	13577	0.010	0.101
Past Experience in/as:			
White House	13577	0.024	0.152
Aide	13577	0.115	0.318
Clerk	13577	0.015	0.121
Counsel	13577	0.081	0.272
House (but not as house representative)	13577	0.007	0.084
Senate (but not as senator)	13577	0.108	0.309
Experience in the:			
1960s	13577	0.014	0.118
1970s	13577	0.050	0.217
1980s	13577	0.072	0.257
1990s	13577	0.085	0.279
2000s	13577	0.068	0.250

Table 2: Trends in Lobbyists' Background Characteristics

Year	In House	Republican	Democrat	Former Member of Congress	Of Which: Republican	Democrat	Senator	House Rep.	Experience in/as: White House	Aide	Clerk	Counsel	House	Senate
Sample: All														
1999	0.487	0.120	0.108	0.017	0.008	0.009	0.004	0.015	0.033	0.134	0.020	0.113	0.012	0.127
2000	0.592	0.121	0.109	0.018	0.008	0.009	0.005	0.015	0.030	0.138	0.019	0.112	0.012	0.127
2001	0.562	0.123	0.115	0.018	0.009	0.009	0.004	0.016	0.033	0.141	0.019	0.110	0.012	0.129
2002	0.560	0.124	0.112	0.019	0.010	0.009	0.004	0.016	0.033	0.140	0.016	0.106	0.010	0.128
2003	0.553	0.124	0.113	0.018	0.009	0.008	0.004	0.015	0.032	0.136	0.016	0.102	0.009	0.125
2004	0.555	0.127	0.110	0.016	0.008	0.007	0.003	0.014	0.030	0.138	0.014	0.098	0.009	0.125
2005	0.556	0.130	0.107	0.015	0.008	0.007	0.004	0.013	0.028	0.136	0.013	0.092	0.008	0.126
2006	0.423	0.126	0.104	0.014	0.007	0.006	0.004	0.012	0.027	0.130	0.013	0.089	0.009	0.121
2007	0.358	0.120	0.104	0.013	0.006	0.007	0.003	0.011	0.025	0.126	0.013	0.084	0.008	0.118
2008	0.375	0.114	0.102	0.011	0.006	0.006	0.003	0.010	0.023	0.122	0.012	0.077	0.008	0.112
Sample: External Lobbyists														
1999		0.148	0.143	0.026	0.011	0.014	0.006	0.022	0.045	0.173	0.031	0.159	0.018	0.169
2000		0.161	0.164	0.032	0.014	0.018	0.009	0.026	0.048	0.194	0.035	0.186	0.022	0.188
2001		0.162	0.169	0.034	0.016	0.017	0.008	0.028	0.053	0.188	0.034	0.177	0.021	0.184
2002		0.169	0.167	0.034	0.017	0.017	0.008	0.029	0.055	0.192	0.028	0.172	0.018	0.184
2003		0.173	0.166	0.031	0.016	0.015	0.008	0.026	0.051	0.188	0.028	0.164	0.015	0.183
2004		0.177	0.159	0.028	0.014	0.014	0.006	0.024	0.048	0.191	0.025	0.156	0.015	0.185
2005		0.186	0.151	0.026	0.013	0.013	0.007	0.022	0.044	0.187	0.023	0.144	0.014	0.185
2006		0.160	0.130	0.019	0.010	0.009	0.005	0.016	0.036	0.163	0.019	0.121	0.011	0.155
2007		0.148	0.129	0.017	0.008	0.009	0.005	0.014	0.032	0.154	0.017	0.110	0.009	0.148
2008		0.141	0.126	0.015	0.007	0.008	0.004	0.012	0.029	0.148	0.017	0.101	0.009	0.140
Sample: In-House Lobbyists														
1999		0.080	0.057	0.004	0.002	0.001	0.000	0.004	0.015	0.079	0.004	0.047	0.003	0.066
2000		0.084	0.057	0.005	0.003	0.002	0.001	0.005	0.014	0.086	0.005	0.043	0.003	0.070
2001		0.086	0.063	0.003	0.002	0.001	0.001	0.003	0.013	0.095	0.005	0.044	0.003	0.076
2002		0.079	0.058	0.004	0.002	0.001	0.001	0.003	0.012	0.088	0.004	0.041	0.003	0.072
2003		0.076	0.061	0.004	0.003	0.002	0.001	0.004	0.013	0.085	0.003	0.041	0.003	0.069
2004		0.077	0.063	0.005	0.003	0.001	0.001	0.004	0.013	0.086	0.003	0.042	0.003	0.068
2005		0.075	0.064	0.004	0.003	0.002	0.001	0.004	0.013	0.086	0.003	0.040	0.003	0.067
2006		0.070	0.061	0.005	0.002	0.002	0.001	0.004	0.012	0.076	0.002	0.037	0.005	0.063
2007		0.064	0.055	0.004	0.002	0.002	0.001	0.004	0.011	0.071	0.003	0.033	0.005	0.059
2008		0.065	0.057	0.005	0.002	0.002	0.001	0.004	0.010	0.074	0.002	0.034	0.004	0.059

Table 3: Trends in Lobbyists' Expertise

Panel A: All

Year	Specialist	Issue-Based HHI	Number of Issues of Specialization	Generalist
1999	0.25	0.34	0.34	0.32
2000	0.23	0.33	0.29	0.29
2001	0.22	0.35	0.27	0.25
2002	0.22	0.34	0.26	0.25
2003	0.23	0.35	0.28	0.24
2004	0.24	0.35	0.29	0.24
2005	0.25	0.35	0.31	0.25
2006	0.26	0.35	0.34	0.26
2007	0.28	0.35	0.37	0.27
2008	0.30	0.34	0.41	0.28
Across all years	*0.25*	*0.34*	*0.32*	*0.27*

Panel B: At Least 4 Active Years

Year	Specialist	Issue-Based HHI	Number of Issues of Specialization	Generalist
1999	0.17	0.32	0.19	0.23
2000	0.17	0.32	0.20	0.23
2001	0.18	0.33	0.21	0.23
2002	0.19	0.33	0.22	0.23
2003	0.19	0.34	0.23	0.22
2004	0.20	0.33	0.23	0.22
2005	0.20	0.33	0.24	0.22
2006	0.20	0.33	0.23	0.21
2007	0.19	0.32	0.22	0.21
2008	0.19	0.32	0.21	0.21
Across all years	*0.19*	*0.33*	*0.22*	*0.22*

Panel C: External Lobbyists

Year	Specialist	Issue-Based HHI	Number of Issues of Specialization	Generalist
1999	0.29	0.39	0.37	0.19
2000	0.29	0.43	0.34	0.09
2001	0.28	0.43	0.31	0.07
2002	0.27	0.42	0.30	0.08
2003	0.28	0.42	0.32	0.08
2004	0.28	0.42	0.32	0.07
2005	0.28	0.41	0.32	0.09
2006	0.28	0.38	0.33	0.16
2007	0.31	0.37	0.38	0.18
2008	0.32	0.37	0.41	0.21
Across all years	*0.29*	*0.40*	*0.35*	*0.13*

Panel D: In-House Lobbyists

Year	Specialist	Issue-Based HHI	Number of Issues of Specialization	Generalist
1999	0.20	0.28	0.31	0.45
2000	0.18	0.27	0.26	0.44
2001	0.18	0.28	0.24	0.39
2002	0.18	0.28	0.23	0.38
2003	0.19	0.29	0.26	0.37
2004	0.19	0.29	0.26	0.37
2005	0.22	0.30	0.31	0.38
2006	0.23	0.31	0.34	0.39
2007	0.22	0.30	0.34	0.42
2008	0.26	0.31	0.42	0.41
Across all years	*0.20*	*0.29*	*0.29*	*0.40*

.

Table 4: Trends in Lobbyists' Connections (through Campaign Contributions) to Politicians

	Panel A: All				Panel B: At Least 4 Active Years		
Year	Any	Number	Many (>=5)	Year	Any	Number	Many (>=5)
1999	0.22	1.03	0.06	1999	0.29	1.49	0.09
2000	0.22	1.05	0.06	2000	0.28	1.38	0.09
2001	0.24	1.18	0.07	2001	0.28	1.41	0.09
2002	0.24	1.18	0.07	2002	0.27	1.34	0.08
2003	0.30	1.48	0.09	2003	0.33	1.70	0.11
2004	0.29	1.44	0.09	2004	0.33	1.66	0.10
2005	0.28	1.47	0.09	2005	0.32	1.78	0.11
2006	0.27	1.46	0.09	2006	0.34	1.91	0.12
2007	0.32	1.57	0.10	2007	0.39	2.11	0.13
2008	0.29	1.40	0.09	2008	0.39	2.10	0.13
Across all years	0.27	1.34	0.08	Across all years	0.32	1.69	0.11

	Panel C: External Lobbyists				Panel D: In-House Lobbyists		
Year	Any	Number	Many (>=5)	Year	Any	Number	Many (>=5)
1999	0.30	1.64	0.10	1999	0.13	0.40	0.02
2000	0.35	1.96	0.12	2000	0.14	0.42	0.03
2001	0.36	2.14	0.14	2001	0.15	0.44	0.02
2002	0.36	2.10	0.13	2002	0.15	0.45	0.02
2003	0.44	2.63	0.17	2003	0.19	0.55	0.03
2004	0.43	2.58	0.17	2004	0.19	0.52	0.03
2005	0.42	2.70	0.17	2005	0.16	0.49	0.03
2006	0.37	2.21	0.14	2006	0.15	0.43	0.02
2007	0.39	2.16	0.14	2007	0.19	0.51	0.03
2008	0.35	1.96	0.12	2008	0.18	0.46	0.02
Across all years	0.37	2.19	0.14	Across all years	0.16	0.47	0.03

