

Money in Exile: Campaign Contributions and Committee Access*

Justin Grimmer [†] Eleanor Neff Powell [‡]

February 4, 2014

Abstract

Corporations and political action committees (PACs) flood congressional elections with money. Understanding why they contribute is essential for determining how money influences policy in Congress. To test theories of contributors' motivations we exploit committee exile—the involuntary removal of committee members after a party loses a sizable number of seats, and the losses are unevenly distributed across committees. We use exile to show that business interests seek short-term access to influential legislators. Sectors regulated by the committee decrease contributions after a legislator is exiled, instead PACs from regulated sectors direct their contributions to new committee members from the opposite party. Partisan interests, in contrast, attempt to influence electoral outcomes—boosting contributions to exiled members. Together, we provide evidence that corporations and business PACs use donations to acquire immediate access and favor—suggesting they at least anticipate that the donations will influence policy.

*We thank Gary Jacobson for sharing his candidate quality data, Arjun Wilkins for sharing his election data, Adam Bonica for his campaign finance data, and the Center for Responsive Politics for its industry and committee oversight classifications. We thank Scott Ainsworth, Peter Aronow, David Broockman, Daniel Butler, Emily Hickey, Dan Lee, Keith Krehbiel, David Mayhew, Eric Schickler, Heather Stoll, Barry Weingast, and anonymous reviewers for helpful comments on earlier phases of this project. We also thank seminar participants at Princeton University, Wesleyan University, the University of Rochester, and the University of California, Berkeley for helpful comments.

[†]Assistant Professor, Department of Political Science, Stanford University; Encina Hall West, 616 Serra St., Stanford, CA, 94305

[‡]Assistant Professor, Department of Political Science, Yale University; 77 Prospect St., New Haven, CT, 06511

A record-breaking 81% of Americans disapprove of Congress.¹ One explanation is that the public broadly perceives that there is too much money in politics—causing moneyed interests to receive the attention of Congress, while the problems of the middle-class and the poor remain neglected. Political elites share this assessment: political practitioners, journalists, and opinion writers all regularly bemoan the influence of money in politics. They worry about the tremendous time and energy politicians spend fundraising, and the influence of the unprecedented amount of money circulating in Washington.

Concerns about the role of money are not new—Congressional investigations into bribery and improper influence-peddling date to the mid-nineteenth century (Thompson, 1995). In response to a weary public and prominent scandals, the federal government has expanded regulation of money in politics, and developed formal legal structures and an expanded investigatory apparatus to investigate outright illegal behavior.² Yet, worries about money, the access it buys, and the bias it creates, remain. These concerns range from misallocated funds in the form of earmarks for campaign contributors, to distortions in the policy process. If the allegations are even partially true, then the democratic process has been hijacked by the well-to-do, constituting a substantial breakdown in representation.

Understanding how money influences the policy process is essential for assessing the health of American democracy. But diagnosing how money influences policy-making and where money exerts this influence is difficult. Problems of endogeneity and legality make isolating the effect of contributions on policy difficult to disentangle. Moneyed interests are strategic when donating, often making observational data consistent with contrasting explanations. And neither the donors nor the legislators want this influence to be detected—overtly selling influence is illegal, and transparent donor influence would have negative electoral consequences for legislators while making policy influence more difficult for corpora-

¹Rasmussen Reports (2011); Real Clear Politics (2013).

²The Office of Congressional Ethics was created in the 110th Congress as an “independent, non-partisan entity charged with reviewing allegations of misconduct against Members, officers, and staff of the United States House of Representatives...” (Office of Congressional Ethics, 2013). In addition to which, investigating public corruption—“a break of trust by federal, state or local officials”—is the Federal Bureau of Investigation’s number one criminal investigative priority (Federal Bureau of Investigation, 2010).

tions.

Existing scholarship on the subject, largely led by the findings of Hall and Wayman (1990) and Hall (1996), suggests that one of the best places to influence the content of legislation is in committee. In committee is where legislation is drafted and amended. This activity is hidden relative to the public activity of roll call voting, and involves only a small number of legislators, which makes it a good potential point of access for those seeking to influence the legislative process.

Building off the insights in this literature, we seek to answer longstanding questions about the influence of money in Congress by exploiting a congressional procedure that exogenously varies a member's influence over the policy-making process. When Congressional parties lose their majority status after a wave election, their losses are unevenly distributed across Congressional committees. At the same time, the new minority party (the party that lost its majority status) will have a reduction of seats on committees. Together, this creates a surplus of legislators returning to the committee, forcing some legislators to be *exiled* or involuntarily removed from their committee assignments.

We use exile to gain insight into how legislators' influence over policy affects PAC donation behavior. To identify the effect of policy influence on contribution behavior, we build on the data and approach introduced in Grimmer and Powell (2013), which identifies all instances of committee exile since World War II. Grimmer and Powell (2013) demonstrate that exile occurs through a deterministic process, with the least senior legislators selected for removal. The result is that exiled and non-exiled legislators are strikingly similar to those who remain on the committee in characteristics other than tenure and committee rank. We pair data on exile behavior with industry and PAC donation behavior, and a panel research design. Together, our strategy allows us to identify how donation behavior changes in response to an unanticipated loss of policy power and ensures that we can dismiss confounding explanations for our findings (Romer and Snyder, 1994).

Using this design, we show that business PACs contribute to seek short-term access to

legislators, rather than cultivating long-term relationship or influencing electoral outcomes to assist ideologically aligned legislators. Business PACs bail on exiled legislators, reducing contributions to legislators who are removed from committees that regulate corporations' business activities. In turn, these same PACs increase donations to committee members in the new majority, and make even larger increases in contributions to new committee members from the new majority. The result is that exile from committees with wide influence over business—such as Ways and Means—causes a substantial decrease in legislators' PAC-sourced contributions.

Other PACs' donations are consistent with electoral motivations. Ideological and partisan PAC contributors—such as the DCCC and the NRCC—donate to support the reelection chances of co-partisans. After exile, partisan contributors substantially increase donations to exiled legislators, consistent with legislators bailing out vulnerable members of a partisan coalition in order to bolster the party's electoral chances in the following election.

Our findings reveal that access-seeking PACs appear to focus on donations to create short term relationships with legislators. The decrease in donations to exiled legislators suggests a spot market for legislative access: business PACs contribute to legislators only when those legislators exercise direct influence over industry-specific policy. When the influence is removed, business interests no longer have a reason to contribute to the legislators, and the contributions are reduced. Contrasting predictions from different theoretical literatures, our results show that short-term based policy influence (access-seeking) donation patterns we identify are of the greatest normative concern. The creation of short-term relationships creates the appearance of a “pay-to-play” interaction between contributors and legislators. This undermines faith in Congress—even if the actual basis for the contribution is less explicitly access-seeking. Contributions for short-term access also create a distortion in the policy process that favors well-financed interests. Interests with sufficient money ensure that government prioritizes a solution to those interests' problems. The problems of the less wealthy remain neglected.

