Lobbying as Legislative Subsidy

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Professional lobbyists are among the most experienced, knowledgeable, and strategic actors one can find in the everyday practice of politics. Nonetheless, their behavioral patterns often appear anomalous when viewed in the light of existing theories. We revisit these anomalies in search of an alternative theory. We model lobbying not as exchange (vote buying) or persuasion (informative signaling) but as a form of legislative subsidy—a matching grant of policy information, political intelligence, and legislative labor to the enterprises of strategically selected legislators. The proximate political objective of this strategy is not to change legislators' minds but to assist natural allies in achieving their own, coincident objectives. The theory is simple in form, realistic in its principal assumptions, and counterintuitive in its main implications. Empirically, the model renders otherwise anomalous regularities comprehensible and predictable. In a later section, we briefly bring preferences back in, examining the important but relatively uncommon conditions under which preference-centered lobbying should occur.

Students of democratic institutions have long worried about the reach of private interests into public affairs. Private sector inequalities often get captured in the practice of interest group politics, giving rise to what Grant McConnell (1966, 25) once called the "most serious and perplexing problems" of American democracy. There may exist an "accessibility to a share in power for almost any coherent and determined group," McConnell observed, but "some groups have used their opportunity with much greater effectiveness than others, for some, indeed, have been unable to seize the opportunity at all" (25).

One of the most important ways in which groups seize their opportunities is through lobbying elected representatives. Early in the twentieth century, McConnell found, professional lobbyists operated very much in the shadows. By century's end, however, their numbers had grown so rapidly that their ubiquity guaranteed visibility. Lobbying disclosure laws have only thrown a brighter light on the range and magnitude of lobbying at the federal level (Baumgartner and Leech 1999). Interest groups today spend over a billion dollars a year lobbying Congress, more than they spend in PAC contributions and independent expenditures to congressional campaigns combined. But how much "accessibility to power" do they get, to whom, under what conditions? What impact do lobbyists ultimately have on the behavior of legislators once access is gained? And through what mechanisms? In the decades since McConnell (1966) wrote, public interest groups lobbying on behalf of new interests and previously underrepresented groups have proliferated (Berry 1999). Can they now "seize their opportunities"? If so, how, and why?

To these questions we have no general answers. Empirical research on interest group influence has accumulated for decades, but this literature is noteworthy for the noncumulative, frequently inconsistent nature of its findings (Baumgartner and Leech 1998; Smith 1995). Theoretical work on lobbying has slowly emerged over the last two decades. Here, too, the literature is heterogeneous, with at least two distinct approaches prominent: one that conceptualizes lobbying as a form of exchange, the other as persuasion—both mechanisms for changing legislators' preferences over policies.

We propose a fundamentally different but fundamentally simple theory of lobbying. The main idea is that lobbying is primarily a form of legislative *subsidy*—a matching grant of costly policy information, political intelligence, and labor to the enterprises of strategically selected legislators. The proximate objective of this strategy is *not* to change legislators' minds but to assist natural allies in achieving their own, coincident objectives. Their budget constraint thus relaxed by lobbyists' assistance, already likeminded legislators act *as if* they were working on behalf of the group when in fact they are working on behalf of themselves. In this sense, our theory is "budget-centered" rather than "preference-centered."

The theory, we argue, is simple in form, realistic in its principal assumptions, and counterintuitive in its main implications. Empirically, it resolves several significant anomalies that appear when lobbying is viewed solely through a preference-centered lens. It also generates several distinctive hypotheses for subsequent testing about who will be lobbied, the content of the lobbying communications, and the effects of lobbying on legislators' behavior.

We do not maintain that lobbying is never about preferences, however. In the early sections, we set preferences to the theoretical side. In a later section, we bring preferences back in. We then argue more broadly that lobbying refers to a class or menu of strategies from

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which lobbyists choose as they pursue their proximate political objectives. Viewed in this light, our model of lobbying as legislative subsidy is a complement to, rather than a substitute for, theories of exchange or persuasion. At the same time, we argue that the conditions under which lobbyists will adopt preference-centered strategies are relatively uncommon. Even when preference-centered lobbying does occur, it often operates through different mechanisms than previous models assume. Finally, we briefly speculate on the role played by PAC contributions, speculations that likewise cut across the grain of conventional research.

THEORIES OF LOBBYING

Lobbyists are among the most experienced, astute, and strategic actors one can find in the everyday practice of American policymaking. They often come out of the same institutions or have backgrounds similar to the governmental staff or elected officials they lobby. They typically specialize in a limited range of issues. They deal repeatedly with many of the same players. And they get paid—and paid well—to win. If there is a class of actors for whom rational choice–even complete information–models should do good explanatory work, lobbyists ought to be it.

Instead, lobbyists have long exhibited behavior that has befuddled us. In their classic study of business influence in American trade policy, Bauer, Pool, and Dexter (1963, 398) reported that lobbyists lobbied most those whose views they least needed to change—their already strong supporters. Lobbyists were mainly "service bureaus" or "adjuncts" to staff. Other prominent works came to similar conclusions (Dexter 1969; Milbrath 1963; Zeigler 1964; see Austen-Smith and Wright 1994, 26–8). And although groups did provide legislators with information, legislators filtered it through their own policy predispositions. In listening to witnesses, Milbrath (1963, 210) observed, "most members of Congress hear what they want to hear." On the whole, these studies suggested that the power of interest groups was greatly overstated. As Bauer, Poole, and Dexter (1963, 399) put it, lobbyists' persuasive powers on Capitol Hill were more "propaganda" than fact. One can only wonder why lobbyists went to so much trouble, not to mention why democratic reformers have worried so much about them.

Exchange Theories

Theoretical work over the last two decades has sought to make better sense of interest group behavior. At least two lines of explanation have been prominent. One has drawn on McConnell (1966), Lowi (1969), and Stigler (1970), among other prominent social scientists, who criticized the pluralist view as inaccurate, if not hopelessly naïve. In the revisionist view, interest groups were rational opportunists, bent on rent-seeking if not capturing public authority altogether. In political science and economics, the principal class of models assumed that interest group agents and legislators engaged in mutually beneficial if implicit trades, typically campaign contributions for votes (see Austen-Smith 1996; Morton and Cameron 1992). Lobbyists, in effect, were agents of exchange. The theoretically problematic issue in this approach, in turn, is common to models of economic exchange. Given the inherent incentives of each party to renege and the absence of any neutral, third-party enforcement, what makes the deals stick?

Efforts to answer this question have taken different routes and produced different predictions. For instance, Snyder (1992, 18) argues that interest groups make long-term investments in politicians, with trades self-enforcing through mechanisms of repeat play, trust, or reputation. McCarty and Rothenberg (1996), in contrast, emphasize that conflict between short- and long-term incentives undermines the ability of each side to credibly commit to a long-term alliance. Stratmann (1998, 88) argues that a contract with roughly contemporaneous payoffs solves the enforcement problem. The deals stick because of *ex ante* down payments by the group and *ex post* rewards (additional contributions) once the legislator's behavior is observed.

Regardless of approach, however, systematic evidence of votebuying is at best mixed. This is true despite the quality of the data on PAC contributions and roll-call voting and despite the use of increasingly sophisticated methodologies (Brownars and Lott 1997; Grenzke 1989a; Wawro 2001; Wright 1996). Stratmann (1998; see also Baldwin and Magee 2000; Stratmann 1992) offers one of the most careful attempts to disentangle the connection between money and votes. Analyzing the timing of agricultural PAC contributions to candidates, he finds that farm groups contributed both shortly before and selectively after key farm bill votes. According to his results, however, farm PACs bought votes by increasing their contributions, *ceteris paribus*, by only $180 during debate on the 1985 omnibus farm bill and $130 during the 1990 farm bill. The remaining puzzle, then, is that legislators were not so much selling their votes as giving them away. At that price, even the impoverished reader of political science journals could buy a vote every once in awhile.

More puzzling, in our view, are related regularities that exchange theory does not easily comprehend. The first puzzle parallels the tendency in lobbying behavior highlighted above: PAC managers give most to legislators who already agree with their group, independent of group contribution (e.g., Brownars and Lott 1997; Grier and Munger 1986; 1991; Grenzke 1989b). That is, they purchase access to those for whom access will be needed least rather than target pivotal or undecided legislators.