Table 5: Determinants of Lobbyists' Expertise

	Dependent Variable: Specialist (Y=1)						Dependent Variable: Issue-Based HHI					
Sample:	All		External		In-House		All		External		In-House	
Restrict to at Least 4 Active Years?	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Former Memb of Congress	-0.02	-0.03	-0.06	-0.05	0.37	0.21	-0.01	-0.04	-0.03	-0.06	0.15	0.19
	[0.039]	[0.039]	[0.042]	[0.041]	[0.128]**	[0.141]	[0.028]	[0.030]	[0.029]	[0.031]	[0.093]	[0.112]
Republican	-0.04	-0.04	-0.04	-0.04	-0.04	-0.05	-0.06	-0.08	-0.08	-0.10	-0.04	-0.05
	[0.016]*	[0.017]*	[0.018]*	[0.018]*	[0.036]	[0.044]	[0.011]**	[0.013]**	[0.013]**	[0.013]**	[0.026]	[0.035]
Democrat	-0.05	-0.06	-0.06	-0.06	-0.02	-0.06	-0.07	-0.08	-0.09	-0.09	-0.03	-0.07
	[0.017]**	[0.018]**	[0.019]**	[0.019]**	[0.042]	[0.050]	[0.012]**	[0.013]**	[0.013]**	[0.014]**	[0.030]	[0.040]
Experience in/as:												
House (not rep)	0.02	0.08	0.02	0.07	0.01	0.27	0.02	0.05	0.02	0.03	-0.02	0.18
	[0.047]	[0.046]	[0.051]	[0.048]	[0.135]	[0.178]	[0.034]	[0.035]	[0.036]	[0.036]	[0.098]	[0.141]
Senate (not senator)	-0.01	0.03	0.00	0.03	-0.04	-0.01	-0.02	-0.01	-0.02	-0.01	-0.03	-0.03
	[0.016]	[0.016]	[0.017]	[0.017]*	[0.037]	[0.045]	[0.011]	[0.012]	[0.012]	[0.013]	[0.027]	[0.036]
White House	-0.08	-0.06	-0.09	-0.07	-0.05	0.06	-0.04	-0.04	-0.05	-0.05	-0.05	0.02
	[0.027]**	[0.026]*	[0.028]**	[0.027]*	[0.079]	[0.091]	[0.019]*	[0.020]	[0.020]*	[0.020]*	[0.057]	[0.072]
Aide	0.00	0.03	-0.01	0.03	0.03	0.02	-0.02	0.00	-0.03	0.00	0.03	0.01
	[0.016]	[0.016]	[0.018]	[0.017]	[0.038]	[0.045]	[0.011]	[0.012]	[0.012]**	[0.013]	[0.028]	[0.035]
Clerk	0.05	-0.02	0.05	-0.02	-0.03	-0.06	0.05	0.04	0.04	0.03	-0.04	-0.11
	[0.033]	[0.038]	[0.035]	[0.039]	[0.126]	[0.179]	[0.024]*	[0.029]	[0.024]	[0.029]	[0.092]	[0.141]
Counsel	-0.02	0.00	-0.04	0.00	0.02	-0.02	0.02	0.02	0.01	0.02	-0.01	-0.04
	[0.016]	[0.016]	[0.017]*	[0.017]	[0.043]	[0.051]	[0.011]	[0.012]	[0.012]	[0.013]	[0.032]	[0.040]
Experience in:												
1960s	0.06	0.07	0.06	0.06	0.03	0.10	0.08	0.08	0.07	0.07	0.12	0.07
	[0.036]	[0.035]*	[0.038]	[0.036]	[0.122]	[0.144]	[0.026]**	[0.026]**	[0.027]**	[0.027]**	[0.089]	[0.113]
1970s	-0.02	0.02	-0.02	0.02	-0.04	0.00	0.03	0.04	0.04	0.04	-0.08	-0.06
	[0.021]	[0.020]	[0.022]	[0.021]	[0.066]	[0.072]	[0.015]*	[0.015]*	[0.016]*	[0.016]**	[0.048]	[0.057]
1980s	-0.03	0.00	-0.03	-0.01	-0.02	0.03	0.01	0.01	0.00	0.01	0.00	0.02
	[0.018]	[0.017]	[0.019]	[0.018]	[0.055]	[0.059]	[0.013]	[0.013]	[0.013]	[0.014]	[0.040]	[0.046]
1990s	-0.02	0.02	-0.03	0.02	0.01	0.04	-0.01	0.00	-0.02	0.00	0.01	0.03
	[0.018]	[0.018]	[0.020]	[0.019]	[0.051]	[0.059]	[0.013]	[0.014]	[0.014]	[0.015]	[0.037]	[0.047]
2000s	0.04	-0.02	0.06	-0.02	-0.04	-0.10	0.00	-0.02	0.00	-0.02	0.00	-0.02
	[0.019]*	[0.021]	[0.021]**	[0.022]	[0.049]	[0.060]	[0.014]	[0.016]	[0.015]	[0.016]	[0.036]	[0.047]
Observations	14006	8217	9547	5961	4459	2256	14006	8217	9547	5961	4459	2256
R-squared	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.02	0.03	0.03	0.00	0.01

The regressions also include an "experience" dummy.

Standard errors in brackets

* significant at 5%; ** significant at 1%

Table 6: Determinants of Lobbyists' Connections to Politicians (through Campaign Contributions)

	Dependent Variable: Any Connection? (Y=1)						Dependent Variable: Many (>=5) Connections? (Y=1)					
Sample:	*All*		*External*		*In-House*		*All*		*External*		*In-House*	
Restrict to at Least 4 Active Years?	*No*	*Yes*	*No*	*Yes*	*No*	*Yes*	*No*	*Yes*	*No*	*Yes*	*No*	*Yes*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Former Memb of Congress	0.12	0.10	0.10	0.09	0.15	0.07	0.14	0.13	0.13	0.13	0.16	0.05
	[0.041]**	[0.048]*	[0.043]*	[0.048]	[0.124]	[0.174]	[0.024]**	[0.032]**	[0.029]**	[0.038]**	[0.037]**	[0.051]
Republican	0.15	0.14	0.12	0.11	0.17	0.13	0.09	0.10	0.09	0.11	0.04	0.04
	[0.016]**	[0.020]**	[0.018]**	[0.021]**	[0.035]**	[0.054]*	[0.010]**	[0.014]**	[0.012]**	[0.017]**	[0.010]**	[0.016]*
Democrat	0.18	0.18	0.18	0.16	0.10	0.15	0.13	0.16	0.15	0.17	0.01	0.01
	[0.018]**	[0.021]**	[0.019]**	[0.022]**	[0.040]*	[0.062]*	[0.010]**	[0.014]**	[0.013]**	[0.017]**	[0.012]	[0.018]
Experience in/as:												
House (not rep)	0.10	0.08	0.10	0.05	-0.10	-0.10	0.08	0.08	0.08	0.07	-0.02	-0.03
	[0.049]*	[0.056]	[0.052]	[0.056]	[0.131]	[0.219]	[0.029]**	[0.038]*	[0.035]*	[0.044]	[0.039]	[0.064]
Senate (not senator)	0.09	0.08	0.08	0.07	0.07	0.13	0.05	0.05	0.05	0.05	-0.01	0.00
	[0.016]**	[0.020]**	[0.018]**	[0.020]**	[0.036]*	[0.056]*	[0.009]**	[0.013]**	[0.012]**	[0.016]**	[0.011]	[0.016]
White House	0.18	0.17	0.15	0.13	0.22	0.25	0.11	0.11	0.10	0.11	0.07	0.03
	[0.028]**	[0.031]**	[0.030]**	[0.032]**	[0.076]**	[0.112]*	[0.016]**	[0.021]**	[0.020]**	[0.025]**	[0.023]**	[0.033]
Aide	0.03	0.02	0.04	0.03	-0.03	-0.08	-0.01	-0.01	-0.01	-0.01	0.00	-0.01
	[0.016]*	[0.020]	[0.018]*	[0.021]	[0.037]	[0.055]	[0.010]	[0.013]	[0.012]	[0.016]	[0.011]	[0.016]
Clerk	0.05	0.04	0.02	0.01	0.05	0.03	0.00	0.00	-0.01	-0.02	-0.01	0.00
	[0.034]	[0.046]	[0.036]	[0.046]	[0.123]	[0.220]	[0.020]	[0.031]	[0.024]	[0.036]	[0.036]	[0.064]
Counsel	0.12	0.10	0.09	0.07	0.11	0.09	0.03	0.03	0.02	0.02	0.00	0.00
	[0.016]**	[0.020]**	[0.018]**	[0.020]**	[0.042]*	[0.063]	[0.010]**	[0.013]*	[0.012]	[0.016]	[0.012]	[0.018]
Experience in:												
1960s	0.06	0.05	0.05	0.05	0.10	0.02	0.08	0.10	0.08	0.10	0.05	0.06
	[0.037]	[0.042]	[0.039]	[0.043]	[0.118]	[0.177]	[0.022]**	[0.028]**	[0.026]**	[0.033]**	[0.035]	[0.052]
1970s	0.11	0.11	0.10	0.10	0.03	0.08	0.04	0.03	0.03	0.03	-0.02	-0.02
	[0.022]**	[0.025]**	[0.023]**	[0.025]**	[0.064]	[0.089]	[0.013]**	[0.016]	[0.015]*	[0.019]	[0.019]	[0.026]
1980s	0.12	0.09	0.10	0.07	0.06	0.07	0.06	0.05	0.05	0.04	-0.02	-0.01
	[0.018]**	[0.021]**	[0.020]**	[0.022]**	[0.053]	[0.072]	[0.011]**	[0.014]**	[0.013]**	[0.017]*	[0.016]	[0.021]
1990s	0.10	0.08	0.09	0.07	0.09	0.07	0.04	0.03	0.04	0.03	0.01	-0.01
	[0.019]**	[0.022]**	[0.020]**	[0.023]**	[0.050]	[0.073]	[0.011]**	[0.015]*	[0.014]*	[0.018]	[0.015]	[0.021]
2000s	-0.05	-0.04	-0.04	-0.03	-0.07	-0.07	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01
	[0.020]*	[0.025]	[0.022]*	[0.026]	[0.047]	[0.074]	[0.012]	[0.017]	[0.015]	[0.020]	[0.014]	[0.022]
Observations	14006	8217	9547	5961	4459	2256	14006	8217	9547	5961	4459	2256
R-squared	0.09	0.08	0.08	0.07	0.03	0.02	0.07	0.08	0.07	0.07	0.02	0.01