1 Empirical Evidence: Influence of Money

Much of the research on the influence of money in politics has focused on identifying a relationship between campaign contributions (PAC contributions in particular) and roll call voting behavior in Congress. This is a logical starting point. Roll call voting is one of the most visible Congressional activities and complete data are now readily available. Further, the mandated reporting of all contributions over \$200 provided nearly complete data on the organizations that contributed to members of Congress.

Despite widespread perceptions of corruption, and numerous studies, there have been few consistent demonstrated effects of money on roll call votes.³ Indeed, Ansolabehere and Snyder (2003) show in a review of 36 prior studies that scholars rarely identify substantively meaningful relationships between votes and contributions. The lack of a relationship remains even after Ansolabehere and Snyder (2003) augment their meta-analysis and attempt to overcome problems of simultaneity and the absence of crucial control variables in earlier studies with instrumental variables and panel data. After this additional statistical work, their findings echo earlier studies concluding that campaign contributions explain a “miniscule fraction of the variation in voting behavior.”⁴

1.1 Need to Look Beyond Roll Call Votes

Putting aside, for the moment, the methodological challenges posed by the difficulties of research design in this area (a topic we will return to in the following section), there are two

³See: Fleisher (1993); Langbein and Lotwis (1990); Grenzke (1989); Wright (1985); Groseclose (1996); Kau and Rubin (1982); Milyo, Primo and Groseclose (2000); Saltzman (1987); Engel and Jackson (1998); Stratmann (1991, 1992, 1995, 2002); Wawro (2001); Conley and McCabe (2012); Wright (1989, 1990, 2004); Lessig (2011); Calcagno and Jackson (1998); Chappell (1982); Jones and Keiser (1987); Neustadt (1990); Moore, Powell and Reeves (2013).

⁴Ansolabehere and Snyder (2003)’s dismissal of a meaningful relationship between campaign contributions and roll call votes, and characterization of the extant research on the subject, has not gone undisputed. In a subsequent meta-analysis, Stratmann (2005) reanalyzed the same studies and rejected their conclusions. Additionally, a few years later, using a different and smaller sample of research and a somewhat different methodological approach, Roscoe and Jenkins (2005) argue instead that “conventional wisdom has been too sweeping in its characterization of money as almost wholly unimportant in roll call voting,” (Roscoe and Jenkins, 2005, pg. 64). Rather, they conclude that one-third of the roll call votes in Congress show influence of campaign contributions.

primary considerations that should motivate scholars investigating the role of money in the policy-making process to look beyond the relationship between campaign contributions and roll call votes: (1) legality and (2) visibility.

First, legality. The exchange of campaign contributions in return for roll call votes is bribery, and is illegal (18 U.S.C. §201). As the United States Office of Government Ethics (2013) describes, if something of value is given, offered, or promised with the intent “to influence any official act,” it is illegal behavior on the part of the contributor. Conversely, if a public official demands, seeks, receives, or accepts an item of value, it is illegal behavior on the part of the legislator. Research that seeks to examine the relationship between campaign contributions and roll call voting behavior is, in essence, a search for illegal behavior. If that illegal behavior were easily observable to outside observers, presumably many actors—both legislators and contributors—would be going to prison.

Second, visibility. Roll call voting is one of the most public actions a member undertakes. It is high profile and often used by interest groups, journalists, and the public alike to evaluate members. Roll call voting is the most visible form of position taking. Given the potential legal, ethical, and electoral implications of any relationship between contributions and member behavior, we would expect members to avoid, whenever possible, such visible actions and instead prefer to take action at an earlier, less visible stage of the legislative process.

Taken together, these factors suggest that we need to look at the complete legislative process to identify stages more open to influence (Hall and Wayman, 1990; Hall, 1996). The ease of readily available congressional roll call voting data has led to an over-emphasis of the role of roll call voting in the legislative process, to the exclusion of other important stages of the legislative process. These other stages of the legislative process are more difficult to study, because they are both less visible and more difficult to quantify. Rather than dichotomous yes or no roll call votes, influence at earlier stages may take the form of adding or subtracting a crucial sentence in a several-hundred-page House Resolution. It

can be difficult to trace such changes to an individual, let alone identify when the change occurred and who are the relevant beneficiaries. These characteristics of lower visibility and greater difficulty in quantifying such changes make them more difficult to prosecute, too. Any politicians concerned about even the appearance of impropriety may prefer these more hidden stages of influence, which makes these stages ideally suited for those seeking legislative access.

1.2 Empirical Evidence: The Value of Contributions to Buying Non-Voting Favors

A growing literature looks beyond roll call votes in the search for a relationship between money and access.⁵ This effort began with Hall and Wayman (1990) and Hall (1996)'s ground-breaking studies on the influence of money and access on member activity and participation at the committee level. Existing scholarship on the subject, largely led by the findings of Hall (1996) and Hall and Wayman (1990), suggests that one of the best places to influence the content of legislation is in committee. In committee is where legislation is drafted and amended. Further, such committee activity is less visible—making it an ideal place for legislators to exercise influence for corporate interests. While many formal committee hearings are public, many closed-door committee sessions and negotiations are not.

Studies of lobbyist behavior also suggest that a legislator's influence is best accessed through his or her committee assignment. Bertrand, Bombardini and Trebbi (2011) show that as members switch committee assignments, lobbyists with ties to that member change the issues on which they lobby. These findings imply both that lobbyists' influence and persuasion is based on a personal-access relationship with the member, rather than policy

⁵For other studies that explore the relationship between money and access that look beyond roll call voting see: Witko (2006); Calcagno and Jackson (2008); Lessig (2011). See Powell (2013*b*), for an overview of related studies on the influence of money on intra-legislative dynamics (influence within the chamber). For related studies on lobbying and access with a particular emphasis on revolving door lobbyists see: Blanes i Vidal, Draca and Fons-Rosen (2012); Bertrand, Bombardini and Trebbi (2011). Fourinaies and Hall (2013) estimate the causal effect of incumbency on campaign contributions, and find that access-motivated contributors (e.g., corporations) target incumbents more than challengers.

or substantive expertise, and that a member’s legislative influence in different policy areas is derived from his or her committee assignment.