Building on Denzau and Munger (1986), Hall and Wayman (1990) address this puzzle with an alternative theory. Campaign contributions are intended not to buy undecided legislators' votes but to buy the time or activity of already sympathetic allies. Hall and Wayman fail to deal with other problems common to the exchange story, however. One is the workability of contract enforcement, discussed earlier. A second puzzle, reflected in Stratmann's (1998) analysis of vote-buying, arises in the typical magnitudes of PAC giving. Seldom mentioned in three decades of studies, the median nonzero PAC contribution has been consistently small, well under $1000, far below the ceilings imposed by campaign finance laws in place since 1974. Legislators, in turn, receive thousands of contributions per cycle, although their discretionary time is frustratingly scarce. How much of a legislator's time might a rational PAC manager expect to buy for such a sum?

A final empirical regularity throws doubt on both variants of exchange theory. If the strategy of the lobbyist is to offer legislators a reelection-enhancing trade, then what are we to make of the access that legislators give to public interest groups that have few electoral resources to trade? For example, the Cato Institute, the Center for Budget and Policy Priorities, The Center for Science in the Public Interest, and countless other public interest groups, nonprofits, and think tanks regularly lobby or "educate" elected officials, but only a small percentage have an affiliated PAC. Many of them, likewise, lack a significant mass membership base that they might mobilize, or credibly threaten to mobilize, for policymaking leverage. Nonetheless, legislative offices regularly call them to testify, give them considerable access, or even seek access to them (Berry 1999; Whiteman 1995). From an exchange perspective, one can only wonder why.

LOBBYING AS PERSUASION

One limitation of most exchange models is that they seldom conceptualize lobbying vividly or model lobbying behavior explicitly. This is true in virtually all of the works cited in the previous section. Interest group agents presumably execute the exchange, but the money, not the information or arguments of the lobbyist, is the variable doing the behavioral work.

A second, more recent class of models conceptualizes lobbying as a mechanism of persuasion, not exchange. In the newer view, information transmission is at the heart of the lobbyist–legislator relationship, but contrary to the older pluralists, that information is not innocuous. Hansen (1991) argues that reelection-minded legislators often prove uncertain about the positions they should take to gain reelection. Interest groups that enjoy comparative advantages (relative to, say, parties) in obtaining private information about constituency views can use it to persuade legislators that electoral self-interest lies in taking group-friendly positions. Lobbies are influential, Hansen argues, "because they determine the kinds of information about constituents that are available and the kinds of information that are not" (3).

The theoretical problematic in this type of model is not that legislators (or lobbyists) have an incentive to renege but that lobbyists have an incentive to dissemble. This point is central to the recent scholarship that formalizes lobbying as a game with asymmetric information (for reviews, see Austen-Smith 1996; Potters and van Winden 1996, 350–56). Groups acquire private, costly information about district opinion (or the consequences of policies) and strategically transmit it to influence legislators' choice of policies. Echoing Hansen (1991), Wright (1996, 81)[1] concludes: "The point at which access ends and influence begins is the point at which legislators adjust their beliefs on the basis of lobbying information."

As Austen-Smith and Wright (1994) point out, however, the apparent irrationality identified by Bauer, Pool, and Dexter (1963) and their contemporaries challenges incomplete information theory as well. In fact, more recent and more systematic research (Baumgartner and Mahoney 2002; Hojnacki and Kimball 1998, 1999) confirms the clear tendency of groups to lobby their allies. In general, lobbyists concentrate on their allies, avoid their enemies, and lobby undecideds infrequently (Baumgartner and Leech 1997; Schlozman and Tierney 1986; but see Kollman 1997).

Austen-Smith and Wright (1994) extend their earlier work on competitive lobbying in an effort to comprehend these patterns. They argue that lobbyists will sometimes lobby their allies to counteract lobbying by the other side. However, their formal model implies that neither side will lobby legislators for whom the probability of changing their position is small (32, 36), especially those who are their closest allies (or their farthest enemies). The closer the "ally" is to the fence ($p = 1/2$), rather, the more both sides will lobby (one persuasively, the other counteractively). In short, groups do lobby their allies, but they lobby only their weak allies, do so no more than their weak enemies, and do so less than undecided legislators (33, 34). In light of both qualitative and quantitative evidence, this does not appear fully consistent with the facts.

A second puzzle for informative signaling models appears in the abundance of heterogeneous information sources other than lobbyists. Committee reports, party whip reports, colleagues' cues, calls from White House staff, and numerous other sources provide more or less heterogeneous signals to the undecided legislator (Kingdon 1989 [1973]). So too with district-relevant information. Legislators now spend more time at home than they do in Washington, traveling to the district, holding local forums, and meeting with local leaders (Arnold 1990). They commission polls, catalog congressional mail, monitor local articles and editorials, and call on their political informants. The key point here is that informative signaling models of lobbying require information merely sufficient to decide between the paired alternatives of a vote choice. So how much more uncertainty might the legislator reduce by adding lobbyists' signals to the multitude of cues? And what additional value might the voting legislator find not simply in lobbyists' signals but in their expansive testimony, policy analyses, reports, publications, and

[1] A promising view of lobbying as persuasion holds that lobbying is frequently an exercise in framing or issue definition (e.g., Baumgartner et al. 2003; McKissick 1995). At present, however, this approach offers no clear predictions about why a given frame, used by the strategic lobbyist, would structure a legislator's perception in a way that cannot be counteracted.

other detailed materials that they provide to legislative offices?[2]

In sum, two broad classes of models underpin most of what we now know about lobbying. At the same time, they give rise to significant anomalies, suggesting that some basic limitations in our understanding of lobbying remain. Fortunately, puzzles can be theoretically useful things. They make us rethink our conventional understandings. In what sort of theoretical world might these otherwise anomalous regularities make sense? And can that account be constructed in a way that avoids new and glaring anomalies of its own?

LOBBYING AS LEGISLATIVE SUBSIDY

By focusing on the aforementioned anomalies, we do not mean to suggest that the explanatory glass of preference-centered models is altogether empty. The informative signaling literature reinvigorated the study of lobbying by refocusing attention on the role of lobbyists as purveyors of information and, as we take up next, by focusing attention on the attributes of legislators for whom informative signals should matter most. Likewise, the exchange models of Denzau and Munger (1986) and Hall and Wayman (1990) have focused our attention on the possibility that interest groups pursuing better policies may need to change something other than legislators' votes. Legislators husband their time and allocate effort to advance their legislative goals (Fenno 1973; Hall 1996). If legislators think that their efforts are worthwhile, might not interest groups think so as well? And if interest groups (with or without PACs) do so, might not they develop strategies for influencing legislators' efforts?

With the previously mentioned puzzles in mind, we propose a different theory of lobbying. Direct lobbying, in our view, typically is not a strategy for changing legislators' preferences over policies. Nor is it about keeping them from being changed. Rather, it is an attempt to *subsidize* the legislative resources of members who already support the cause of the group. In short, lobbying operates on the legislator's budget line, not on his or her utility function. It is akin more to a gift than a trade. It is more like a "service bureau" than a signaling process. But that service function, treated dismissively by the midcentury pluralists, is why lobbying *is* important, not why it is not.

This model, we argue, is simple in form, realistic in its principal assumptions, and counterintuitive in its main implications. And it meets the empirical standard that we have applied to exchange and informative signaling models. It explains some longstanding empirical regularities that previously appeared anomalous. Indeed, it makes them quite predictable.

The theory of lobbying as legislative subsidy rests on five main assumptions about legislators,[3] all of which are grounded in our common knowledge of Congress.

Assumption 1

For a legislator to have much influence on policy, she must work at it. That is, she must participate or otherwise expend "effort" in the legislative process (e.g., Evans 1991; Hall 1996; Wawro 2000). Indeed, members seek out committee assignments in order to create opportunities to participate (e.g., Fenno 1973; Shepsle 1978). On particular bills, legislators might influence policy by making proposals: they author bills, propose amendments, or otherwise shape the agenda (e.g., Sinclair 1989). They try to build (or break down) coalitions, negotiate compromises, lobby other members (e.g., Arnold 1990; Cox and McCubbins 1993). They participate in filibusters (e.g., Binder and Smith 1997) or exploit other opportunities for obstruction (e.g., Dion 1998). And they show up for votes. A key feature of such activities, with the noteworthy exception of voting, is that they require costly effort by the legislator.