The regressions also include an experience dummy.

Standard errors in brackets

* significant at 5%; ** significant at 1%

Table 7: Who Makes Campaign Contributions to Whom?
The Role of Party and House/Senate Links

Dependent Variable: Lobbyist Makes at Least One Campaign Contribution to that Legislator in that Congress

Congress:	108th			107th		
	(1)	(2)	(3)	(4)	(5)	(6)
Republican Congressman	-0.001		-0.001	0.000		0.000
	[0.000]**		[0.000]**	[0.000]		[0.000]
Republican Lobbyist	-0.002	-0.002	-0.006	-0.002	-0.002	
	[0.000]**	[0.000]**	[0.000]**	[0.000]**	[0.000]**	
Republican Congressman*Republican Lobbyist	0.008	0.008	0.008	0.007	0.007	0.007
	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**
Democratic Lobbyist	0.011	0.011		0.008	0.008	
	[0.001]**	[0.001]**		[0.001]**	[0.001]**	
Republican Congressman*Democratic Lobbyist	-0.011	-0.011	-0.011	-0.009	-0.009	-0.009
	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**
Senator	0.004		0.004	0.002		0.002
	[0.000]**		[0.000]**	[0.000]**		[0.000]**
Lobbyist Has Senate Experience	0.000	0.000		0.000	0.000	
	[0.000]	[0.000]		[0.000]	[0.000]	
Lobbyist Has House Experience	0.006	0.006		0.006	0.006	
	[0.002]**	[0.002]**		[0.002]**	[0.002]**	
Senator*Lobbyist Has Senate Experience	0.010	0.010	0.010	0.009	0.009	0.009
	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.001]**
House Representative*Lobbyist Has House Experience	-0.004	-0.004	-0.004	-0.003	-0.003	-0.003
	[0.001]*	[0.001]*	[0.001]*	[0.002]	[0.002]	[0.002]
Congressman Fixed Effects?	No	Yes	No	No	Yes	No
Lobbyist Fixed Effects?	No	No	Yes	No	No	Yes
Observations	4698980	4698980	4698980	4093912	4093912	4093912
R-squared	0.00	0.02	0.02	0.00	0.01	0.02

Standard errors are clustered at the lobbyist level.
* significant at 5%; ** significant at 1%

Table 8: Do Connections through Campaign Contributions Predict Overlapping Issues between Lobbyists and Congressmen?

Congress	108th				107th			
	Number of Issues the Congressman is Assigned that are not Covered by the Lobbyist		Lobbyist Works on All the Issues Assigned to the Congressman (Y=1)		Number of Issues the Congressman is Assigned that are not Covered by the Lobbyist		Lobbyist Works on All the Issues Assigned to the Congressman (Y=1)	
Dependent Variable:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lobbyist made at least one campaign contribution to that Congressman in that Congress? (Y=1)	-1.053	-0.901	0.031	0.028	-1.175	-1.016	0.026	0.023
	[0.056]**	[0.052]**	[0.002]**	[0.002]**	[0.070]**	[0.065]**	[0.003]**	[0.003]**
Republican Lobbyist		-0.580		0.014		-0.523		0.011
		[0.053]**		[0.002]**		[0.060]**		[0.002]**
Republican Congressman*Republican Lobbyist		-0.032		0.001		-0.019		0.002
		[0.003]**		[0.000]**		[0.003]**		[0.000]**
Democratic Lobbyist		-0.463		0.014		-0.515		0.012
		[0.054]**		[0.002]**		[0.064]**		[0.002]**
Republican Congressman*Democratic Lobbyist		-0.043		0.001		-0.036		0.002
		[0.004]**		[0.000]**		[0.003]**		[0.000]**
Lobbyist Has Senate Experience		-0.040		0.003		-0.081		0.003
		[0.050]		[0.002]		[0.058]		[0.002]
Senator*Lobbyist has Senate Experience		-0.294		-0.013		-0.321		-0.012
		[0.033]**		[0.002]**		[0.038]**		[0.002]**
Lobbyist Has House Experience		-0.266		-0.008		-0.222		-0.008
		[0.169]		[0.001]**		[0.175]		[0.001]**
House Representative*Lobbyist has House Experience		0.255		0.009		0.238		0.011
		[0.076]**		[0.005]*		[0.079]**		[0.004]**
Congressman F.E.s?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	11.263	11.401	0.115	0.112	10.746	10.905	0.142	0.139
	[0.013]**	[0.014]**	[0.001]**	[0.001]**	[0.015]**	[0.015]**	[0.001]**	[0.001]**
Observations	4707040	4698980	4707040	4698980	4114246	4093912	4114246	4093912
R-squared	0.96	0.96	0.76	0.76	0.96	0.96	0.81	0.81

Standard errors are clustered at the lobbyist level.

* significant at 5%; ** significant at 1%

Table 9: Do Connections through Campaign Contributions Predict Overlapping Issues between Lobbyists and Congressmen?
Heterogeneity of Effect Across Lobbyists and Congressmen

Dependent Variable: Lobbyist Works on All the Issues Assigned to the Congressman (Y=1)

	108th Congress									
Sample:	Lobbyist is a Former Member of Congress?		External Lobbyist?		Lobbyist is a Specialist?		Congressman is connected to at least 40 Lobbyists?		Lobbyist is Connected to at least 5 Members of Congress?	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Lobbyist made at least one campaign contribution to that Congressman in that Congress? (Y=1)	0.037	0.031	0.038	0.005	0.059	0.024	0.032	0.029	0.019	0.016
	[0.009]**	[0.002]**	[0.003]**	[0.003]	[0.006]**	[0.002]**	[0.003]**	[0.003]**	[0.002]**	[0.003]**
Congressman F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	76504	4630536	2383304	2E+06	1149896	3557144	830180	3876860	634808	4072232
R-squared	0.75	0.76	0.76	0.76	0.8	0.76	0.52	0.8	0.77	0.76
	107th Congress									
Sample:	Lobbyist is a Former Member of Congress?		External Lobbyist?		Lobbyist is a Specialist?		Congressman is connected to at least 40 Lobbyists?		Lobbyist is Connected to at least 5 Members of Congress?	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Lobbyist made at least one campaign contribution to that Congressman in that Congress? (Y=1)	0.035	0.025	0.031	0.006	0.054	0.018	0.025	0.027	0.013	0.013
	[0.009]**	[0.003]**	[0.003]**	[0.004]	[0.007]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**
Congressman F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	76482	4037764	2100827	2E+06	960881	3153365	521906	3592340	477102	3637144
R-squared	0.81	0.81	0.81	0.81	0.84	0.81	0.7	0.83	0.81	0.81

Standard errors are clustered at the lobbyist level.

* significant at 5%; ** significant at 1%

Table 10a: Do Lobbyists Follow Politicians They Are Connected to as Those Politicians Switch Committee Assignments?