Perhaps the closest prior work to examine committee switching behavior and PAC contributions is work by Romer and Snyder (1994), which explores the impact of committee movement on PAC contributor behavior in the 1980s. They found that members lose contributions from PAC contributors when they move committees. Our research design builds on this finding, while addressing two potential limitations of the design in Romer and Snyder (1994). First, legislators sometimes voluntarily transfer between committees, suggesting a potential confounding factor in the switch between committees. Second, legislators rarely leave certain prestige committees—such as Ways and Means—making it impossible to identify the effect on corporate donations of a seat on a broadly influential committee. Our design leverages involuntary transfers, helping us to limit the potential confounding from voluntary transfers, and ensuring that we obtain estimates for the most influential committees.

2 Motivations for PACs and Corporate Donations: Electoral Influence and Policy Influence

Social scientists and political observers have offered numerous theories to explain how organized interests decide to contribute money to Congressional campaigns (see Ansolabehere and Snyder 2003 for a review). We group the theories into two broad categories. One set of theories suppose that donations have an electoral motivation—contributors are attempting to influence who is elected to Congress. A second set of theories argues that contributions are attempts to purchase policy influence. In this section we review the theories, and explain how each theory would predict PACs react to a legislator being removed from a committee seat. To guide the reader, Table 1 outlines the theories and summarizes the empirical predictions.

Perhaps the most obvious reason that PACs may contribute to legislators is to influence the probability of reelection (Gopoian, 1984). Some donors, such as party and leadership

Table 1: Theoretical Alternatives and Empirical Tests

Contributor Goal	Pred. Aggregate Exile Pattern	
1. Electoral Influence	Increase	
2. Policy Influence	Short-Term	Decrease
	Long-Term	No Change

PACs, target legislators to obtain or maintain majority status (Wand, 2013; Powell, 2013*b,a*). Majority status is valuable to legislators for the increased policy influence, the ability to influence the Congressional agenda (Cox and McCubbins, 1993), and even in the prospect for future campaign donations (Cox and Magar, 1999). Members of Congress also use their leadership PACs to donate towards electorally vulnerable members to encourage future loyalty. Prominent members of Congress may use donations to build support for leadership campaigns, attempts to secure committee chairmanships, or even future legislation (Powell, 2013*b,a*). Business PACs also have incentive to contribute to electorally vulnerable members. Moneyed business interests can use donations to elect ideologically sympathetic legislators to Congress. Levitt (1998) argues that small donations to legislators that have only a marginal influence on electoral outcomes can yield large policy influence in Congress (Wright, 1985; Austen-Smith, 1987; Fox and Rothenberg, 2011; Wolton, 2014).

When legislators lose a preferred committee assignment through exile they become electorally vulnerable and so PACs motivated by affecting election outcomes will increase donations. Grimmer and Powell (2013) show that exiled legislators lose the opportunity to influence legislation of interest to their constituents, no longer have the the opportunity to tout their powerful positions in the institution to their constituents, and may even find it more difficult to direct new expenditures to the district. Electorally motivated PACs will recognize this new threat and increase contributions to exiled members. This increase will help the exiled legislators offset the negative electoral consequences of losing a preferred committee assignment, and perhaps purchase the legislators' loyalty in future Congresses.

Rather than attempt to influence who is elected to Congress, PACs may contribute to influence policy in Congress. Donors and members of Congress may take a *short-term* view

of contributions. For example, there may be an implicit spot-market created to sell access, a *quid pro quo* exchange for influence (Grossman and Helpman, 1994, 1996). Under this explicit theory of exchange, PACs contribute to legislators to exert an immediate influence on policy, and legislators are only responsive to the current set of donations from contributions. But short-term theories of donation need not rely upon a market for an exchange of influence (McCarty and Rothenberg, 1996). Instead PACs may make contributions in anticipation that they may need access to a legislator during a legislative term, rather than when the necessity to purchase influence arises.

If PACs are interested in short-term policy influence, then exile will cause a decrease in contributions. When legislators lose their seats on committees they also experience a sharp decline in their influence over policy. PACs and corporations seeking to influence policy in the current Congress lose their reason to contribute. The result is that short-term access-seeking models predict that PACs will *bail* on legislators who lack influence, and instead direct contributions to other legislators who are able to influence the policy process.

Rather than use contributions to purchase immediate policy influence, PACs may use contributions to cultivate a long-term relationship with legislators to influence policy. PACs may use a series of contributions to ingratiate themselves with legislators and to persuade legislators to exert policy influence useful for PACs (Snyder, 1992; Romer and Snyder, 1994). Romer and Snyder (1994) summarize this view when they argue,

“if it is important for PACs to develop and maintain long-term relationships with representatives to achieve their goals, then there may be a tendency for PACs to continue contributing to representatives to whom they have contributed in the past, even those who move off the committees that the PACs consider to be most relevant” (Romer and Snyder, 1994, 748)

If a PAC contributes to cultivate a long-term relationship with legislators, then a legislator’s exile from a committee will cause no change in a contribution strategy. As Romer and Snyder (1994) argue, long-term strategies to gain access require donations over several years.

Abandoning a legislator when they are removed from a committee would undermine the trust cultivated over the relationship—directly undermining the PACs strategy when investing in a legislator.⁶

3 Using Exile to Disentangle Contributors’ Motivations

The strategic nature of campaign donors and the many potential reasons for donations makes identifying the effect of donations on a legislator’s position on a committee difficult to determine. Both cross-sectional and dynamic comparisons conflate several explanations, making it difficult to measure how specific characteristics of a legislator affect campaign contributions. For example, standard research designs to measure PAC’s electoral motivations for contributions conflate electorally vulnerability with a legislator’s political ability. Both business PACs and party leaders want legislators who can effectively advocate their position in Congress. In cross sectional designs legislators who are electorally vulnerable are also likely to be less skilled politicians. Standard panel research designs may also conflate vulnerability with political acumen. The legislators who become differentially vulnerable are likely to have made poor political decisions, revealing their limiting political ability. Therefore, in standard research designs we may fail to detect electorally motivated contributions, but only because the legislators who are electorally motivated are lower quality.

Standard research designs to detect how policy influence affects PAC contributions suffer from similar faults. Contributions to legislators on prestige committees may be because those legislators are influential access providers, but it also could be because they are effective legislators who have the political acumen to influence the policy process. Legislators who have the ability to join the most prestigious committees also deliver a set of skills wholly separate from their position in the institution. Studies that look over time at how donations

⁶We may expect that exile decreases a PAC’s expected return on a legislator. This is true in the immediate term, but exiled legislators received assurances that they would be the first to return to their committees. PACs with a long-term view, then, would recognize that, on average, exiled legislators experience only a short-term drop in their policy influence.

change after a legislator joins a committee do not solve the problem—these studies also conflate increase institutional access to policy influence with a legislator’s political skill. When legislators are appointed to high-profile committees they not only gain the ability to exert broad influence on legislation, they also signal to PACs that the legislator is an effective and respected member of Congress. Cross-sectional and dynamic estimates of how committee assignments affect contributions, then, may overstate the effect of access to policy on contributions.