Assumption 2

Legislators' resources are scarce. Together with their staffs, legislators form what Salisbury and Shepsle (1981) call a legislative "enterprise," whose mission is to advance the legislator's goals. However, such enterprises have limited capacity—in time, information, labor, and hence agenda space—to address the numerous issues on which the legislator wants to be involved. And although some legislators (e.g., committee chairs) have additional staff capacity on certain issues, none can engage in all of the activities needed to make maximum progress toward all of the objectives that they and their constituents care about. Like a household or a firm, the legislative enterprise faces scarcity and therefore must make tradeoffs.

Assumption 3

For any given period, individual legislators care about influencing more than one policy at a time (e.g., Evans 1989; Fenno 1973).Among other reasons, they have varied personal policy commitments, and they have reelection-relevant constituencies who care about different real-world conditions, which different policies affect.

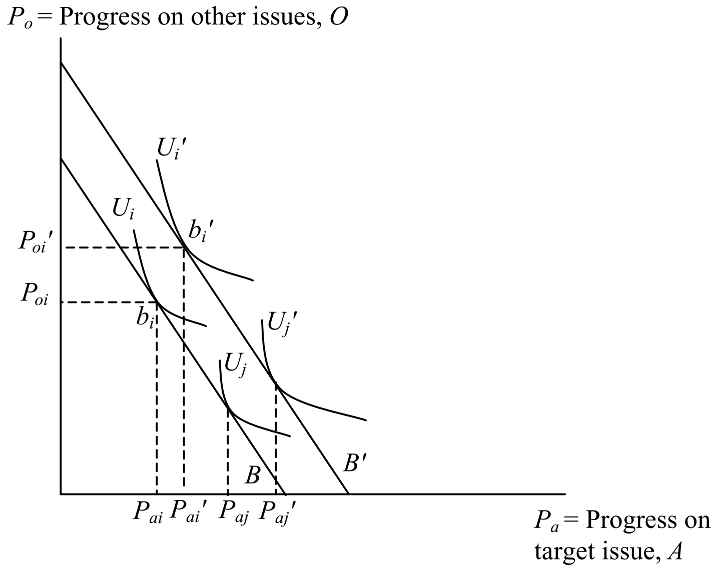
Assumption 4

Legislators care about some issues more than others (e.g., Hall 1996; Sinclair 1989). In choosing the issues

[2] In some signaling models, lobbyists engage in strategic information transmission to diminish the uncertainty of allies. Our model presupposes that the legislator's problem is less incomplete information than the capacity to use information. Cheap talk will not do in this context. Time and capacity are valuable for the problem-solving legislator (see Jones 2002).

[3] The realism of these assumptions is supported by a number of works, including Evans 1989, Fenno 1973, Hall 1996, Sinclair 1989, and Wawro 2000. Textual citations are to works that are specific to that assumption. Additional assumptions include: (i) legislators and lobbyists are utility maximizers, and (ii) preferences are homothetic and strictly concave.

FIGURE 1. Lobbying as a Simple Grant, Two Legislators



to which they will devote resources, legislators consult their and their constituents' policy interests. One member might value progress toward universal health insurance more than progress toward higher crop prices. Another might value higher crop prices more than expanded health coverage. Either might value smog reduction more or less than either of these things. Each of them might dislike the policy objective of the other, taking it to be not a policy good but a policy bad.

Assumption 5

Relative to legislators, lobbyists are specialists (Esterling 2004). Whereas most legislators simultaneously care about multiple issues, a lobbyist focuses on relatively few. The lobbyist thus has greater issue-relevant experience, expertise, and time to invest in assisting legislators. These resources are developed to promote only the policy objective of the group.

With these assumptions in place, the main elements of the theory can be represented in a simple microeconomic framework familiar from consumer theory or introductory policy analysis,[4] which is depicted in Figure 1 and formalized in the mathematical appendix. In general, legislators are interested in issues on which they wish to make "progress." Progress in this context could mean that the legislator moves a policy closer to his or her preferred policy, say, by amending a bill or intervening with a regulator. Or it could mean that the legislator increases the probability of such a change. Or the legislator delays a bad policy's enactment. For purposes of exposition, we designate the particular issue in which the legislator may get involved as issue *A*, the progress on which is designated P_a, the horizontal axis in Figure 1.

For purposes later in the paper, we also observe that one legislator's progress can be another one's regress, and we designate regress, $-P_{a.}$—the horizonal axis to the left of the vertical intercept. Finally, there are legislators close to the vertical axis, whose policy commitments are weak or uncertain.[5]

Assumption 3 states that each legislator cares about more than just one issue. We use the vertical axis to represent the progress on *other* issues, P_o, that the legislator seeks. Given Assumption 2, the legislator has a finite amount of legislative resources—what we will call "effort," *e*, but which includes the legislator's time, staff time, their collective expertise and information, and any other legislative resources the legislator has to allocate. This is represented by the downward sloping budget constraint, line *B*, in Figure 1. Line *B* represents that in order to make more progress on issue, P_a, the legislator must withdraw some of those resources from working on other issues, and thus reduce progress (P_o) on them.

The preferences of legislator *i* in this model are reflected in his or her willingness to pay—in terms of reduced progress on other issues (*O*)—for progress on issue *A*. This is represented by the indifference curve,

[4] The decision-theoretic setup of the model is similar to that of Denzau and Munger (1986), but they do not consider the effect of groups on legislators' budget lines (their $\bar{E}$, which they leave fixed), only the effects of *electoral* resources (e.g., campaign contributions) on a legislator's expected utility (defined in terms of voter support). Although unrelated to interest groups, Shepsle (1978, 252–54) analyzes the effects of adding staff to oversight subcommittees using a simple model analogous to the one we use here.

[5] Note that although the horizontal axis distinguishes among progress, regress, and uncommitted on issue *A*, the axis is *not* a conventional policy or ideological dimension, along which members' positions can be aligned. For instance, a member might be a philosophical environmentalist, but if he or she were a first-term representative with no relevant committee assignment, the member might have a value of *A* close to zero.

U_i, which reflects the individual's amalgam of policy and constituency interests.[6] The point of tangency (P_{ai}, P_{oi}) between the budget line and U_i is the optimal allocation of legislator i's effort. The legislator can do no better *with the resources at hand*.

This is where lobbyists come in. In our model, they affect the legislator's budget line, not the parameters of the utility function. In its simplest form, lobbyists might provide professional labor, serving as "adjuncts to staff." But, as the incomplete information theorists have argued, probably the most important resource legislators receive from lobbyists falls under the rubric of "information." Of course, there are different types of information applicable to potentially different purposes. We distinguish among three. One type, emphasized in the signaling literature, concerns constituency interests and opinions (e.g., Austen-Smith and Wright 1992; Hansen 1991). Consistent with that work and consistent with our assumption about U, we take that to be a preference-centered matter and return to it in a later section.

Here the main concern is the provision by lobbyists of costly information that legislators require for their work in influencing legislation. The first includes in-depth policy analysis, reports, or expertise (Esterling 2004; Schlozman and Tierney 1986, 297–99; Whiteman 1995; Wright 1996). Acquiring and assimilating such information poses a budgetary problem for the legislative enterprise. Fortunately for legislators, lobbyists are specialists (Assumption 5). They analyze, synthesize, and summarize—in a politically user-friendly form, information to promote the policy goals that their group and the legislator share. Lobbyists "can provide much of the research and speech-writing chores of the senator's office," Matthews (1960, 182) observed, quoting one senator: "They can tell me in thirty minutes or less what it would take me hours to learn through reading and study." Providing this information—a practice Matthews (182) refers to as "backstopping"—enables the legislator to make a greater effort on the issue, given his or her initial resources.

A second kind of legislative information is political "intelligence" (Schlozman and Tierney 1986, 299–300; Whiteman 1995, 45; Wright 1996, 82–87). Lobbyists monitor legislative developments that affect their group. They tend to be well positioned in issue networks (e.g., Carpenter, Esterling, and Lazer 1998) or "lobbying enterprises" (Ainswworth 1997). Thus can individual lobbyists provide information necessary to anticipate other players' reactions, generate headcounts, proffer procedural advice, and otherwise enable legislators to more fully approximate informed strategic actors in seeking policy "progress." This information is especially helpful to bill sponsors and party and committee leaders.

With respect to both kinds of information—policy expertise and legislative intelligence—we note that public interest groups without any electoral portfolio are able to produce and provide much of it. Indeed, Berry (1999, 130–42) argues that credible research and expertise provide citizen groups with a substantial comparative advantage among Washington interest groups.