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent Variable: Number of the new issues for the legislator in Congress (t+1) that the Lobbyists covers in Congress (t+1)								
Lobbyists made at least one campaign contribution to that Congressman in Congress *t* ? (Y=1)	0.364 [0.045]**	0.35 [0.045]**	0.127 [0.041]**	0.179 [0.044]**	0.166 [0.043]**	0.103 [0.032]**	0.104 [0.032]**	0.32 [0.058]**
Number of the new issues for the legislator in Congress (*t+1*) that the Lobbyist is already covering in Congress (*t*)	0.64 [0.009]**	0.6 [0.011]**	0.587 [0.011]**	0.673 [0.013]**	0.672 [0.013]**	0.637 [0.008]**	0.637 [0.008]**	
Specialist			-0.246 [0.033]**	-0.24 [0.054]**	-0.229 [0.054]**			
Internal			0.06 [0.021]**	-0.016 [0.025]	0.039 [0.028]			
Number of active congresses			0.212 [0.007]**					
Average Lobbyist Revenue			0.00001 [0.000]**					
Issue distance in Congress *t*							-0.001 [0.0001]**	
Lobbyist is Former Congressman					0.136 [0.083]			
Interactions Party Affiliat. * Party in Power (Full Set)	No	No	No	No	Yes	No	No	No
Congress F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lobbyist F.E.s	No	No	No	No	No	Yes	Yes	Yes
Congressman F.E.s	No	Yes	Yes	Yes	Yes	No	No	No
Lobbyists.Info Sample	No	No	No	Yes	Yes	No	No	No
Constant	0.021 [0.018]	0.134 [0.020]**	-0.693 [0.036]**	0.2 [0.031]**	0.136 [0.034]**	0.522 [0.027]**	0.531 [0.028]**	1.879 [0.019]**
Observations	513000	513000	513000	273748	273157	513000	513000	513000
R-squared	0.57	0.58	0.6	0.68	0.68	0.67	0.67	0.18

Sample is restricted to Congressmen that switch committee assignments between two consecutive Congresses.

Standard errors are clustered at the lobbyist level.

* significant at 5%; ** significant at 1%

Table 10b: Heterogeneity in Following Connected Politicians.

Dependent Variable: Number of the new issues for the legislator in Congress (t+1) that the Lobbyists covers in Congress (t+1)

Sample:	Lobbyist is a Specialist?		External Lobbyist?		Congressman is connected to at least 40 Lobbyists?		Congressman is a Senator?		Congressman moves into fewer than 20 new issues?	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Lobbyists made at least one campaign contribution to that Congressman in Congress *t* ? (Y=1)	0.053	0.102	0.097	0.166	0.113	0.014	0.095	0.121	0.094	0.006
	[0.101]	[0.034]**	[0.033]**	[0.105]	[0.038]**	[0.054]	[0.043]*	[0.043]**	[0.022]**	[0.179]
Number of the new issues for the legislator in Congress (*t+1*) that the Lobbyist is already covering in Congress (*t*)	0.49	0.648	0.634	0.644	0.641	0.632	0.623	0.641	0.602	0.27
	[0.038]**	[0.008]**	[0.011]**	[0.012]**	[0.008]**	[0.009]**	[0.010]**	[0.008]**	[0.007]**	[0.019]**
Issue distance in Congress *t*	-0.002	-0.001	-0.001	-0.001	-0.003	-0.001	-0.003	0	0.001	-0.038
	[0.002]	[0.000]**	[0.001]	[0.000]	[0.000]**	[0.001]	[0.001]**	[0.001]	[0.000]**	[0.004]**
Congress F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lobbyist F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.507	0.534	0.522	0.544	0.513	0.567	0.605	0.5	0.422	4.662
	[0.099]**	[0.030]**	[0.042]**	[0.035]**	[0.029]**	[0.030]**	[0.034]**	[0.028]**	[0.017]**	[0.165]**
Observations	40606	472394	264598	248402	267000	246000	120000	393000	461000	52000
R-squared	0.6	0.68	0.68	0.67	0.68	0.68	0.68	0.68	0.63	0.79

Sample is restricted to Congressmen that switch committee assignments between two consecutive Congresses.

Standard errors are clustered at the lobbyist level.

* significant at 5%; ** significant at 1%

Table 10c: Do Lobbyists Follow Freshmen They Are Connected to as Those Politicians Are Elected and Gain Committee Assignments?

Dependent Variable: Number of initial issues for the legislator in Congress (t+1) that the Lobbyists covers in Congress (t+1)

	Congresses 106-107				Congresses 108-109			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lobbyists made at least one campaign contribution to that Congressman in Congress *t* ? (Y=1)	0.554	0.333	0.32	0.298	0.419	0.23	0.16	0.096
	[0.045]**	[0.042]**	[0.054]**	[0.030]**	[0.034]**	[0.033]**	[0.036]**	[0.025]**
Number of initial issues for the legislator in Congress (*t+1*) that the Lobbyist is already covering in Congress (*t*)	0.612	0.553	0.635	0.497	0.676	0.631	0.749	0.536
	[0.006]**	[0.006]**	[0.009]**	[0.006]**	[0.006]**	[0.006]**	[0.007]**	[0.004]**
Specialist		-0.186	-0.31			-0.096	-0.215	
		[0.009]**	[0.015]**			[0.007]**	[0.010]**	
Internal		0.021	0.012			-0.121	-0.051	
		[0.010]*	[0.016]			[0.008]**	[0.011]**	
Number of active congresses		0.172				0.141		
		[0.003]**				[0.003]**		
Average Lobbyist Revenue		0.0001				0.0001		
		[0.000]**				[0.000]*		
Lobbyist is Former Congressman			0.044				-0.028	
			[0.088]				[0.054]	
Interactions Party Affiliat. * Party in Power (Full Set)	No	No	Yes	No	No	No	Yes	No
Congress F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lobbyist F.E.s	No	No	No	Yes	No	No	No	Yes
Congressman F.E.s	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Constant	0.218	-0.317	0.403	0.472	0.227	-0.236	0.335	0.476
	[0.008]**	[0.012]**	[0.014]**	[0.010]**	[0.006]**	[0.012]**	[0.010]**	[0.008]**
Observations	1909440	1909440	777445	1909440	1924520	1924520	1005648	1924520
R-squared	0.43	0.48	0.51	0.67	0.47	0.5	0.57	0.7

Sample is restricted to 106 and 107 Congresses and 108 and 109 separately for computational reasons.

Standard errors are clustered at the lobbyist level.

* significant at 5%; ** significant at 1%

Table 11: Do Lobbyists Establish Connections (though Campaign Contributions) to Politicians as the Politicians are Assigned to the Lobbyists' Area of Expertise?

Dependent Variable:						Lobbyist made at least one campaign contribution to the Congressman in Congress (t+1) (Y=1)					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				Lobbyist is a Specialist?		External Lobbyist?		Lobbyist is a Former Member of Congress?		Congressman is connected to at least 40 Lobbyists?	
Sample:	All	All	All								
				Yes	No	Yes	No	Yes	No	Yes	No
Issue distance between the politician in Congress (t+1) and lobbyist in Congress (*t*)	-0.0236	-0.2547	-0.0099	-0.0305	-0.0003	-0.0232	0.0020	0.0643	-0.0250	-0.0253	0.0027
	[0.005]**	[0.039]**	[0.005]	[0.010]**	[0.006]	[0.010]*	[0.005]	[0.090]	[0.012]*	[0.008]**	[0.005]
Lobbyist made at least one campaign contribution to that Congressman in Congress (t)? (Y=1)	0.27	0.27	0.26	0.29	0.25	0.26	0.25	0.25	0.27	0.25	0.27
	[0.011]**	[0.011]**	[0.011]**	[0.021]**	[0.013]**	[0.013]**	[0.022]**	[0.056]**	[0.014]**	[0.012]**	[0.021]**
Issue distance in Congress *t*	0.0171	-0.2364	0.0300	0.0422	0.0245	0.0546	0.0085	-0.0993	0.0510	0.0372	-0.0049
	[0.006]**	[0.029]**	[0.006]**	[0.011]**	[0.007]**	[0.012]**	[0.005]	[0.119]	[0.013]**	[0.009]**	[0.007]
Congress F.E.s	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Congressmen F.E.s	No	Yes	No	No	No	No	No	No	No	No	No
Lobbyist F.E.s	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1379724	1379724	1379724	404064	975660	641286	738438	13386	555588	774845	604879
R-squared	0.06	0.06	0.07	0.09	0.07	0.08	0.06	0.10	0.07	0.08	0.09

Sample is restricted to Congressmen that switch committee assignments between 106-107 Congresses.

Standard errors are clustered at the lobbyist level. Coefficients and s.e. for all distance measures are (x1000).

* significant at 5%; ** significant at 1%

Table 12: Valuing Expertise and Connections - Lobbying Report Analysis
External Lobbying Only

Dependent Variable: Log (Amount)			
	(1)	(2)	(3)
At Least One Specialist Matching an Issue	**0.033**	**0.038**	**0.055**
	[0.004]**	**[0.004]****	**[0.004]****
At Least One Connection to a Politician Covering an Issue	**0.08**	**0.095**	**0.086**
	[0.004]**	**[0.004]****	**[0.004]****
Average Tenure	0.001	-0.009	-0.008
	[0.002]	[0.002]**	[0.002]**
Average Number of Active Years	0.008	0.022	0.024
	[0.001]**	[0.002]**	[0.002]**
Average Number of Reports Per Lobbyist	-0.001	-0.002	-0.002
	[0.000]**	[0.000]**	[0.000]**
Share Former Member of Congress			0.119
			[0.013]**
Share Republicans			0.08
			[0.006]**
Share Democrats			0.047
			[0.007]**
Share with Experience in/as:			
House (but not as house representatives)			0.028
			[0.016]
Senate (but not as Senators)			-0.009
			[0.006]
White House			0.215
			[0.010]**
Aides			-0.011
			[0.006]
Clerks			0.034
			[0.015]*
Counsels			0.078
			[0.006]**
Any Distinctive Experience			-0.092
			[0.020]**
Fixed Effects for:			
Number of Lobbyists Included on the Report	Yes	Yes	Yes
Report Type	Yes	Yes	Yes
Issues covered by the report	Yes	Yes	Yes
Year of Report	Yes	Yes	Yes
Observations	191240	168497	168497
R-squared	0.25	0.25	0.26

Clustered standard errors in brackets

* significant at 5%; ** significant at 1%

Also included are dummies for lobbyists' experience in the 1960s, 1970s, 1980s, 1990s and 2000s.