Ideally, we would rely on an intervention that forcibly removed legislators from committees, ensuring that changes in committee assignment did not affect views of a legislator’s ability. To perform this test we leverage *committee exile*—the involuntary removal of legislators from committee assignments after a wave election (Grimmer and Powell, 2013). Committee exile occurs after a wave election causes a party to lose its majority status, which is accompanied by a reduction in the number of seats it has on committees. Because the electoral losses are unevenly distributed across the committees, this creates a surplus of legislators returning to committee assignments. The result is that some legislators will be involuntarily removed from a committee, which we call *exile*.

We examine all instances of exile that occurred from 1980-2012: the period for which we have contribution data. The result is a collection of 152 cases of exile, occurring after the 1994, 2006, 2008, and 2010 Congressional elections. Table 2 provides the number of exiles in each year and across committees. This shows that the bulk of our exile cases—and the instances of exile from prominent committee assignments—occur when Republicans move into the majority. This occurs because Republicans have generally maintained the same pro-majority party ratios on committees as Democrats had, while shrinking committee sizes.

As Grimmer and Powell (2013) show, both Republicans and Democrats select the least senior members of each committee for exile. This rule was used to select legislators for removal in order to maintain party comity. Rosa DeLauro (D-CT), co-chair of the Policy and Steering committee during the wave of 2010 Democratic exiles, stated in an interview

Table 2: Exiles Across Committees and Years

Committee	1994	2006	2008	2010	Total
Budget	9	0	0	11	20
Foreign Affairs	6	0	0	12	18
House Administration	8	4	0	2	14
Intelligence	2	3	0	9	14
Education and Labor	4	0	0	8	12
Appropriations	6	0	0	5	11
Oversight	0	6	0	5	11
Rules	3	0	0	7	10
Ways and Means	3	0	0	6	9
Judiciary	0	3	0	5	8
Natural Resources	0	0	0	8	8
Energy and Commerce	0	0	0	7	7
Banking	5	0	0	0	5
Science	0	0	3	0	3
Economic	2	0	0	0	2
Total	48	16	3	85	152

with us that she told exiles: “you went off according to seniority, you come back according to seniority.” Our analysis confirms that this rule is followed—seniority is never broken on Ways and Means and Appropriations, and is rarely broken on other committees. Committee rank, then, provides a clear selection mechanism for determining who is removed from committees. Grimmer and Powell (2013) show that this clear selection mechanism results in the exiled legislators and those who remain on the committee, appearing similar on a wide array of characteristics, aside from their differences in relative rank.

Exile is also useful because it mitigates the potential confounding from more difficult-to-measure legislator characteristics that plague standard designs attempting to measure PACs’ contribution motivations. It is well known that legislators’ interests, legislative capacity, and political skill affect their committee assignments. Exiled legislators had sufficient political acumen to originally obtain a seat on the committee, implying that they possess similar interests, capacity and political skill to those who remain on the committee. By comparing

legislators who are removed from the committee to those who remain, we limit the potential confounding from these underlying characteristics.

While exile ensures that selection occurs on observable characteristics, some differences do remain between the legislators who are exiled and those who remain on the committee. We address this in two ways. We restrict our sample, comparing donations to exiles to donations to co-partisans who remain on the committee. This ensures that our comparisons take advantage of the information about committee membership, but do not conflate exile with changes in majority party status. To further limit the differences that may remain between exiles and non-exiles, we estimate a parametric model that conditions on information we have available before and after exile. Specifically, for each legislator i and at time 1 (post-exile) we estimate,

$$Y_{i1} = \beta_0 + \alpha Y_{i0} + \tau \text{Exile} + \boldsymbol{\beta}' \mathbf{X} + \sum_{j=1}^J \gamma_j \text{Comm}_{ij} + \sum_{t=1}^T \eta_t \text{Year}_{it} + \epsilon_i \quad (3.1)$$

where Y_{i0} is the value of the dependent variable—campaign receipts—before exile, and Y_{i1} is the dependent variable after exile. \mathbf{X} is a vector of co-variates that account for potential confounders—including legislators’ relative rank on the committee, legislators’ prior electoral support, and district characteristics. The variables Comm_{ij} and Year_{it} are committee and year specific fixed effects, ensuring our comparisons are within committee and within year variation. The coefficient on Exile, τ , will be taken as our estimate of the average treatment effect on the treated—how removing a legislator from a committee affects subsequent donation behavior. To examine the committee-specific effect of exile, we interact Exile with committee type. And to examine sector-specific donation behavior, we restrict our model to donations from a particular group of PACs and corporate interests.

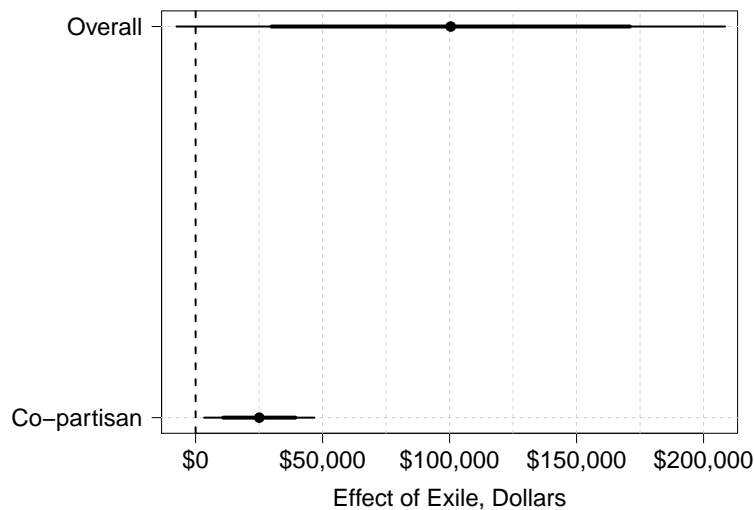
Our research design, then, leverages exile, restrictions in the comparison population, and a statistical model to limit potential confounding in our estimates of how access affects PAC contributions.⁷

⁷In our analyses, we restrict our focus to non-retiring legislators. We do this because retiring legislators raise substantially less money. While technically post-treatment, Grimmer and Powell (2013) show that

4 When PACs Bail and When PACs Bailing Out

We use our robust research design to obtain credible estimates of how legislator influence affects PAC contributions. We first examine the overall effect of exile on PAC donations, which we display in the top line of Figure 1. This shows that exile causes an *increase* in overall PAC donations. Exiled legislators receive an additional \$100,400 in PAC contributions (95 percent confidence interval [\$7,596, \$208,396]).⁸ This increase in overall PAC receipts is substantively meaningful—exile appears to cause a substantial increase in resources.⁹

Figure 1: Overall Effect of Exile and Co-Partisan Donations



This Figure shows the overall effect of exile on PAC donations, and the effect for co-partisan PACs. Overall, after exile, legislators receive more money. A large share of the increase in funds is from co-partisan PACs.