The most basic implication of the model is now apparent in Figure 1, namely, that, if lobbying is a form of legislative subsidy, interest groups *will* lobby their allies—in Figure 1, those whose utility rises moving to the right of the vertical axis. The lobbyist selects legislators already predisposed to work toward an objective (A) coincident with that of the group but whose enterprise is limited by its budget constraint. The lobbyist then subsidizes the legislator's work on that objective—in the model, progress on issue A. The lobbyist provides, say, the material to formulate proposals, make arguments, offer amendments, insert report language, plot strategy, or otherwise help the legislator take self-interested actions to produce outcome-improving policies or promote the probability of their passage.

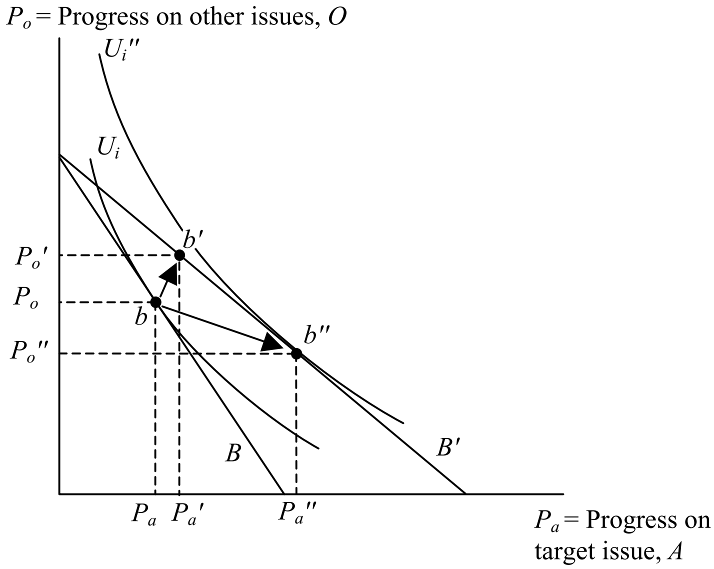
In the field of policy design, subsidies take different forms. The most basic is a simple grant or "income" supplement, the effects of which are shown in Figure 1. In the present context, a group would be making a simple grant if, say, it provided legislator i with material for a speech that i had already decided to give on the chamber floor. The effect would be to push legislator i's budget line out parallel from B to B'. Note here that substitution effects[7] limit the extent to which the lobbyist's subsidy goes to promote the group's policy objective, progress on A. The legislator uses part of the time saved to pursue progress on issue A (P'_{ai}–P_{ai}), but allocates most of it (P'_{oi}–P_{oi}) to making progress on other priorities. Note that such substitution occurs even if the informational subsidy bears solely on the issue of common interest to member and interest group.

One way to limit such substitution is to lobby legislators who, by their own preferences, would choose to allocate much of their resources to the issue of interest. Suppose, as also shown in Figure 1, that there is another legislator, j, whose indifference curves are those shown as U_j and U'_j. This legislator would, with the same budget, devote more resources to issue A than would legislator i. Furthermore, when given a simple grant of additional resources by the lobbyist, legislator j will devote more of it to issue A than would legislator i, thus increasing progress from P_{aj} to P'_{aj}. Thus the lobbyist will not subsidize all allies equally; rather, the lobbyist will subsidize more those whose stronger interest in A inclines them to devote a larger part of their resources to it.

6 In fact, the indifference curve is a sample from a family of indifference curves, which together represent preferences. Greater utility accrues as a legislator moves to higher curves.

7 We use the term "substitution effect" here differently from that in the economics literature. There, the substitution effect refers to the portion of an increase in demand for a good due to a fall in its relative price that would occur holding utility constant, and it is contrasted with an income effect of the price change. Here we use "substitution effect" to mean the extent to which the total effort devoted to the lobbyist's issue fails to rise by the full amount of the subsidy, the legislator substituting part of the subsidy for what the legislator would otherwise have done.

FIGURE 2. Lobbying as a Matching Grant



As Assumption 1 states, however, for legislators to influence progress on a policy, they must work at it. They must bring something to the endeavor that the lobbyist cannot—their constitutional access to the process, their network of legislative and extra-legislative contacts, their political capital with colleagues, and their effort. The better analogy to lobbying, then, is a matching grant rather than a simple grant. In a matching grant, the recipient has to kick in some of his or her own preexisting resources in order to take advantage of the offered subsidy. This is shown in Figure 2, where the budget line in the presence of matching lobbying is rotated counterclockwise from its initial position. Here the resources provided by the lobbyist increase with the amount that the legislator devotes to their common objective, progress on A. Therefore the extra progress made possible by lobbying is larger the less is the progress on other issues.

This we take to be the more verisimilar representation of the lobbyist–legislator relationship. Lobbyists do much more than make "info-drops." To be legislatively effective, they must work with and through a member's office. In the typical case, the legislator would have to reallocate at least some staff time in order to take advantage of the lobbyist's offer. Imagine, for instance, that a lobbyist gives the member a good idea for an amendment to a forthcoming bill. Liking what she hears, the legislator tells her legislative assistant to drop what he's doing and work with the lobbyist in, say, developing the details, writing a speech, and building support among colleagues. The result? The legislator's allocation shifts decidedly toward issue A, from b to b'', with the result that greater progress is made toward A, (P_a''–$P_a > 0$). *But less progress is made on other issues* (P_o''–$P_o < 0$). If the staff member drops what he is doing, something eventually has to give, namely, effort on an issue far down the list of priorities that the staffer would have worked on otherwise but, in order to take advantage of the match, had to forego.[8]

In sum, lobbyists freely but selectively provide labor, policy information, and political intelligence to likeminded but resource-constrained legislators. Legislators, in turn, should seek policy-relevant services from likeminded lobbyists.[9] The effect is to expand legislators' effort at making progress toward a policy objective that lobbyists and legislators share. Recall Milbrath's puzzle about legislators listening only to lobbyists who tell them what they want to hear. Milbrath thus concluded that lobbyists were accomplishing little.

[8] Still, even in this case, some substitution may occur. Depending on how willing the legislator is to sacrifice progress on other issues (as reflected in the curvature of the indifference curve or, more formally, the elasticity of substitution between progress on A and progress on O), the postsubsidy allocation could be any point on the line b' to b'', where b'*, shows the proportional expansion of both A and O that would occur with a simple grant under our assumption about preferences*. Thus, while P_a must rise more with a matching grant than a simple grant, P_o may rise or fall with the matching grant, depending on the legislator's elasticity of substitution. This adds another more subtle dimension to the lobbyist's problem of choosing among legislators, since those with a higher elasticity will be more responsive to a matching grant. Presumably, only lobbyists with close, recurring relationships with a legislator could estimate this property of her preferences.

[9] Here and throughout, we contend that legislators are able to discern—indeed, have an incentive to determine—the policy objectives of an interest group and thus whether the legislator and group share a common policy objective. In practice, this is seldom difficult. The interests of most groups active on an issue typically are transparent—made so by past and present testimony, reports, press releases, website postings, and other activities that publicly commit them to a position. In part because of this, attempts to deceive legislators are uncommon. Lying can ruin a lobbyist on Capitol Hill, and a reputation for weaker forms of it, for example, "dissembling," can shut doors and damage trust (Ainsworth 2002, 132). On lobbyists' selectively matching themselves to legislators with compatible preferences, see Denzau and Munger (1986).

Understood in terms of lobbying as subsidy, however, the puzzle is not so puzzling. In the limit, legislators listen to those whom they can trust implicitly because their interests agree perfectly. Lobbyists, in turn, are not irrational for lobbying their strongest allies. They are rationally allocating resources to those members most likely to use them to advance the lobbyists' objective.

Lobbyists are not the only ones who provide information and services, of course. As we noted earlier, legislative enterprises can acquire information from a wide variety of external sources, including executive agencies, constituents, congressional support agencies, and nongovernmental policy shops (Whiteman 1995). But of these, lobbyists are distinctive in that they (i) vary across the complete spectrum of policy priorities making it possible that legislators can find lobbyists with coincident objectives; (ii) can provide labor for legislators' specific tasks; (iii) produce information and arguments customized to promote the legislator's and group's common cause; and (iv) provide issue-specific legislative intelligence, useful in plotting effective strategy.

As a matter of description, then, the pluralists had it right. Lobbyists serve as "service bureaus" or "adjuncts to staff." As the next section explores, however, they had it wrong in concluding that interest groups had little influence on legislators. Lobbyists' subsidies are the very mechanism of their influence.