Any dinstinctive experience indicates share of lobbyists with any experience field reported in the Lobbyists.info records.

Table 13: Valuing Expertise and Connections - Lobbyist-Level Analysis
External Lobbyists with at least 6 Years of Active Experience Only

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
					Dependent Variable: Lobbyist's Estimated Fixed Effect							
Issue-Based HHI	-0.232	-0.226	-0.215	-0.229	-0.217	-0.212						
	[0.026]**	[0.028]**	[0.028]**	[0.022]**	[0.025]**	[0.027]**						
Specialist							-0.012	-0.014	0.001	-0.019	-0.026	-0.003
							[0.017]	[0.019]	[0.019]	[0.017]	[0.020]	[0.020]
At Least One Connection	0.072	0.031	0.019				0.095	0.064	0.039			
	[0.017]**	[0.019]	[0.019]				[0.016]**	[0.019]**	[0.020]*			
At Least Five Connections				0.076	0.072	0.058				0.098	0.094	0.067
				[0.016]**	[0.016]**	[0.018]**				[0.017]**	[0.019]**	[0.019]**
Number of Active Years	-0.014	-0.012	-0.008	-0.017	-0.017	-0.011	-0.01	-0.011	-0.004	-0.013	-0.013	-0.006
	[0.008]	[0.008]	[0.008]	[0.007]*	[0.007]*	[0.008]	[0.007]	[0.008]	[0.008]	[0.008]	[0.008]	[0.008]
Tenure	0.03	0.038	0.035	0.042	0.045	0.037	0.03	0.036	0.023	0.042	0.04	0.028
	[0.016]	[0.016]*	[0.016]*	[0.014]**	[0.014]**	[0.015]*	[0.015]*	[0.016]*	[0.016]	[0.015]**	[0.017]*	[0.017]
Former Memb. Of Congress			0.025			0.043			0.072			0.06
			[0.050]			[0.047]			[0.051]			[0.052]
Republican			0.031			0.035			0.062			0.073
			[0.025]			[0.023]			[0.025]*			[0.025]**
Democrat			0.03			0.026			0.038			0.049
			[0.026]			[0.024]			[0.026]			[0.026]
Experience in/as:												
House (but not as House Rep.)			-0.02			-0.02			-0.002			0.015
			[0.063]			[0.059]			[0.064]			[0.065]
Senate (but not as Senator)			0.025			0.016			0.024			0.021
			[0.023]			[0.022]			[0.023]			[0.024]
White House			0.14			0.118			0.159			0.15
			[0.036]**			[0.034]**			[0.037]**			[0.037]**
Aide			-0.047			-0.038			-0.031			-0.032
			[0.023]*			[0.022]			[0.024]			[0.024]
Clerk			0.113			0.149			0.127			0.125
			[0.049]*			[0.047]**			[0.050]*			[0.051]*
Counsel			0.036			0.032			0.046			0.042
			[0.023]			[0.021]			[0.023]*			[0.023]
Observations	3924	2938	2938	3924	2938	2938	3924	2938	2938	3924	2938	2938

Median regressions, Standard errors in brackets
* significant at 5%; ** significant at 1%
Each observation is weighted by the inverse of the standard error on the estimated fixed effects we use as dependent variable.
Also included are dummies for lobbyists' experience in the 1960s, 1970s, 1980s, 1990s and 2000s.

Table 14a: Issue Booms and Expertise - Issue Analysis

	Dependent Variable	
	Δ Log total lobbyists in issue	Log total lobbyists in issue
	(1)	(2)
Δ Log total amount in issue	0.501	
	[0.062]**	
Log total amount in issue		0.491
		[0.066]**
Issue Specific Trend	No	Yes
Issue F.E.s	No	Yes
Observations	684	760
R-squared	0.49	0.98
	Dependent Variable	
	Δ share specialists in issue	Share specialists in issue
Δ Log total amount in issue	-0.021	
	[0.007]**	
Log total amount in issue		-0.022
		[0.0035]**
Issue Specific Trend	No	Yes
Issue F.E.s	No	Yes
Observations	684	760
R-squared	0.07	0.67

Standard errors are clustered at the issue level.
* significant at 5%; ** significant at 1%

Table 14b: Issue Booms and Expertise - Lobbyist Analysis

	Dependent Variable	
	Log per Lobbyist Amount	Log per Lobbyist Amount
	(1)	(2)
Σ_i [Total amount in issue i *Specialist in issue i]	0.000036	
	[0.000097]	
Σ_i [Log total amount in issue i *Specialist in issue i]		-4237.48
		[9040514]
Year F.E.s	Yes	Yes
Lobbyist F.E.s	Yes	Yes
Observations	144159	144159
R-squared	0.48	0.48

Standard errors are clustered at the issue level.
* significant at 5%; ** significant at 1%

Table 15: Dollar Shares Across Lobbyists' Types

Year	Total Lobbying	Connected	Very Connected	Specialist	Not Connected Specialist	Connected Not Specialist
Full Sample Shares						
1999	$ 1,650,000,000	37%	14%	22%	13%	28%
2000	$ 1,760,000,000	37%	13%	19%	12%	29%
2001	$ 1,820,000,000	38%	14%	19%	11%	30%
2002	$ 2,040,000,000	37%	14%	18%	11%	30%
2003	$ 2,430,000,000	42%	17%	18%	10%	34%
2004	$ 2,420,000,000	45%	18%	20%	11%	36%
2005	$ 2,850,000,000	43%	18%	21%	11%	34%
2006	$ 3,300,000,000	44%	17%	20%	11%	35%
2007	$ 3,360,000,000	47%	19%	23%	12%	37%
2008	$ 3,040,000,000	42%	16%	24%	15%	33%
External Lobbyists Only Shares						
1999	$ 909,000,000	48%	21%	24%	13%	36%
2000	$ 698,000,000	57%	27%	27%	13%	42%
2001	$ 777,000,000	58%	29%	27%	12%	43%
2002	$ 856,000,000	57%	27%	26%	12%	43%
2003	$ 1,060,000,000	65%	34%	26%	11%	50%
2004	$ 1,130,000,000	65%	34%	28%	12%	48%
2005	$ 1,330,000,000	63%	35%	28%	12%	47%
2006	$ 2,090,000,000	56%	25%	23%	11%	43%
2007	$ 2,330,000,000	56%	25%	26%	12%	42%
2008	$ 1,910,000,000	54%	24%	26%	13%	41%

Notes: Shares of total lobbying amount reported by different types of lobbyists.

Figure 1A: Distribution of the Share of Specialists Across Lobbying Organizations

Kernel density estimate
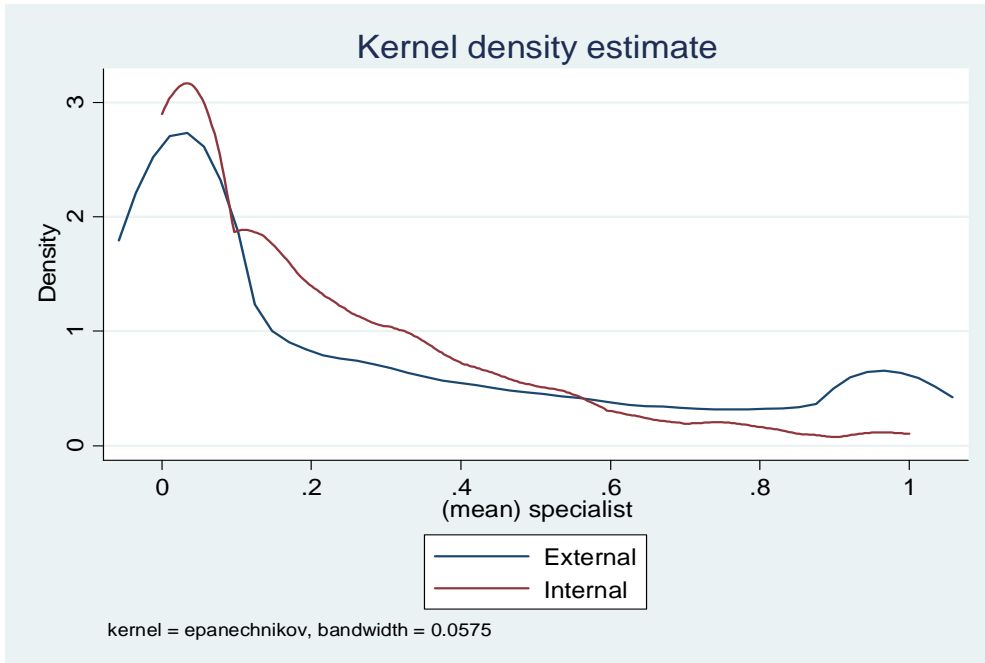
kernel = epanechnikov, bandwidth = 0.0575

