

1 Introduction

1.1 Intergovernmental Lobbying in the United States

An important question in public administration, public policy, and political science is how different individuals and groups can influence government policy-making through lobbying (Grose et al. 2022; Hall and Deardorff 2006; Kingdon 1984; Yackee 2020; You 2017). Lobbying is one of the most common approaches to gaining political influence. It refers to “the transfer of information in private meetings and venues between interest groups and politicians, their staffs, and agents” (De Figueiredo and Richter 2014, p. 164). The right of individuals, groups, and corporations to lobby the federal government was supported by the founding fathers of the United States, such as James Madison in the *Federalist Papers* in 1788, and later formally protected by the right to petition in the First Amendment to the United States Constitution in 1791. To influence public officials, interest groups can either hire professional lobbyists or lobby them directly (Gray and Lowery 1996; Walker 1983, 1991). Like private groups, state and local governments have spent tens of millions of dollars annually hiring professional lobbyists to make lobbying contacts with federal officials in Washington DC, in recent years (Goldstein and You 2017; Payson 2020a, 2020b). In general, intergovernmental lobbying has become an essential strategy for state and local governments to obtain resources from and influence policies in the federal government (Martin 1990; Nixon 1944; Pelissero and England 1987).

However, the lobbying activities of subnational governments remain poorly understood. The following questions have not been adequately explored and answered. What determines a subnational government’s participation in lobbying the federal government? Why do some subnational governments invest more resources in lobbying the federal government than others? Given a multilevel federalist government structure in the United States, how do the lobbying decisions of local governments affect those of state governments? This study primarily aims to shed new light on these questions by identifying and testing the institutional origins of intergovernmental lobbying decisions. In this Element, intergovernmental lobbying refers to the lobbying contacts between different levels of governments, which do not include interbranch lobbying within a government unless otherwise stated.

Understanding the logic of intergovernmental lobbying is crucial because it has important theoretical, normative, and practical implications. Theoretically, exploring the institutional origins of intergovernmental lobbying can aid in comprehending government policymaking, fiscal decisions, and intergovernmental relations (Jensen 2018), important theoretical topics in public administration, public finance, public policy, and political science. Normatively, intergovernmental

lobbying may significantly affect socioeconomic equity. In the literature on private lobbying, an important concern of the private interest groups is that citizens with more money and better political connections may exert more influence than others (Hayes 1981; Schattschneider and Adamany 1975). Similarly, subnational governments are incentivized to influence the process of intergovernmental resource allocation through lobbying. Therefore, the current democratic representation system might also favor certain subnational governments and create political, economic, and social inequity across jurisdictions. Finally, practically, previous literature reveals that some subnational governments have an undue lobbying advantage over other governments (Goldstein and You 2017; Payson 2020a, 2020b). A theoretical and empirical analysis of the determinants of intergovernmental lobbying can help reformers regulate lobbying activities more effectively and limit the unequal distribution of access to federal officials among subnational governments.

Prior research has employed two general approaches to the study of lobbying. The first approach focuses on the strategies or consequences of lobbying. For instance, formal theorists have modeled lobbying as vote-buying, informative signaling, or legislative subsidy (Ellis and Groll 2020; Hall and Deardorff 2006; Schnakenberg and Turner 2019). Empiricists have tested the effects of lobbying on policy decisions, earmark appropriations, or shareholder value (Borisov, Goldman, and Gupta 2016; De Figueiredo and Silverman 2006; Haeder and Yackee 2015; Kollman 1997; Yackee 2006; Yackee and Yackee 2006; You 2017). Normative researchers argue that interest group politics could undermine political equity and the interests of broad publics (Hayes 1981, 1992; Schlozman 1984).