IMPLICATIONS

As developed thus far, a virtue of the model of lobbying as legislative subsidy is its simplicity. Various extensions come to mind, two of which we take up next. Nonetheless, in this simple form, the model does a better job of explaining previously puzzling regularities in the behavior of both lobbyists and legislators. In addition, the theory produces several implications that are counterintuitive or otherwise distinctive in light of existing scholarship. We summarize them here, then take up in the next sections some important qualifications.

If lobbying is a type of legislative subsidy:

(H.1) Lobbyists will lobby their allies, where "allies" refer to legislators who share the same policy objective as the group. Quite simply, allies will use resources to work toward progress on A, not against it ($-A$). Thus, the pattern that was anomalous in light of previous frameworks is a prediction of the present account.

(H.2) Lobbyists will lobby most their strongest allies, where strength refers to the legislator's marginal willingness to pay for progress toward the policy objective the member and group share. Again, this contrasts starkly to the predictions of most previous theories.

(H.3) Lobbyists will not lobby their enemies. As a matter of logic, legislative subsidies do not work in reverse. One cannot "de-subsidize" a legislator's office, short of, say, kidnapping the staff. Nor, obviously, would one want to subsidize those who work against you.

(H.4) Lobbyists will seldom lobby uncommitteds, where uncommitted here refers to legislators for whom it is uncertain whether they favor progress or regress on A. Lobbyists cannot be sure whether grants given to apparently uncommitted legislators will be used for the group's cause or simply wasted. Again, this hypothesis is counterintuitive when one views lobbying as informative signaling or vote buying. Such accounts predict that lobbyists will lobby uncommitted members generally and lobby weak allies counteractively.

These four hypotheses regarding lobbying behavior have corollaries in several hypotheses about the behavior of legislators, conditional on being lobbied:

(H.5) As lobbying increases, so will the participation or "effort" of allies. According to the subsidy account, this is the principal purpose of lobbying—to mobilize allies. This hypothesis and the next are similar to the exchange hypotheses of Hall and Wayman (1990), but they flow from a different causal mechanism.

(H.6) Lobbying will increase most the participation of the lobbyist's strongest legislative allies. This is a corollary of the second hypothesis. Strong allies have a higher marginal willingness to pay for progress on A and thus will use more of the subsidized resources to expand their effort promoting A.

(H.7) Lobbying uncommitted legislators or enemies (to the extent that this happens) will not increase those legislators' participation. Legislators who are apparently uncommitted have at most low marginal rates of resource expenditure on advancing issue A. Inadvertent subsidies to opposing legislators would be wasted, given that a group's policy information, political intelligence, and labor are tailored to promote progress on the group's issue. With few exceptions (say, private headcounts) such information is not divertible to the opposite side's cause.

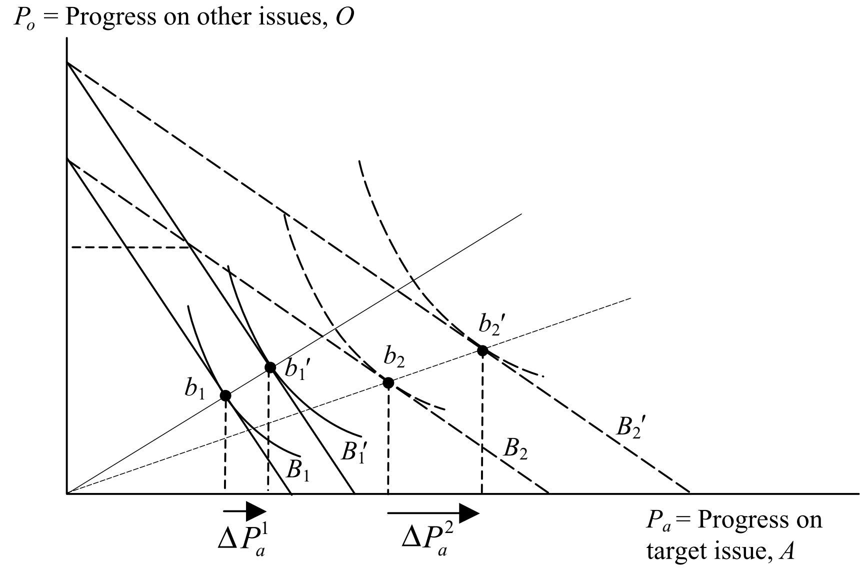
Two hypotheses follow regarding the access of public interest groups to legislators and the effect of the former on the behavior of the latter:

(H.8) Legislators will give access to (be lobbied by) like-minded public interest groups, even if the latter have no reelection-relevant assets. This is because such lobbyists can provide policy information, political intelligence, and legislative assistance useful in legislators' Washington work, even if they cannot help with their reelection efforts. Exchange models and reelection-centered signaling models, in contrast, do not comprehend lobbying by such groups, in that legislators have no incentive to give them access.

(H.9) Lobbying by public interest groups without reelection-relevant assets will increase the participation or "effort" of allies. Such groups, Berry reports, see themselves as having a comparative advantage with legislators in policy research and information, mainly because of their reputation for accuracy and credibility (Berry 1999; Browne 1995). Frequently these groups conduct or commission their own research. Their reports, in turn, are more likely to receive favorable press coverage than information provided by corporations, trade associations, or other financially interested parties (Berry, 120–42).

(H.10) Lobbyists will lobby legislative allies with the most productive enterprises. This hypothesis follows from an extension of the basic model, which we present

FIGURE 3. Simple Grants to an Ordinary (1) and a More Productive (2) Legislator



in Figure 3. Even among equally committed allies, some legislators are more efficient in producing progress toward a common goal than others. Leaders of the committee of jurisdiction, for instance, tend to be especially productive, owing to a more professional staff and greater control over the committee's agenda. Majority party leaders, likewise, have procedural prerogatives involving floor scheduling and the appointment of conferees, such that they might accelerate, delay, or kill legislation with relatively little effort.[10] In a highly partisan chamber, majority party membership alone should render a member more efficient.

Figure 3 illustrates this by showing the budget lines, before and after a simple grant, for two different legislators with identical preferences but different levels of productivity with respect to issue A. Legislator 1 is shown with solid lines and curves, Legislator 2 with dashed ones. Legislator 2 is more productive than 1, and thus his or her initial budget line, B_2, extends further along the P_a axis than B_1. As a result, even prior to any subsidy, Legislator 2 achieves greater progress on the issue than Legislator 1, both because the effort is more productive and because that productivity provides an incentive to devote more of his or her resources to the issue.

A simple (not matching) subsidy is now provided to both of these legislators.[11] This shifts their budget lines from B_1 to B_1' for Legislator 1 and from B_2 to B_2' for Legislator 2. The resources provided by the grant are themselves assumed here to be no more productive for Legislator 2 than for 1; if they were, the result would be even stronger. And the result, shown by the changes in progress marked as ΔP_a^1 and ΔP_a^2, is clearly that the subsidy yields a greater increase in progress toward the targeted issue if provided to the more productive legislator.

In choosing whom to subsidize, in sum, lobbyists will consider a second attribute of the legislator—the productivity of the legislator's enterprise—as well as the resources that enterprise might put in. As a consequence, finally:

(H.11) Lobbying will increase the participation of the lobbyist's most productive allies.

Before concluding, it bears noting that in a world in which lobbying is a type of legislative subsidy, theoretical problems at the heart of other accounts happily disappear. First, contract enforcement—the central problem in exchange models—is rendered moot. Lobbyists give legislators grants, not bribes. Legislators do not act as agents of lobbyists; legislators act *as if* they were group agents even though they are acting only in the interests of themselves. There exists no quid pro quo, implicit or otherwise; there is no incentive to renege.