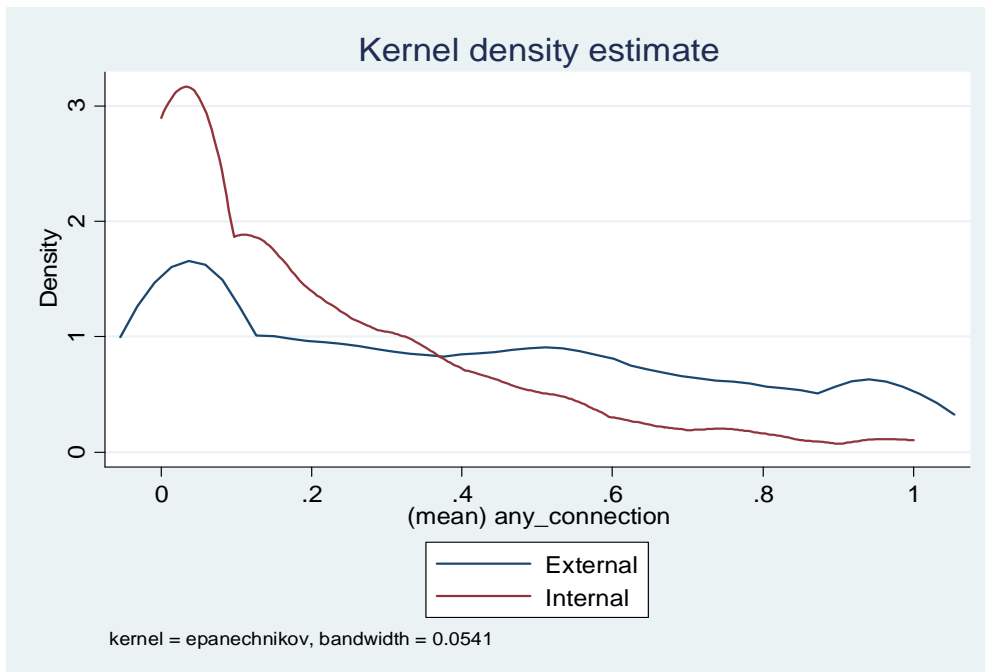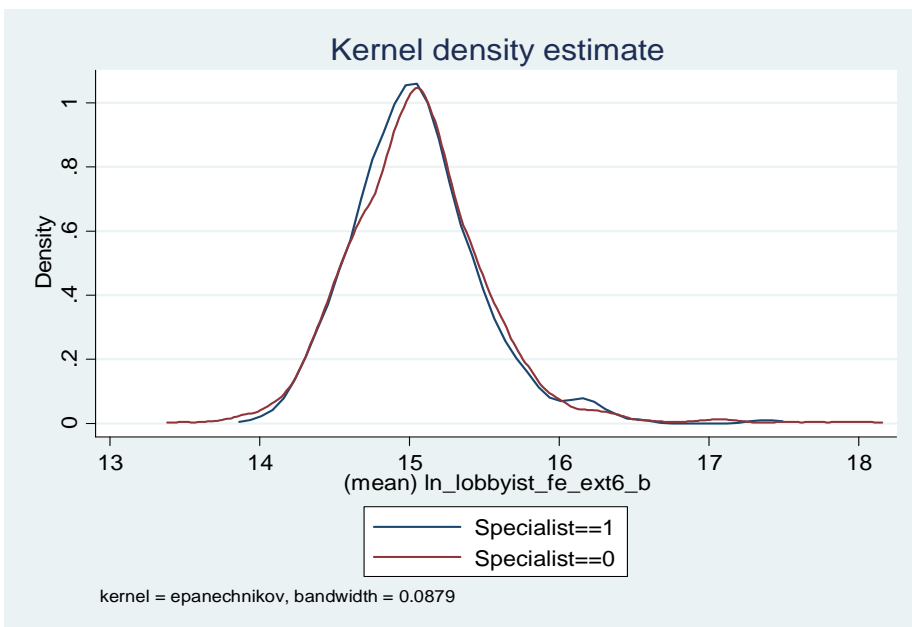**Figure 1B: Distribution of the Share of Lobbyists with at least one Connection to Politicians Across Lobbying Organizations**

Kernel density estimate

kernel = epanechnikov, bandwidth = 0.0541

Note: :"External" refers to external lobbying; "Internal" refers to in-house lobbying. We restrict the sample to those organizations that employ at least 2 lobbyists over the sample period. See text for details.

Figure 2: Distribution of External Lobbyists' Estimated Value Added by Level of Expertise
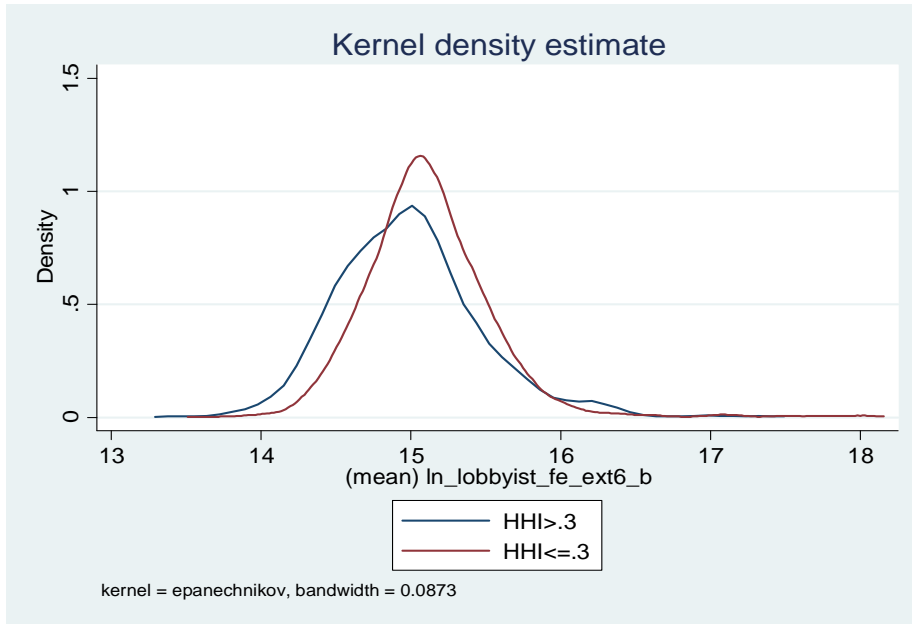
Kernel density estimate

kernel = epanechnikov, bandwidth = 0.0873

Kernel density estimate

kernel = epanechnikov, bandwidth = 0.0879

Note: Lobbyists fixed effects were only computed for external lobbyists that are active in at least 6 out of the 10 sample years. See text for details.

Figure 3: Distribution of External Lobbyists' Estimated Value Added By Level of Connections (through Campaign Contributions) to Politicians
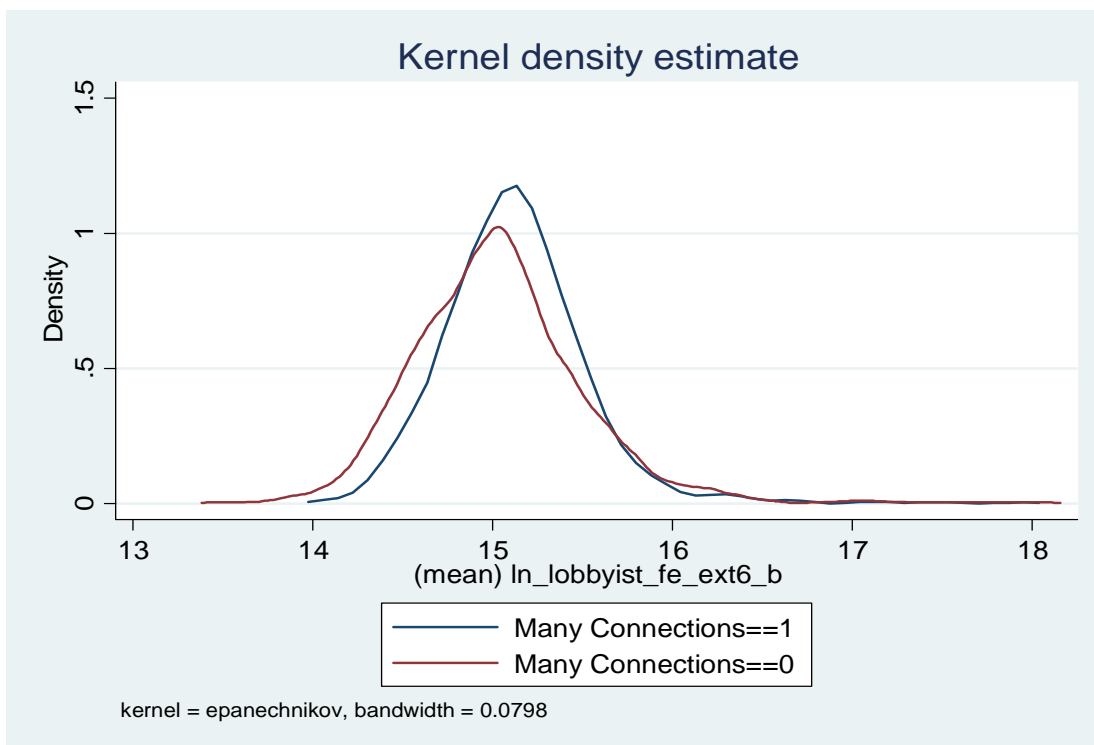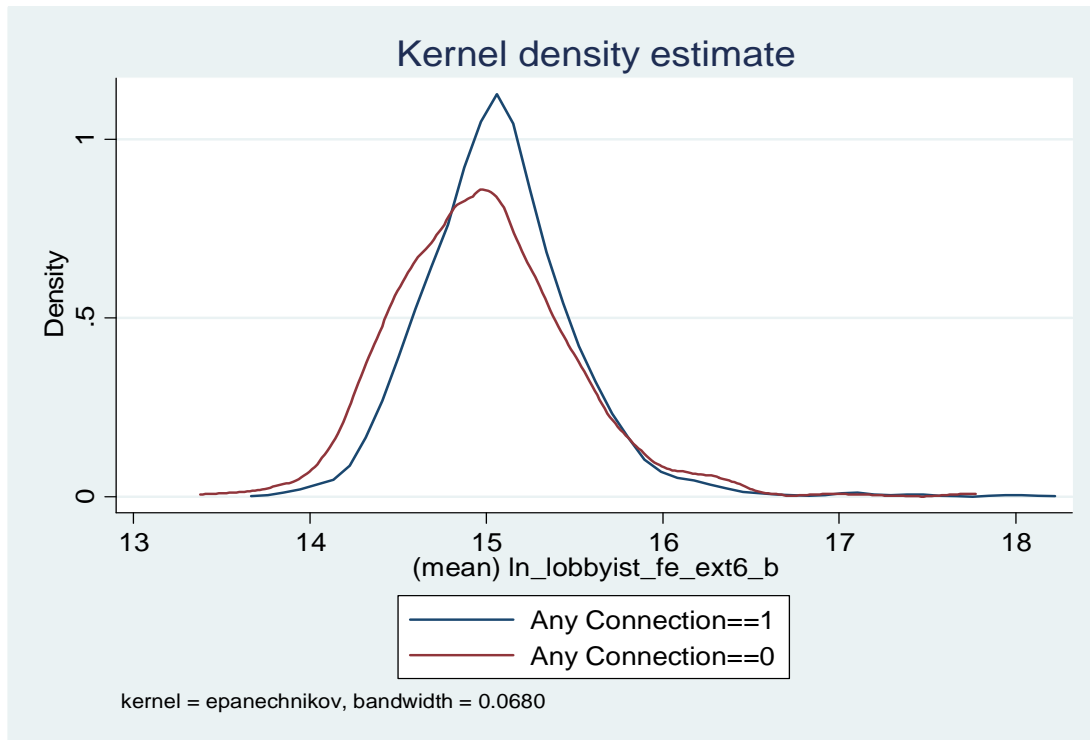
Note: Lobbyists fixed effects were only computed for external lobbyists that are active in at least 6 out of the 10 sample years. See text for details.