The overall increase in PAC donations is due, in part, to PACs that attempt to influence the outcome of Congressional elections (Wand, 2013). Leadership PACs and each party’s exile has little effect on exiles’ retirement rate. Further, Karol (2013) shows that legislators are retiring increasingly early—making it unlikely that early poor campaign returns are inducing legislators to retire earlier in the electoral cycle.

⁸This finding is similar in size to the effect of exile on overall PAC contributions found in Grimmer and Powell (2013), who do not include data from the exiles after the 2010 Congressional election.

⁹Grimmer and Powell (2013) argue that this is because exiled legislators engage in compensatory behavior, more actively soliciting campaign receipts.

campaign PAC exist to bolster support for co-partisan incumbents in the subsequent election, with the broader goal of obtaining a majority in Congress (Powell, 2013*b*). This increase in support is particularly useful to exiles, who recently lost a source of policy influence and opportunity to deliver policy or particularistic goods to their district.

The bottom line of Figure 1 shows that the co-partisan PACs respond to exile with a substantial increase in donations.¹⁰ Exile causes co-partisan leadership PACs and Congressional campaign committees to donate an additional \$25,060 to the removed legislators—an increase that is both substantively and statistically significant (95 percent confidence interval [\$3,340, \$46,780]). This is a large increase: before exile, co-partisan legislators donate about \$62,000 to incumbents, on average.

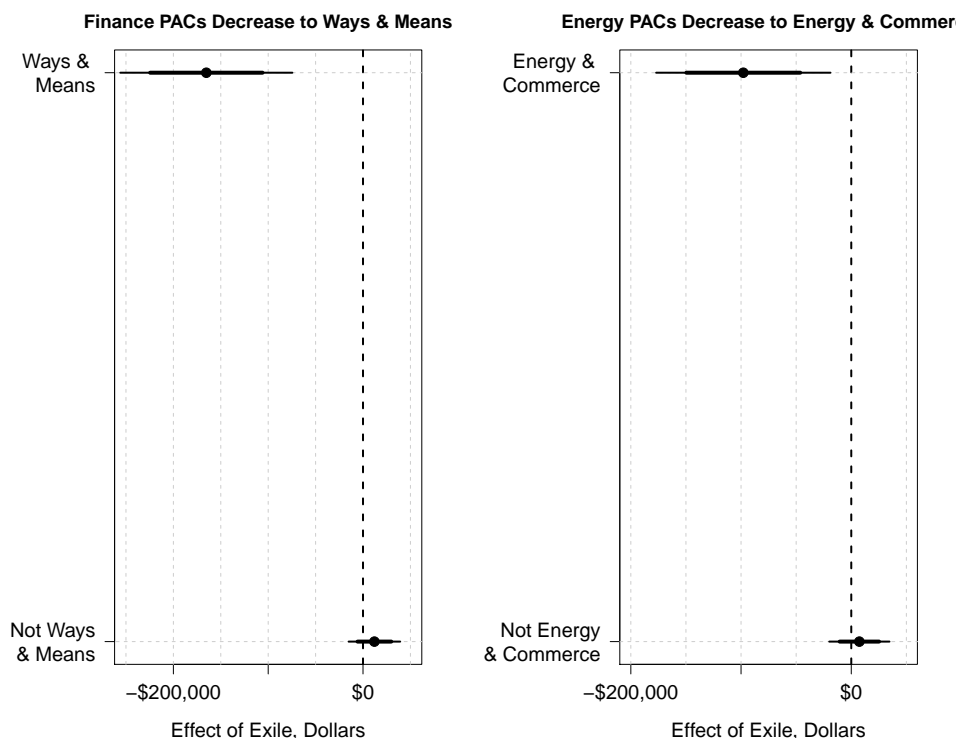
The increase in PAC donations occurs as PACs that seek electoral influence insulate newly vulnerable incumbents who have lost policy influence. This would suggest a model of PAC contributions as electoral influencing—piecing together electoral coalitions to bolster support in the institution (Wand, 2013). And this is certainly the case for some PACs—such as partisan and leadership PACs. But the overall effect masks considerable heterogeneity in how exile from particular committees affects legislators’ contributions.

When legislators are exiled from broadly influential committees, the largest decrease in contributions comes from PACs that represent companies regulated by the committee. This is strong evidence that PAC contributors are seeking short-term policy influence from legislators, rather than cultivating a long-term relationship over a career. Consider the top estimate in the left-hand plot in Figure 2. This shows that removal from the Ways and Means committee causes a substantial drop in donations from Finance PACs—PACs representing corporations that are closely regulated by the committee. To estimate this effect we use contributions from Financial PACs (as classified by the Center for Responsive Politics) as our dependent variable in Equation 3.1, estimating a Ways and Means specific effect and an

¹⁰To create this category we rely on the Center for Responsive Politics coding scheme. Specifically, we group together the CRP codes Z4200, J2300, J2100, Z5200, and Z1200 for Democrats; Z4100, J2200, J2400, Z5100, and Z1100 for Republicans.

effect for the remaining committees.

Figure 2: Short-Term Influence: Regulated Interests Reduce Contributions to Exiles from Ways and Means and Energy and Commerce



This figure shows that PACs that are regulated by broadly influential committees sharply decrease their contributions to exiles. The left-hand plot shows that Finance PACs sharply decrease their contributions to exiles from Ways and Means, while Energy PACs drop contributions to Energy and Commerce. The bottom line in each Figure shows that this is a committee specific effect—exiles from other committees do not experience a similar drop.

The top-line of Figure 2 shows that exile from Ways and Means causes a \$165,254 decrease in contributions from Financial PACs—a massive decrease that is both substantively and statistically significant (95 percent confidence interval [-\$256,020, -\$74,488]). The bottom line of Figure 2 shows that this decrease from Financial PACs is specific to the Ways and Means committee. Exiles from other committees experience a \$12,020 *increase* in contributions, though we are unable to reject a null of no difference (95 percent confidence interval, [-\$15,200, \$39,244]). The right-hand plot in Figure 2 shows that a similar pattern occurs with exiles from the Energy and Commerce committee: the PACs most closely regulated by the

committee substantially decrease contributions to exiled legislators. The top estimate shows that exile from Energy and Commerce causes Energy PACs to decrease their contributions \$97,946 (95 percent confidence interval [-\$177,055, -\$18,836]). And as is the case with Ways and Means, this sharp decline is not found among exiles from other committees. Exile from other committees causes a small \$7,337 increase in donations, but again we fail to reject a null hypothesis of no difference.