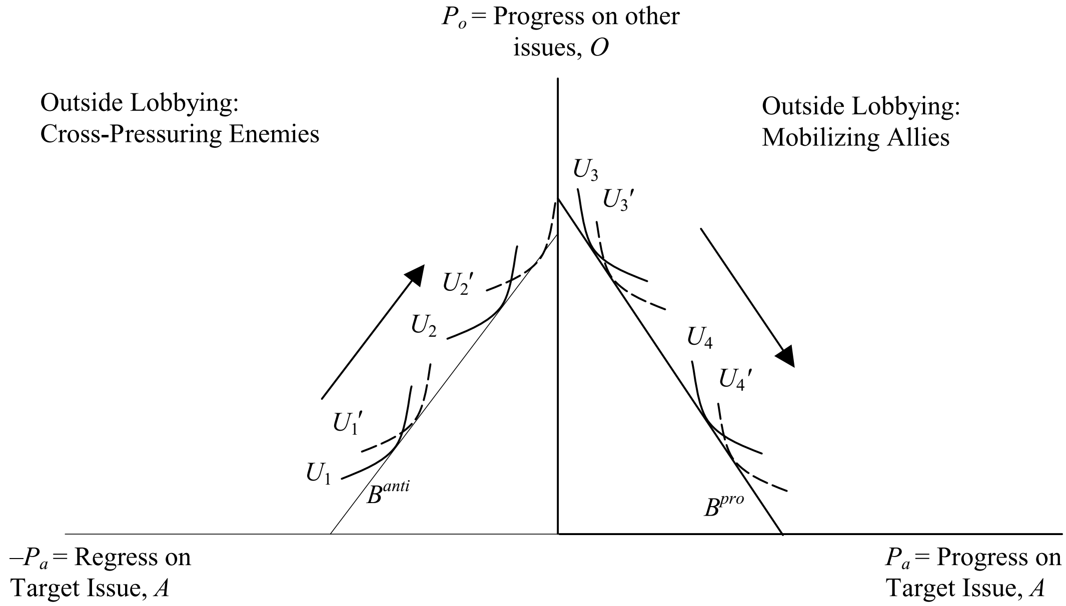
Second, in this theoretical world, dissembling—the core problem in incomplete information models of lobbying—appears less troublesome. If lobbying is a form of subsidy, lobbyists have an incentive to seek out and assist legislators with whom they already agree. To the extent that the policy objectives of the lobbyist and legislator are coincident, in turn, there is no incentive for the lobbyist to dissemble; rather, the incentive is to provide the best information and advice.

Third, lobbying as legislative subsidy implies a distinctive conception of access. Access is not something that need be bought by the group or grudgingly given by legislators. To the contrary, legislators should also initiate contacts with lobbyists, specifically those lobbyists whom they already know support their objectives. In fact, Whiteman (1995) finds precisely that: Legislative offices often call on likeminded lobbyists

[10] Leaders or other legislators experienced in an issue domain are also most likely to have well-established views, making preference-centered lobbying an even less effective strategy.

[11] A matching subsidy would have similar implications.

FIGURE 4. The Effects of Preference-Centered Lobbying on Legislative Effort



for assistance. In this respect, lobbyists sometimes feel "pressure" from the legislator to "produce"—just the opposite of the conventional pressure group story.

Finally, in the theoretical world represented here, there is little directly competitive lobbying. Specifically, different groups will lobby on different sides of an issue, but they do not lobby the same legislators. Each side lobbies its known allies, not legislators who exhibit weak commitments. In this respect, matters of strategic lobbying look very different. One does not lobby "counteractively," in Austen-Smith and Wright's (1994) sense, and decisions to lobby individuals by one side tend to be independent of lobbying by the other.

BRINGING PREFERENCES BACK IN

To this point, we have assumed that legislators' preferences were fixed, their budget lines the sole focus of lobbying strategies—just the reverse of conventional theories. This simple model seems to accord remarkably well with several well documented but puzzling regularities in the behavior of lobbyists and legislators. The principle of parsimony might lead us to stop the theoretical exercise here. But a model that is too parsimonious can create too many, different anomalies of its own. Thus, we point to two extensions of our basic model in which we bring preferences back in. The result will be to conceptualize lobbying more generally as a class or menu of strategies, defined by the proximate political objective of the lobbyist.

Were lobbying solely a form of legislative subsidy, we have argued, lobbyists would rarely lobby enemies or undecided legislators. What, then, are we to make of highly visible floor fights, frequently reported in the press and often studied by academics, in which advocates ambush legislators at Gucci Gulch and lobby down to the last decisive vote? Clearly, this lobbying is considered important by all concerned, and even a casual observer of Congress can cite high-profile cases that turned on tightly contested roll calls. Increasingly common, likewise, are grass-roots or "outside lobbying" campaigns, orchestrated to bring constituency pressure to bear on undecided or wrong-headed representatives (Goldstein 1999; Kollman 1998).

Our model does not comprehend such behavior. In focusing on the budget, B, we have assumed that U was out of play—an assumption that does not square with either the logic or evidence of competitive lobbying of undecided legislators. To avoid trading one set of anomalies for another, we need to reconsider when lobbyists will decide that inducing a change in legislators' preferences will be their proximate political objective.

In our model changing a legislator's preferences means shifting his or her family of indifference curves, so that the tangency with a given budget line is moved. We use Figure 4 first to illustrate how, under specifiable conditions, preference-centered lobbying and lobbying as legislative subsidy can be complementary. Figure 4 differs from the previous figures in that it represents the budget and utility functions of both proponents of policy A (U_3 and U_4) and opponents (U_1 and U_2), who seek what we call regress on A. The figure also shows, as dashed curves, shifts in each of these four legislators' indifference curves, representing the changes in preferences from grass-roots lobbying that we discuss next.

In contrast to our earlier figures that included only proponents of policy A (legislators 3 and 4), who prefer to move up and to the right in this figure and therefore have downward-sloping indifference curves, opponents (legislators 1 and 2) would gain by moving up and to the left. If lobbying were solely a form of subsidy, we suggest above, legislator 1 would be the best target for the anti-A side, legislator 4 the best target for the pro-A side. These are the legislators for whom the returns to lobbying are greatest for their respective sides; they will devote a larger fraction of a resource grant to advance policy $A(-A)$, a lesser share to other issues. In this precise sense, they are strong allies. In addition, given that they are already spending significant resources to promote progress (regress), it is unlikely that they would switch sides. By comparison, legislators 2 and 3 are relatively uncommitted; they devote a larger share of their budget advancing policies in other areas, O, little time to the fight over A. In addition, they are relatively close to the line between wanting progress (regress) more than regress (progress).

Because of their relatively low willingness to pay for progress/regress on A, the latter legislators are not good targets for employing a subsidy strategy. In fact, students of legislative voting have argued that these are the legislators for whom an exchange or persuasion strategy makes *most* sense (e.g., Austen-Smith and Wright 1994; Rothenberg 1992, 194–96; Welch 1982). We agree. Relatively disinterested in issue A, they might be induced to switch sides for an affordable price. Or having invested little in acquiring information, they might be more easily influenced by lobbyists' signals. The missing piece of the puzzle is that previous theory could explain the behavior of lobbyists with respect to only this narrowly positioned set of legislators—those with weak preferences—and with respect to only one of many policy-relevant activities in which legislators engage—voting.

In contrast, we suggest three conditions that are together needed for direct lobbying to take the form of a conventional preference-centered strategy: (i) The legislator is perceived to have a weak preference, in the sense defined earlier; (ii) a specific matter is likely to be decided by a public vote; and (iii) the outcome of that vote is thought to be in doubt. We would simply observe that the occasions when all three conditions hold during a multistage, often behind-the-scenes legislative process are not all that common. Most legislators' positions on most issues are overdetermined and hence difficult to change (Kingdon 1989 [1973]). Voting is not the sole nor even the most common mechanism for influencing a policy, especially for bills that take omnibus form, where important deliberations take place in committee or behind the scenes (Evans 1989; Hall 1996), and where procedural advantages may be as important as the sincere preferences of the median voter (e.g., Arnold 1990; Shepsle and Weingast 1987). Nonetheless, when the three conditions hold, we should expect lobbyists to use a preference-centered strategy targeted at undecided legislators. This should occur most often prior to major committee or floor votes.

Even if the objective of lobbying is to change the uncommitted legislator's position, however, lobbyists need not *exclusively* employ exchange or persuasion strategies. As Ainsworth (1997) and Wright (1996) suggest, they should also provide political intelligence to their legislative allies so that the latter might employ preference-centered strategies with their uncommitted colleagues. Commonly referred to as indirect lobbying, this mechanism is comprehensible only in terms of a budget-centered model.[12] Lobbyists provide head counts, identify wavering legislators, and determine the nature of those legislators' concerns to which the group's legislative allies might speak in trying to win their colleagues' votes. To the extent that these subsidies are the mechanism of influence, however, any model regressing legislators' votes on lobbying contacts will necessarily underestimate how much lobbying matters.