Figure 4: Republican Lobbyist Revenue Premium
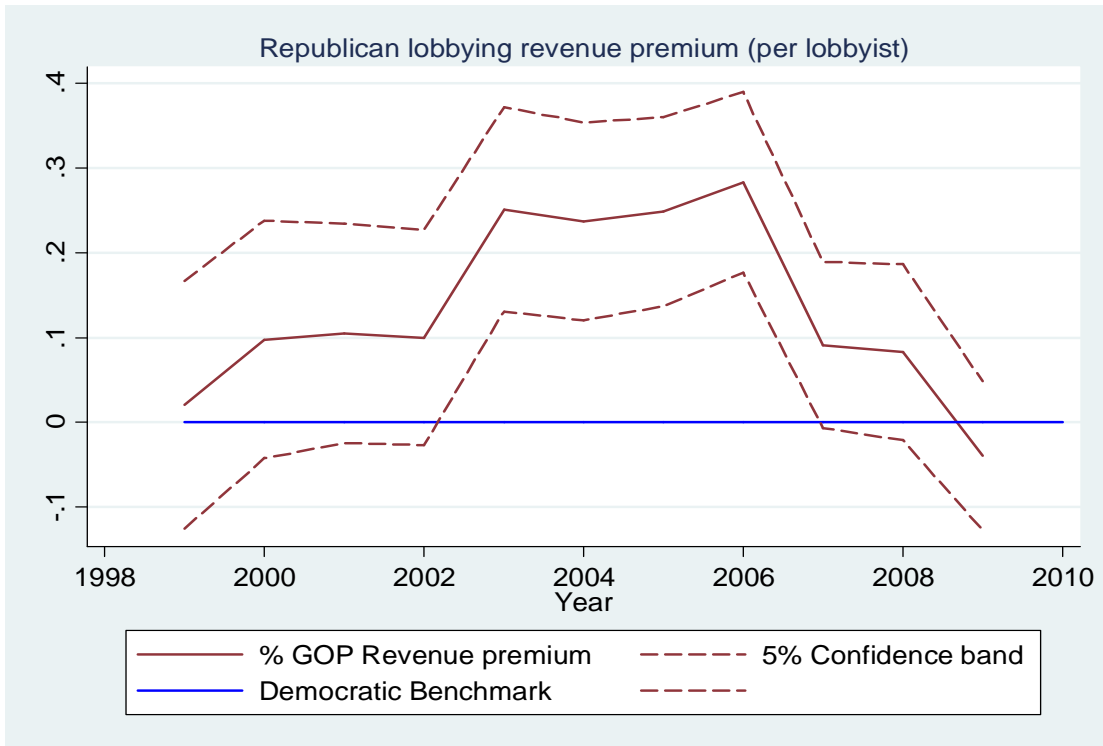
Appendix Table A1: Trends in Total Lobbying Expenses

Year	Internal	External	All
1999	1098	900	1994
2000	1291	766	2055
2001	1233	841	2072
2002	1372	917	2288
2003	1568	1098	2665
2004	1443	1141	2584
2005	1638	1303	2941
2006	1526	1776	3303
2007	1118	2145	3263
2008	1122	1726	2847

Notes: All figures are in millions of 2006 dollars.

Appendix Table A2: Political Cycles and Republican and Democratic Lobbyists

Year	Lobbying Expenses			Number of Lobbyists		
	Republican	Democratic	Gap	Republican	Democratic	Gap
1999	127.84	113.86	13.98	589	530	59
2000	157.64	122.94	34.70	619	556	63
2001	167.53	152.00	15.53	659	614	45
2002	201.22	168.73	32.49	711	646	65
2003	262.22	209.42	52.80	795	722	73
2004	305.84	212.25	93.59	881	766	115
2005	373.71	263.05	110.66	1022	848	174
2006	521.13	293.00	228.13	1110	920	190
2007	449.21	370.07	79.14	1178	1029	149
2008	368.94	404.62	-35.69	1230	1097	133

Lobbying expenses are in millions of dollars.

Appendix Table A3: Technical Expertise in Two Large Lobbying Firms

Firm	Employee name	Position	Issue	Bar	Issue-specific Training	Registered lobbyist
Cassidy & Assoc.	Boylan, John	Senior Vice President	aerospace	0	1	1
Cassidy & Assoc.	Cassidy, Gerald S. J.	Founder & Executive Chairman	aerospace	1	0	1
Cassidy & Assoc.	Edwards, Shawn	Vice President and Deputy Director of Cassidy Defense	aerospace	0	0	1
Cassidy & Assoc.	Hegarty,Mark	Senior Vice President	aerospace	0	1	1
Cassidy & Assoc.	McNamara, Dan	Executive Vice President	aerospace	0	0	1
Cassidy & Assoc.	Meyers, George	Vice President	aerospace	0	1	1
Cassidy & Assoc.	Paul, Terry	Executive Vice President and Director of Defense Group	aerospace	0	1	1
Cassidy & Assoc.	Russo, Marty	Senior Vice Chairman & Chief Executive Officer	aerospace	1	0	1
Cassidy & Assoc.	Simmons, Vernon	Vice President	aerospace	0	1	1
Cassidy & Assoc.	Videnieks, Markus	Vice President	aerospace	0	0	1
Cassidy & Assoc.	Anderson, Kai	Executive Vice President	energy efficiency, power storage, green buildings	0	1	1
Cassidy & Assoc.	Burlij, Emily	Associate	energy efficiency, power storage, green buildings	1	0	1
Cassidy & Assoc.	Crespo, Jacqueline	Senior Associate	energy efficiency, power storage, green buildings	0	1	0
Cassidy & Assoc.	Dennis, Tom	Executive Vice President	energy efficiency, power storage, green buildings	0	0	1
Cassidy & Assoc.	Anderson, Kai	Executive Vice President	nuclear power	0	1	1
Cassidy & Assoc.	Burlij, Emily	Associate	nuclear power	1	0	1
Cassidy & Assoc.	Crespo, Jacqueline	Senior Associate	nuclear power	0	1	0
Cassidy & Assoc.	Dennis, Tom	Executive Vice President	nuclear power	0	0	1
Cassidy & Assoc.	Anderson, Kai	Executive Vice President	technology	0	1	1
Cassidy & Assoc.	Boylan, John	Senior Vice President	technology	0	1	1
Cassidy & Assoc.	Chapman, Justin	Account Coordinator	technology	0	0	0
Cassidy & Assoc.	Crespo, Jacqueline	Senior Associate	technology	0	1	0
Cassidy & Assoc.	Dennis, Tom	Executive Vice President	technology	0	0	1
Cassidy & Assoc.	Edwards, Shawn	Vice President and Deputy Director of Cassidy Defense	technology	0	0	1
Cassidy & Assoc.	Hartley, Gregg L.	Vice Chairman & Chief Operating Officer	technology	0	0	1
Cassidy & Assoc.	Hegarty,Mark	Senior Vice President	technology	0	1	1
Cassidy & Assoc.	Hochstein, Amos	Executive Vice President for International Operations	technology	0	0	1
Cassidy & Assoc.	Ide, Betsy	Vice President	technology	0	0	1
Cassidy & Assoc.	Levy, Dawn	Senior Vice President	technology	0	0	1
Cassidy & Assoc.	McNamara, Dan	Executive Vice President	technology	0	0	1
Cassidy & Assoc.	Meyers, George	Vice President	technology	0	1	1
Cassidy & Assoc.	Neal, Laura	Senior Vice President	technology	0	0	1
Cassidy & Assoc.	Paul, Terry	Executive Vice President and Director of Defense Group	technology	0	1	1
Cassidy & Assoc.	Russo, Marty	Senior Vice Chairman & Chief Executive Officer	technology	1	0	1
Cassidy & Assoc.	Simmons, Vernon	Vice President	technology	0	1	1
Cassidy & Assoc.	Sutton, Barbara	Executive Vice President	technology	0	0	1
Cassidy & Assoc.	Temple, Roy	Senior Vice President	technology	1	0	1
Patton Boggs LLP	Chambers, Scott	Partner	biotechnology	1	1	0
Patton Boggs LLP	Chism, B. Dell	Patent Agent	biotechnology	0	1	0
Patton Boggs LLP	McKeague, W. John	Associate	biotechnology	1	1	0