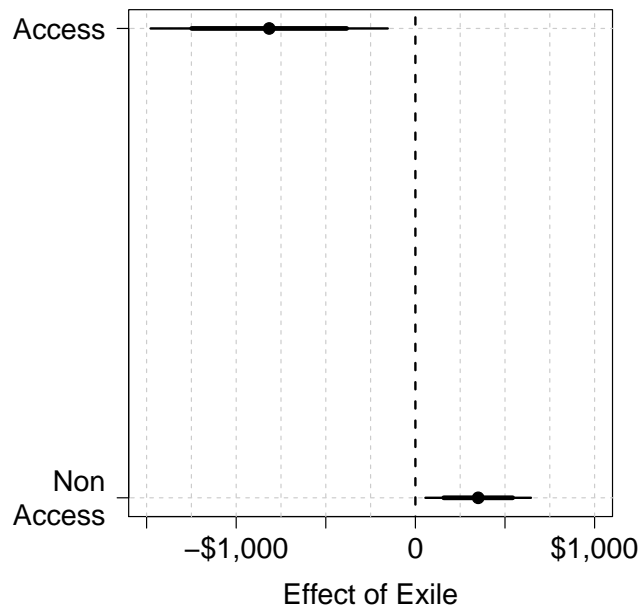
The examples in Figure 2 are indicative of the broader pattern in donation behavior: PACs representing companies that committees closely regulate abandon exiled legislators, sharply decreasing their contributions. To demonstrate this, we make use of the Center for Responsive Politics’s classification of PACs. The CRP aggregates PACs into 410 industry codes and then identifies industries that are closely regulated by committees. We use this classification, while also including Financial PACs regulated by the Ways and Means committee, and Energy PACs regulated by the Energy and Commerce committee.¹¹ We then examine the response at the industry-code level to exile, and estimate the effects of exile for PACs closely regulated by committees (which we call access-seeking), and for PACs that are not closely regulated.

The top estimate in Figure 3 shows that closely regulated industries bail on exiles, sharply decreasing their contributions. At this low level of aggregation, we see that on average, regulated industries decrease their contributions \$816, (95 percent confidence interval [-\$1,477, -\$154]). It is worth noting that the estimates appear smaller here only because we are estimating an effect at the *industry-code level*. When the response is aggregated together, the industry-specific bailing has a large substantive effect on legislators’ campaign receipts. For example, the Banking committee has 32 industries that are considered sensitive—suggesting that exile from the Banking committee causes a \$26,112 decrease in donations from PACs regulated by the committee.

Regulated industries bolster support for legislators exiled from other committees, though

¹¹We include the additional industries in the CRP coding to more accurately reflect the set of industries affected by regulations from a committee.

Figure 3: Short-Term Influence: Regulated Interests Reduce Contributions to Exiles



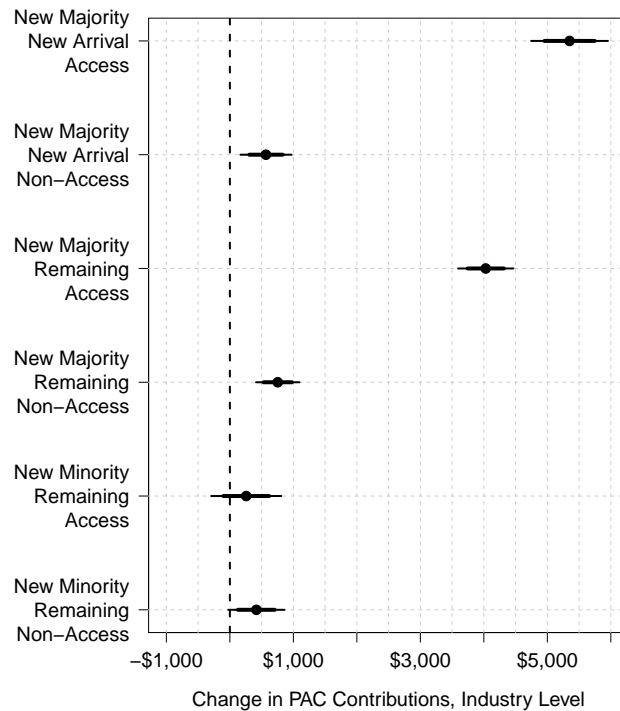
This figure shows that the pattern observed in Figure 2 is more general. The top estimate shows that after being removed from the committee, exiles receive substantially less money from PACs the committee regulated. The bottom estimate shows that this decrease is specific to the PACs—the same group of PACs do not decrease their contributions to legislators exiled from other committees.

by a much smaller amount. The bottom line in Figure 3 again shows that exile from other committees causes a \$350 increase in donations from industries not regulated by the exiles' prior committee. This increase is statistically significant, but substantively of smaller magnitude than the decrease in contributions from the sensitive committees.

Together, this is evidence that PACs contribute to obtain short-term policy influence from committee members. After exile, this direct influence over the industry is removed and the PACs no longer seek access through campaign donations. This short-term access-seeking for influential legislators is even more apparent when we examine where the regulated PACs direct their money after legislators are exiled. To examine where industry PACs donate money after a new majority arrives in Congress, we depart from our research design built around exile, and instead examine the change in industry-specific donations to committees

that regulate the industry and committees with no direct regulatory power. We examine this change for three groups of legislators: (1) members of the new majority who are new arrivals to the committee, (2) members of the new majority who remain on the committee, and (3) members of the new minority who remain on the committee.

Figure 4: Short-Term Influence: Regulated Interests’ Direct Contributions to New Members from the New Majority



This figure shows that PACs that are regulated by committees have the largest increase in donations to members of committees with the largest increase in influence—members of the new majority who are new to the committee.

Figure 4 shows the industry-level change in donations—demonstrating that PACs increase donations to legislators who experience the greatest change in their ability to immediately influence policy. We estimate the change for each of the three groups on both types of committees with a relatively simple model with few controls.¹²

¹²We estimate the change with a multi-level model with individual legislator random effects, though without the controls in Equation 3.1. The findings presented here are robust to a variety of alternative specifications. We use the simple model because some of the controls, such as relative rank, are undefined

The bottom two lines in Figure 4 show that remaining committee members who are now in the minority experience essentially no change in donations—either from industries closely regulated by the committee (second from the bottom line) or from industries that are not closely regulated by the committee (bottom line). Unlike exiles, minority legislators remain on the committee do not suffer a contribution penalty for being in the minority. This is consistent with short-term influence seeking. Minority members who remain on the committee can still provide access for industry to raise their concerns, and can still offer influence over legislation.