Finally, Figure 4 represents some distinctive implications of Kollman's (1998) and Goldstein's (1999) research on grass-roots campaigns, what Kollman refers to as "outside lobbying." The twin goals of outside lobbying, Kollman argues, are to signal legislators that an issue is *salient* among constituents and to mobilize those constituents. Following Arnold (1990), Goldstein emphasizes that outside lobbying can make unpopular actions by members of Congress more *traceable* to them. For our purposes, the important question that follows from this analysis is: Were such a campaign successful, what would be its effect on the member's behavior?

For three different preference profiles, we hypothesize, it would have three different effects. For purposes of illustration, imagine that the newly attentive constituents are parents, who, after a grass-roots campaign by the American Lung Association, consider air pollution more salient because they better understand its ill effects on asthmatic children. If their legislator strongly favors progress toward cleaner air (U_4 in Figure 4), such a signal would not change the legislator's vote. But to the extent that the newly attentive constituents appear more numerous and intense, it should move the legislator's indifference curve to the right and down the budget line (to U_4') such that the legislator would be willing to spend more legislative resources (absent a subsidy), B, working for stricter air quality standards. By engaging in costly legislative activity, the legislator can make credible, traceable claims of credit for any policy progress that follows. Through grass-roots signals of salience, in short, the legislator will be legislatively mobilized.

Conversely, were the legislator strongly opposed to tighter pollution controls, the salience-raising signal from that same set of parents might not be sufficient to change his or her vote. But to the extent that the newly attentive group is numerous and intense, the legislator should be cross-pressured, moving the legislator's indifference curve up the budget line and to the right, from U_1 to U_1'. As a consequence, the member would become less active, making any harm from weaker pollution standards less traceable to him or her.

Finally, outside lobbying stands to affect the *positions* of legislators near the middle. In our example, the higher salience of clean air policy among concerned parents might push the legislator over the top

[12] Austen-Smith and Wright (1994, 36–37) provide an insightful discussion of indirect lobbying in which they acknowledge that their model does not account for it.

between regress and progress and thus, in a voting situation, between nay and yea. This seems to be the implication that Kollman (1998) and Goldstein (1999) draw. We would simply suggest that outside lobbying may be legislatively more consequential than they acknowledge.

BRINGING CAMPAIGN CONTRIBUTIONS BACK IN

Finally, how do campaign contributions fit within the terms of the simple subsidy model? Recall that one version of the exchange theory is that interest groups literally "buy time," as Hall and Wayman (1990) argue. In effect, PAC money moved the friendly legislator's indifference curve down the budget line, increasing his or her effort. For reasons cited earlier, this hypothesis seems less consistent with what we know about the size of PAC contributions and the growing role played by PAC-less public interest groups, but the hypotheses that contributions and lobbying contacts mobilize legislators should be tested jointly. We suspect that controlling for lobbying, PAC contributions have little *direct* effect on legislative effort (see also Wright 1990).

However, PAC contributions can operate in an indirect way, one that is consistent with the subsidy model and what we know about the patterns and modest size of typical contributions. PAC contributions might simply serve as one signal (among others) that the group has policy objectives in common with the legislator. The legislator's perception is important in the subsidy framework, because the effects of lobbying depend on the member and the group sharing a common cause. A contribution of a few hundred dollars might confirm that perception (or the absence of a contribution might undermine it), at least for most PACs, and this view would be consistent with the finding that PACs give predominantly to their allies.

A stronger hypothesis is that contributions indirectly facilitate the process of subsidizing legislators by buying access. That money buys access is a common theme among campaign finance reformers, who claim that, at the very least, contributors are more likely to have their phone calls returned. But the consequences of improved access are rarely spelled out. In the context of our model, a contribution-induced return call could conceivably go a long way. Direct conversations provide lobbyists with the opportunity not to *request* favors (the conventional image) but to *offer* help on a matter that the legislators care about. In such a scenario, legislators may come away thinking that they got something out of the phone call, not that they were pressured or grudgingly gave something away. The prediction this suggests, then, is that contributions will affect lobbying access, and access, in turn, will affect the legislator's level of effort on the common issue. As we discuss later, the purchase of access thus looks somewhat different than reformers have alleged. Money buys access only to one's allies, and the behavioral consequence is greater legislative effort on behalf of a shared objective, not a disingenuous vote.

CONCLUSION

The empirical literature on lobbying is large and often contradictory. At the same time, the relevant theoretical literature is eclectic and gives uncertain guidance to further empirical research. The juxtaposition of the empirical and the theoretical, in turn, gives rise to several anomalies. Such anomalies, Kuhn (1962) has argued, can be theoretically useful. They prompt us to revisit basic assumptions and rethink core concepts. In what sort of theoretical world might these patterns make sense?

The theory presented here suggests that we need to rethink the concept of lobbying in simple but different terms—mainly as a form of subsidy, less commonly a form of exchange or persuasion. This view helps to make sense of a number of puzzles, and it better fits the results of previous research. It also generates several new hypotheses for future research.

The present account remains underdeveloped in several respects. One potentially fruitful extension would complicate the legislator–lobbyist agreement over policy objectives by incorporating their degree of agreement over specific policies to reach those objectives. Even when working with allies, lobbyists may face tradeoffs between, say, a legislator's proximity to their groups' ideal policies and the legislator's institutional or partisan ability to get things done. In the particulars of lawmaking, purposes can diverge at softer angles. To the extent that they do, problems of dissembling and agency loss may appear.

A second extension would be to model the resource-allocation decisions of both legislators and lobbyists, allowing us to examine the conditions under which allies' allocation strategies diverge. For instance, if exogenous factors cause the likelihood of action on a policy proposal to drop, the (single-issue) group might compensate by lobbying its allies more, while the legislators, being generalists, might be inclined to reallocate effort to more promising issues. The same legislative ally might thus require a greater subsidy to generate the same progress-producing effort.

Finally, the subsidy model casts a different light on the normative implications of lobbying. The reach of private power into public affairs is a perennial concern in the study and reform of democratic institutions. A market economy creates inequality among individuals in the private sphere. A democratic polity requires equality among citizens in the public sphere. And we want the two to coexist. The resulting tension appears most visibly in the disparities among groups in contributions to political campaigns. But so too are there disparities in the resources that groups have to spend on lobbying. Some can afford lobbying efforts costing millions of dollars for a single lobbying campaign. Others operate on a shoestring, if they operate at all.

The theory of lobbying as legislative subsidy suggests that we might want to rethink the implications of these patterns for democratic ethics. To be sure, lobbying is not a sainted enterprise to most who worry about the ethical health of policymaking in Congress. Lobbyists are co-conspirators in the business of, *Capital*

Corruption (Etzioni 1984) and *The Buying of Congress* (Lewis 1998), to name just two of the books that charge members of Congress with violating basic principles of representation. Even if we adjust for overblown rhetoric, how legitimate are such charges?

If we take lobbying solely to be a form of legislative subsidy, we get two counterintuitive answers. The first one is: The charges are wrong; indeed the opposite is closer to the truth. Groups enable legislators to do a *better* job as representatives. It's an unhappy fact that members of Congress do not have the time to vigorously represent all of their constituents on all issues that concern them. But let's say that representatives do their best, and still some citizens get underrepresented. That's where lobbyists come in. They enlarge the resources that legislators have to work on behalf of their constituents. In this sense, lobbyists are actually good for representation. We have argued, moreover, that public as well as private groups are able to do this. Perhaps this means that the muckraker's rhetoric about the power of private interests is overblown, the ascendancy of public interest groups underemphasized. Berry (1999) has made precisely this argument.

The problem with this conclusion is that subsidies help legislators to work harder primarily on behalf of the interests that can afford the high costs, not only of organizing and making campaign contributions, but of paying professional lobbyists and financing the organizations that support them. Such resources are not equally distributed across groups. Business interests exhibit "tremendous predominance" in federal lobbying (Baumgartner and Leech 1999). Hence, the hypothesis set forth here, that public interest groups without electoral assets can influence legislative behavior, does not imply that they countervail the influence of private interest groups and thereby correct the distortions in pluralist politics that democratic critics often bemoan. Groups that are better able to pay the costs of information-gathering, policy analysis, and lobbying will be advantaged in addition to whatever advantages they might accrue from better grass roots organization and more contributions to congressional campaigns.