Firm	Employee name	Position	Issue	Bar	Issue-specific Training	Registered lobbyist
Patton Boggs LLP	Bell, Chris	Of Counsel	clean technology	1	0	1
Patton Boggs LLP	Chajet, Henry	Partner	clean technology	1	0	1
Patton Boggs LLP	Driver, Michael	Partner	clean technology	1	0	1
Patton Boggs LLP	Farber, David	Partner	clean technology	1	0	1
Patton Boggs LLP	Forest, Carl	Partner	clean technology	1	1	0
Patton Boggs LLP	Frank, Michele	Partner	clean technology	1	0	0
Patton Boggs LLP	Graziano, James	Partner	clean technology	1	1	0
Patton Boggs LLP	Greene, Joshua	Partner	clean technology	1	0	1
Patton Boggs LLP	Harris, Laurence	Senior Counsel	clean technology	1	0	1
Patton Boggs LLP	Horn, Robert	Partner	clean technology	1	0	1
Patton Boggs LLP	Johnson, Gregory	Partner	clean technology	1	0	0
Patton Boggs LLP	Kelly, Suedeen	Partner	clean technology	1	0	0
Patton Boggs LLP	Mayer, David	Partner	clean technology	1	0	0
Patton Boggs LLP	McIntosh, Carolyn	Partner	clean technology	1	0	1
Patton Boggs LLP	Passaic, Joseph	Partner	clean technology	1	0	0
Patton Boggs LLP	Ryan, Deborah	Partner	clean technology	1	0	0
Patton Boggs LLP	Savit, Mark	Partner	clean technology	1	0	1
Patton Boggs LLP	Stewart, Scott	Partner	clean technology	1	0	0
Patton Boggs LLP	Witt, Kenneth	Partner	clean technology	1	0	0
Patton Boggs LLP	Chambers, Scott	Partner	drugs/biologics	1	1	0
Patton Boggs LLP	Herbert, Toni-Junell	Partner	drugs/biologics	1	1	0
Patton Boggs LLP	Nuttall, Carey	Associate	drugs/biologics	1	0	0
Patton Boggs LLP	Pape, Stuart	Partner	drugs/biologics	1	0	1
Patton Boggs LLP	Rubin, Paul	Partner	drugs/biologics	1	0	1
Patton Boggs LLP	Shanks, Mark	Partner	drugs/biologics	1	1	1
Patton Boggs LLP	Nuttall, Carey	Associate	medical devices and diagnostics	1	0	0
Patton Boggs LLP	Pape, Stuart	Partner	medical devices and diagnostics	1	0	1
Patton Boggs LLP	Rubin, Paul	Partner	medical devices and diagnostics	1	0	1
Patton Boggs LLP	Kelly, Suedeen	Partner	nuclear	1	0	0
Patton Boggs LLP	Lessy, Roy	Partner	nuclear	1	0	1
Patton Boggs LLP	Allard, Nicholas	Partner	smart grid	1	0	1
Patton Boggs LLP	Arbuckle, J. Gordon	Partner	smart grid	1	0	0
Patton Boggs LLP	Barton, Betty	Public Policy Advisor	smart grid	0	0	1
Patton Boggs LLP	Besozzi, Paul	Partner	smart grid	1	0	1
Patton Boggs LLP	Cetta, Jennifer	Associate	smart grid	1	0	1
Patton Boggs LLP	Didden, Carly	Associate	smart grid	1	0	1
Patton Boggs LLP	Driver, Michael	Partner	smart grid	1	0	1
Patton Boggs LLP	Ellison, Mark	Partner	smart grid	1	0	1
Patton Boggs LLP	Farber, David	Partner	smart grid	1	0	1
Patton Boggs LLP	Greene, Joshua	Partner	smart grid	1	0	1
Patton Boggs LLP	Johnson, Gregory	Partner	smart grid	1	0	0
Patton Boggs LLP	Jolivert, Meredith	Associate	smart grid	1	0	0
Patton Boggs LLP	Kelly, Suedeen	Partner	smart grid	1	0	0
Patton Boggs LLP	Krayem, Norma	Senior Policy Advisor	smart grid	0	0	1
Patton Boggs LLP	Lodge, Deborah	Partner	smart grid	1	0	1
Patton Boggs LLP	Martin, Kevin	Partner	smart grid	1	0	0
Patton Boggs LLP	McIntosh, Carolyn	Partner	smart grid	1	0	1
Patton Boggs LLP	Moran, Janet	Partner	smart grid	1	0	1
Patton Boggs LLP	Richter, Jennifer	Partner	smart grid	1	0	1
Patton Boggs LLP	Talesnick, Alan	Partner	smart grid	1	0	0
Patton Boggs LLP	Turner, Jeffrey	Partner	smart grid	1	0	1
Patton Boggs LLP	Voorhees, John	Partner	smart grid	1	0	1
Patton Boggs LLP	White, Eric	Partner	smart grid	1	0	0
Patton Boggs LLP	Allard, Nicholas	Partner	technology and communications	1	0	1
Patton Boggs LLP	Berry, Matthew	Partner	technology and communications	1	0	0
Patton Boggs LLP	Besozzi, Paul	Partner	technology and communications	1	0	1

Firm	Employee name	Position	Issue	Bar	Issue-specific Training	Registered lobbyist
Patton Boggs LLP	Bright, William	Public Policy Advisor	technology and communications	1	0	1
Patton Boggs LLP	Cetta, Jennifer	Associate	technology and communications	1	0	1
Patton Boggs LLP	Desai, Monica	Partner	technology and communications	1	0	0
Patton Boggs LLP	Didden, Carly	Associate	technology and communications	1	0	1
Patton Boggs LLP	Ellison, Mark	Partner	technology and communications	1	0	1
Patton Boggs LLP	Forest, Carl	Partner	technology and communications	1	1	0
Patton Boggs LLP	Gavin, Stephen Diaz	Partner	technology and communications	1	0	1
Patton Boggs LLP	Graziano, James	Partner	technology and communications	1	1	0
Patton Boggs LLP	Hager, Robert	Partner	technology and communications	1	0	1
Patton Boggs LLP	Harris, Laurence	Senior Counsel	technology and communications	1	0	1
Patton Boggs LLP	Ireland, Kathleen	Public Policy Counselor	technology and communications	0	0	1
Patton Boggs LLP	Kim, Hwan	Partner	technology and communications	1	0	0
Patton Boggs LLP	King, Ryan	Associate	technology and communications	1	0	0
Patton Boggs LLP	Lane, Margaret	Senior Paralegal	technology and communications	0	0	0
Patton Boggs LLP	Lodge, Deborah	Partner	technology and communications	1	0	1
Patton Boggs LLP	Martin, Kevin	Partner	technology and communications	1	0	0
Patton Boggs LLP	Moran, Janet	Partner	technology and communications	1	0	1
Patton Boggs LLP	Reeder, James	Senior Counsel	technology and communications	1	0	1
Patton Boggs LLP	Reisenfeld, Kenneth	Partner	technology and communications	1	0	0
Patton Boggs LLP	Richter, Jennifer	Partner	technology and communications	1	0	1
Patton Boggs LLP	Sachs, Lesley Bowling	Associate	technology and communications	1	0	0
Patton Boggs LLP	Stolbach, Richard	Partner	technology and communications	1	0	0
Patton Boggs LLP	Turner, Jeffrey	Partner	technology and communications	1	0	1
Patton Boggs LLP	Yarowsky, Jonathan	Partner	technology and communications	1	0	1

Notes: Employee listings and biographies as of November 2010. Bar indicates bar associaion membership.
Issue-specific training indicates the academic or professional technical background, including military
Reference web pages: http://www.pattonboggs.com/attorneys/List.aspx and http://www.cassidy.com/team/