While there is no change in contributions for the remaining members of the new minority, there are large increases in contributions to members of the new majority who were previously on the committee. An increase in these legislators' influence over legislation is met with an increase in contributions. The middle two lines show that previous members of the committee who are now in the majority see a boost in donations. The fourth line from the top shows that legislators in the majority experience a \$754 increase in per-industry donations that are from industries not closely regulated by the committee (95 percent confidence interval, [\$412, \$1,096]). But the increase from industries that the committee closely regulates are even more substantial—these industries increase their contributions a striking \$4,030 (95 percent confidence interval [\$3,593, \$4,466]). Newly arrived members of the committees—also members of the new majority—experience a similar increase in donations from industries not regulated by the committee. New members of a committee receive an additional \$568 per-industry not closely regulated by the committee (95 percent confidence interval [\$165, \$971]).

The short-term influence-seeking is most apparent in the boost in contributions to the new committee members. Newly arrived members of the committees receive an additional \$5,350 per member from regulated industries (95 percent confidence interval [\$4,744, \$5,955]). Regulated interests recognize the potential access and influence of the new committee members

for some of our cases.

and contribute to immediately seek this short-term influence.

5 Conclusion

Together, our evidence makes the case that regulated industries use contributions to cultivate a short-term relationship with committee members and to seek short-term influence over policy. Legislators who are exiled experience a sharp drop in contributions from PACs regulated by their committee. PACs regulated by a committee direct their money towards legislators who can continue to provide influence over policy—maintaining the same contribution levels to minority party members who remain on the committee. And regulated PACs increase contributions to members of the majority on the committee and provide an even larger increase to new members of the committee from the majority party. Corporate interests *bail* on the exiled legislators. Partisan PACs, in contrast, have an electoral motivation for contribution, bailing out legislators who lose their influential committee assignments.

One function of partisan PACs, then, is to soften the effects of minority party status. Leadership PACs contribute to newly vulnerable members, in part helping to compensate for the loss of policy influence that accompanies losing a committee seat. It also allows the party leaders to demonstrate they are not singling exiles out for punishment after being removed from a committee.

Our findings about business PAC contributions are consistent with a spot-market for short-term policy influence. Regulated PACs use contributions to buy short-term access to influential legislators and then abandon those legislators when they lose direct influence over the PACs' industry. Instead, regulated PACs direct their contributions towards legislators who maintain influence over policy. While not explicit, contributions to obtain short-term influence create an appearance of corruption. It appears that PACs and corporate interests use donations to solicit favors and to change policy. In turn, members of Congress appear to require donations to be attentive to problems.

Regulated PACs do not, however, appear concerned with cultivating long-term relation-

ships with legislators. This may occur for several reasons. Consistent with the spot-market for influence in Congress, legislators may be unable to credibly commit to not accepting industry contributions once they return to power (McCarty and Rothenberg, 1996). Without the ability to credibly commit to future sanctions, PACs may feel comfortable bailing on legislators who are no longer on the committee. This is particularly remarkable, because PACs planning for the long-term know that exiles are first in line to return to the committee. In spite of this high likelihood of return, PACs direct their money to the new members. Short-term influence appears to be the concerted goal.

Even if not explicit, the appearance of corruption undermines the public's trust in Congress. This is exacerbated by the distortions in the policy process that contributions for short-term influence create. When legislators receive contributions in exchange for short-term influence, they prioritize the problems of corporations and PACs with sufficient funds to make a contribution. The policy problems of less well-financed interests are therefore disadvantaged. Perhaps, then, it is not surprising that the public has such scorn for Congress.

References

- Ansola-behere, Stephen, John de Figuieriedo and James M. Snyder, Jr. 2003. “Why is There so Little Money in U.S. Politics?” *Journal of Economic Perspectives* 17(1):105–130.
- Austen-Smith, David. 1987. “Interest groups, campaign contributions, and probabilistic voting.” *Public Choice* 54(2):123–139.
- Bertrand, Marianne, Maltilde Bombardini and Francesco Trebbi. 2011. “Is it Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process.”. National Bureau of Economic Research Working Paper 16765.
- Blanes i Vidal, Jordi, Mirko Draca and Christian Fons-Rosen. 2012. “Revolving Door Lobbyists.” *American Economic Review* 102(7):3731–3748.
- Calcagno, P. and J. Jackson. 2008. “PAC spending and roll call voting in the US House: An empirical extension.” *Economics Bulletin* 4(25):1–11.
- Calcagno, Peter T. and John D. Jackson. 1998. “Political Action Committee Spending and Senate roll call voting.” *Public Choice* 97:569–585. 10.1023/A:1004957122069.
- Chappell, Henry W., Jr. 1982. “Campaign Contributions and Congressional Voting: A Simultaneous Probit-Tobit Model.” *The Review of Economics and Statistics* 64(1):pp. 77–83.
- Conley, Dalton and Brian J. McCabe. 2012. “Bribery or just desserts? Evidence on the influence of Congressional reproductive policy voting patterns on PAC contributions from exogenous variation in the sex mix of legislator offspring.” *Social Science Research* 41(1):120–129.
- Cox, Gary and Mathew McCubbins. 1993. *Legislative Leviathan*. University of California Press.

- Cox, Gary W. and Eric Magar. 1999. "How Much is Majority Status in the U.S. Congress Worth?" *American Political Science Review* 93(2):299–309.
- Engel, Steven T. and David J. Jackson. 1998. "Wielding the Stick Instead of the Carrot: Labor PAC Punishment of Pro-NAFTA Democrats." *Political Research Quarterly* 51(3):813–828.
- Federal Bureau of Investigation. 2010. "Public Corruption: Why It's Our #1 Criminal Priority." http://www.fbi.gov/news/stories/2010/march/corruption_032610. Accessed on 4/4/2013.
- Fleisher, Richard. 1993. "PAC Contributions and Congressional Voting on National Defense." *Legislative Studies Quarterly* 18(3):pp. 391–409.
- Fournaies, Alexander and Andrew B. Hall. 2013. "The Size and Sources of the Incumbency Advantage: Evidence From American Legislatures." Unpublished Manuscript.
- Fox, Justin and Lawrence Rothenberg. 2011. "Influence without Bribes: A Noncontracting Model of Campaign Giving and Policymaking." *Political Analysis* 19:325–341.
- Gopoian, J. David. 1984. "What Makes PACs Tick? An Analysis of the Allocation Patterns of Economic Interest Groups." *American Journal of Political Science* 28:259–281.
- Grenzke, Janet M. 1989. "PACs and the Congressional Supermarket: The Currency is Complex." *American Journal of Political Science* 33(1):1–24.
- Grimmer, Justin and Eleanor Neff Powell. 2013. "Congressmen in Exile: The Politics and Consequences of Involuntary Committee Removal." *Journal of Politics* . Forthcoming.
- Groseclose, Tim. 1996. "An Examination of The Market For Favors and Votes in Congress." *Economic Inquiry* 34(2):320–340.
- Grossman, Gene M. and Elhanan Helpman. 1994. "Protection for Sale." *American Economic Review* 84(4).