But might not the legislative subsidies of private groups also free up resources for legislators to use representing those who would otherwise be neglected? In terms of the subsidy model, it turns out, the answer depends on the size of the substitution effects, specifically, whether lobbying works as a simple grant or an issue-restricted matching grant. This empirical question turns out to be an important ethical question. To the extent that lobbying works like the latter (Figure 2, downward sloping arrow), we are led to a more critical conclusion, one that rests on the equality principle: Lobbying distorts the representative's allocation of effort in favor of groups sufficiently resource-rich that they can finance an expensive lobbying operation. This is problematic even if other constituents get a little better representation due to substitution. The equality principle of representation (Thompson 1995) is nonetheless compromised.

But that brings us to the second counterintuitive—in fact, paradoxical—implication: *Representation is compromised without individual representatives being compromised*. When an opposing lobbyist walks into a legislator's office the night after a campaign fundraiser and, with a wink and a PAC check, suggests that the legislator take a position contrary to his or her inclinations or do a favor unrelated to constituency interests, then that legislator faces an ethical test. The legislator who does what the lobbyist asks fails it. If caught, he or she would be guilty of an ethics violation, perhaps a legal one. But if a lobbyist selects as the legislator to lobby someone who, say, for constituency reasons, already supports the group's objectives, then no ethical test is apparent. Quite the opposite. The lobbyist makes a suggestion or offers help, and rather than feeling tempted or pressured, the legislator feels grateful. Hence, when skeptical reporters ask legislators if sleazy lobbyists are agents of their corruption, they *sincerely* say, "No. They just provide me with information," or "They help us do our job." Which is what most legislators say. The reporter may respond with a cynical sneer, but perhaps we should not.

The rub is that the legislator's sincerity is beside the larger ethical point. The equality principle is nonetheless violated as a result of the legislator's actions. Some constituents lose, at least in relative terms, in this process. But the legislator does not know that anyone in particular has lost, because it is not transparent who the losers will turn out to be. If the legislator diverts staff time in order to take advantage of the friendly lobbyist's offer, staff effort gets cut on something else, namely, the *n*th thing on a long list of priorities. But neither member nor staffer is likely to know what that item is, how much time it would have taken, or whether they would have gotten to it anyway. In short, the equality of representation gets compromised even though individual representatives do not. They do not face, much less fail, an ethical test. Perhaps this is why voters and the individuals they elect have such different perceptions of corruption on Capitol Hill.

In sum, a theory of lobbying as legislative subsidy produces distinctive empirical and normative implications. Surely the latter require a fuller discussion than the speculations offered here. But they do illustrate how important ideas of abstract democratic theory need to be placed in the context of coherent practice if they are to have critical bite. In the end, theories that provide that coherence should help us assess the kinds of lobbying and ethics reforms needed in American legislatures.

APPENDIX: A MATHEMATICAL FORMULATION

In our formulation of the lobbying model, we represent progress on the lobbyist's issue by A and progress on all other issues by O. Utility of the legislator is given by a constant-elasticity-of-substitution function:

$$U = (O^{\rho} + (wA)^{\rho})^{1/\rho}, \qquad \textbf{(A.1)}$$

where w is the weight attached to issue A, and $\rho < 1$ is a parameter reflecting the willingness to substitute progress on one issue for progress on another. Formally, $\sigma = 1/(1-\rho) > 0$ is the "elasticity of substitution" and measures curvature of indifference curves. If σ is high, indifference curves are close to being straight lines, whereas if σ is low they are nearly L-shaped.

Progress is achieved by expending effort, e, which may be thought of as time spent on an issue, the total available amount of which is limited to $\bar{E}$ absent help from the lobbyist. A unit of effort yields a unit of progress on O, while effort devoted to A yields a return of r. Thus, without help, the legislator will allocate amounts of effort e_O to O and e_A to A, yielding progress $O = e_O$ and $A = re_A$, subject to the constraint $e_O + e_A \leq \bar{E}$, so as to maximize (A.1).

The lobbyist, however, now provides additional effort e_L, directed toward issue A. This may be a simple grant not conditional on what the legislator does, so that $e_L = \bar{e}_L$ supplements effort of the legislator. Or it may be a "matching grant," its amount depending on that allocated to issue A by the legislator, e_A. In this case $e_L = me_A$, where m indicates the size of the subsidy. With these additions, the legislator's technology for making progress becomes

$$O = e_O \tag{A.2}$$

$$A = r(e_A + \bar{e}_L + me_A), \tag{A.3}$$

where for convenience we combine the two forms of grant, although in practice we will always set either $\bar{e}_L$ or m to zero. Combining these with the budget constraint $e_O + e_A \leq \bar{E}$, we get the conventional budget constraint of microeconomics:

$$O + pA \leq I, \tag{A.4}$$

where

$$p = 1/r(1+m) \tag{A.5}$$

and

$$I = \bar{E} + \bar{e}_L/(1+m). \tag{A.6}$$

That is, the legislator chooses O and A to maximize (A.1) subject to (A.4). From this, a simple grant is like a subsidy that increases income, whereas a matching grant is like one that lowers price. We will see that the legislator responds to both by increasing A, but the matching grant also induces substitution[13] in favor of A due to the price incentive.

This problem is standard in economics (e.g., Helpman and Krugman 1985, 118; Varian 1992, 112), with the following solution:

$$O = \frac{I}{1+(p/w)^{1-\sigma}} = \frac{1}{1+(1/r(1+m)w)^{1-\sigma}} \times [\bar{E} + \bar{e}_L/(1+m)] \tag{A.7}$$

$$A = \frac{(p^{-\sigma}/w^{1-\sigma})I}{1+(p/w)^{1-\sigma}} = \frac{(1/r(1+m))^{-\sigma}\, w^{1-\sigma}}{1+(1/r(1+m)w)^{1-\sigma}} \times [\bar{E} + \bar{e}_L/(1+m)]. \tag{A.8}$$

The positive effects of $\bar{e}_L$ on both O and A are apparent here, as stated in Hypotheses H5 and H9. In fact it can be verified that the effect of a simple grant on A is proportional to what the legislator would have devoted to A absent the subsidy, A^0/I^0:

$$\frac{dA}{d\bar{e}_L} = \frac{A^0}{I^0}. \tag{A.9}$$

[13] In the standard economists' use of the term; see footnote 8.

Interpreting this initial allocation of the legislator's resources as a measure of legislator preference, (A.9) is an expression of Hypotheses H6 and H7. It is also the basis for our claim in the text (in H1–H4 and H8) that the lobbyist should assist legislators who already work hardest for their issue. That is, if lobbyists target legislators to maximize the effect of their contribution on their objective, $dA/d\bar{e}_L$, then they will target legislators that have high values of A^0/I^0, which in this model is both the average and the marginal willingness of the legislator to use his or her own resources for the objective. Likewise, legislator productivity enters as the parameter r. Higher r may raise or lower O in (A.7), depending on σ. But it can be verified that A^0/I^0 depends positively on r, so that lobbying should be of more productive legislators, as in H10 and H11.

The effects of m (with $\bar{e}_L$ now zero) are less obvious, especially for A in (A.8). The matching grant may raise or lower O, depending on whether σ is smaller or larger than one, as seen by differentiating (A.7) and evaluating at $m = 0$:

$$\frac{dO}{dm} = (1-\sigma)\frac{O^{0^2}}{I^0}\frac{p^{1-\sigma}}{w^{1-\sigma}}. \tag{A.10}$$

But the matching subsidy, starting from zero, necessarily raises A:

$$\frac{dA}{dm} = A\left(\frac{pA^0}{I^0} + \sigma\frac{O^0}{I^0}\right). \tag{A.11}$$

To compare the matching grant to the simple grant from the lobbyist's perspective, we need to know the increase in A per unit of effort contributed by the lobbyist, e_L:

$$\frac{dA/dm}{de_L/dm} = \frac{A^0}{I^0} + r\sigma\frac{O^0}{I^0}. \tag{A.12}$$

Compared to (A.9), the matching grant gives more return to the lobbyist, more so the higher is σ.

Note finally that this framework can be used to examine changes in preferences. Suppose, for example, that the lobbyist can persuade the legislator to give more weight, w, to issue A, consistent with Kollman's (1998) and Goldstein's (1999) accounts of grass-roots lobbying, as discussed in the text. In (A.7) and (A.8), this has almost the same effect as a fall in price, like a matching grant. As Figure 4 illustrates, however, a change in weight, w, unlike a matching grant, could mobilize or demobilize the legislator, depending on whether the preferences of the newly attentive constituents agree with their representative.

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