- Grossman, Gene M. and Elhanan Helpman. 1996. "Electoral competition and special interest politics." *Review of Economic Studies* 63(2).
- Hall, Richard and Frank Wayman. 1990. "Buying Time: Moneyed Interests and The Mobilization of Bias in Congressional Committees." *The American Political Science Review* 84(3):797–820.
- Hall, Richard L. 1996. *Participation in Congress*. New Haven: Yale University Press.
- Jones, Woodrow, Jr and K. Robert Keiser. 1987. "Issue Visibility and the Effects of PAC Money." *Social Science Quarterly* 68:170–176.
- Karol, David. 2013. "Forcing Their Hands? Explaining Trends in Retirement Announcement Timing in the U.S. Congress." University of Maryland Mimeo.
- Kau, J.B. and P.H. Rubin. 1982. *Congressmen, constituents, and contributors: Determinants of roll call voting in the House of Representatives*. Springer.
- Langbein, Laura I. and Mark A. Lotwis. 1990. "The Political Efficacy of Lobbying and Money: Gun Control in the U. S. House, 1986." *Legislative Studies Quarterly* 15(3):413–440.
- Lessig, Lawrence. 2011. *Republic, Lost: How Money Corrupts Congress—and a Plan to Stop It*. Twelve.
- Levitt, Steven D. 1998. "Are PACs Trying to Influence Politicians or Voters?" *Economics and Politics* 10(1):19–35.
- McCarty, Nolan and Lawrence S. Rothenberg. 1996. "Commitment and the Campaign Contribution Contract." *American Journal of Political Science* 40(3):872–904.
- Milyo, Jeffrey, David Primo and Timothy Groseclose. 2000. "Corporate PAC Campaign Contributions in Perspective." *Business & Politics* 2(1):75–88.

- Moore, Ryan T., Eleanor Neff Powell and Andrew Reeves. 2013. "Driving Support: Workers, PACs, and Congressional Support of the Auto Industry."
- Neustadt, Alan. 1990. "Interest-Group PACsmanship: An Analysis of Campaign Contributions, Issue Visibility and Legislative Impact." *Social Forces* 69:549–564.
- Office of Congressional Ethics. 2013. "About: The Office of Congressional Ethics." Available at: <http://oce.house.gov/about.html>. Accessed on 4/4/2013.
- Powell, Eleanor Neff. 2013a. "Dollars to Votes: The Influence of Fundraising in Congress." Unpublished Manuscript.
- Powell, Eleanor Neff. 2013b. "Where Money Matters in Congress." Book Manuscript.
- Rasmussen Reports. 2011. "New High: 48% Say Most Members of Congress Are Corrupt."
- Real Clear Politics. 2013. "Congressional Job Approval."
- Romer, Thomas and James M. Snyder, Jr. 1994. "An Empirical Investigation of the Dynamics of PAC Contributions." *American Journal of Political Science* 38:745–769.
- Roscoe, Douglas D. and Shannon Jenkins. 2005. "A Meta-Analysis of Campaign Contributions' Impact on Roll Call Voting." *Social Science Quarterly* 86(1):52–68.
- Saltzman, Gregory M. 1987. "Congressional Voting on Labor Issues: The Role of PACs." *Industrial and Labor Relations Review* 40(2):pp. 163–179.
- Snyder, James M. 1992. "Long-Term Investing in Politicians: Or, Give Early, Give Often." *Journal of Law & Economics* 35:15–43.
- Stratmann, Thomas. 1991. "What Do Campaign Contributions Buy? Deciphering Causal Effects of Money and Votes." *Southern Economic Journal* 57(3):pp. 606–620.
- Stratmann, Thomas. 1992. "Are Contributors Rational? Untangling Strategies of Political Action Committees." *Journal of Political Economy* 100(3):pp. 647–664.

- Stratmann, Thomas. 1995. "Campaign Contributions and Congressional Voting: Does the Timing of Contributions Matter?" *The Review of Economics and Statistics* 77(1):pp. 127–136.
- Stratmann, Thomas. 2002. "Can Special Interests Buy Congressional Votes? Evidence from Financial Services Legislation." *Journal of Law & Economics* 45:pp. 345–373.
- Stratmann, Thomas. 2005. Some talk: Money in politics. A (partial) review of the literature. In *Policy Challenges and Political Responses*, ed. William F. Shughart and Robert D. Tollison. Springer US pp. 135–156.
- Thompson, Dennis F. 1995. *Ethics in Congress: From Individual to Institutional Corruption*. Washington, D.C.: The Brookings Institution.
- United States Office of Government Ethics. 2013. "18 U.S.C. §201: Bribery of public officials and witnesses." Available at: <http://www.oge.gov/displaytemplates/statutesregulationsdetail.aspx?id=77>. Accessed on 4/4/2013.
- Wand, Jonathan. 2013. "Private Interests Financing Public Elections: How Economic Battles are Transformed Into Partisan Politics." Stanford University Mimeo.
- Wawro, Gregory. 2001. "A Panel Probit Analysis of Campaign Contributions and Roll-Call Votes." *American Journal of Political Science* 45(3):pp. 563–579.
- Witko, Christopher. 2006. "PACs, Issue Context, and Congressional Decisionmaking." *Political Research Quarterly* 59(2):283–295.
- Wolton, Stephane. 2014. "Lobbying, Inside and Out: How Special Interest Groups Influence Policy Choices." University of Chicago Mimeo.
- Wright, John R. 1985. "PACs, Contributions, and Roll Calls: An Organizational Perspective." *American Political Science Review* 79(2):400–414.

Wright, John R. 1989. "PAC contributions, lobbying, and representation." *Journal of Politics* 51(3):713-729.

Wright, John R. 1990. "Contributions, Lobbying, and Committee Voting in the U.S. House of Representatives." *The American Political Science Review* 84(2):pp. 417-438.

Wright, John R. 2004. "Campaign Contributions and Congressional Voting on Tobacco Policy, 1980-2000." *Business & Politics* 6(3).