The second approach to studying lobbying, which is more relevant to this Element, focuses on the origins of lobbying activities. For instance, given the potential collective action problem inherent in lobbying, Olson (1965) points out that lobbying activities are the by-products of groups designed for other economic or social functions. Specifically, these groups should “(1) have the authority and capacity to be coercive, or (2) have a source of positive inducements that they can offer the individuals in a latent group” (Olson 1965, p. 133). Similarly, based on Hirschman’s (1970) Exit, Voice, and Loyalty (EVL) framework, Clark, Golder, and Golder (2017) developed a formal model and provided another explanation for citizens’ choices of lobbying. Their EVL model with complete information suggests that sufficiently powerful citizens (with a credible exit threat) need not lobby because the government has already allocated adequate resources to them. Citizens who lack power (without a credible exit threat) choose not to lobby because they know the government will ignore them. Clark, Golder, and Golder (2017) also suggested a pooling equilibrium in which

both powerful and powerless citizens choose to lobby when there is incomplete information on the part of a government.

Although mainly based on private groups' lobbying activities and simplistic assumptions (Dekel, Jackson, and Wolinsky 2009; Olson 1965; Stigler 1971), these explanations provide important insights into the incentives and constraints behind lobbying activities. Nevertheless, we still need to account for specific institutional incentives, capacity, and opportunities in the public sector to develop an intuitive and contextual explanation for intergovernmental lobbying.

Although limited scholarly attention is paid to public lobbying than private lobbying, qualitative research on intergovernmental lobbying has persisted for decades. For instance, American politics and public administration scholars have provided broad descriptions of the lobbying functions of the *big seven* (the US conference of mayors, the international city/county management association, the national leagues of cities, the national association of counties, the national governors' conference, the council of state governments, and the national conference of state legislatures) or subnational governments' lobbying offices in Washington DC (Brooks 1961; Cammisa 1995; Farkas 1971; Haider 1974; Hays 1991; Herian 2011; Jensen 2016; Jensen and Emery 2011; Leckrone 2019; Palazzolo and McCarthy 2005). These qualitative studies may help us understand the history or operations of government lobbying activities. However, they cannot help us systematically identify the determinants of government lobbying decisions through a rigorous research design.

Nevertheless, due to the increasing availability of professional lobbying data, several quantitative studies on intergovernmental lobbying have appeared in recent years. After the US Congress approved the Lobbying Disclosure Act (LDA) in 1995, all professional lobbying contacts with an expense higher than \$10,000 were required to be registered. The Clerk of the US House of Representatives and the Secretary of the US Senate are responsible for the registration, filing, and compilation of reports submitted by the lobbyists (Straus 2017). A few watchdog organizations (e.g., Center for Responsive Politics or CRP) or scholars (e.g., Kim 2017) have attempted to collect, digitize, and classify millions of these lobbying reports to create publicly available lobbying databases (e.g., CRP's OpenSecrets.org and Kim's LobbyView.org). Based on CRP's database, Loftis and Kettler (2015) analyzed the lobbying activities of 498 cities between 1998 and 2008 and found that economic distress (measured by cities' unemployment rate) pushed cities to lobby the federal government. Further, the competitiveness of congressional districts was positively associated with spending on lobbying. Goldstein and You (2017) built a dataset of cities with populations

over 25,000 between 1999 and 2012. They argued that the underprovision of public goods increased cities' participation and investment in lobbying the federal government. Payson (2020b) analyzed a dataset of 1,200 cities in 50 states from 2006 to 2014 and found that the partisan mismatch between a city and its state representative played a significant role in motivating lobbying efforts.

Almost all previous explanations for intergovernmental lobbying have considered a local government a unitary actor seeking only to satisfy local public demands or assume that intergovernmental lobbying decisions could be completely inferred by observing jurisdictional characteristics such as socioeconomic demands or partisanship. For instance, Loftis and Kettler (2015), Goldstein and You (2017), and Payson (2020b) argue that local governments increase their lobbying investments because they need extra resources from the federal government to meet the demands of local citizens. However, presumably, every rational local government would prefer more resources from the federal government regardless of the actual level of public demand. Why do not all cities choose to lobby the federal government? Why do some local governments invest more resources in lobbying the federal government than others? Owing to limited resources and the political priorities of decision-makers, governments do not necessarily invest in all activities that might produce positive returns (Bertelli and John 2013; Nicholson-Crotty 2015). Even if lobbying is lucrative (Goldstein and You 2017; Payson 2020a), a theory to explain local lobbying decisions apart from public demands should also consider the institutions that potentially determine the incentives and constraints of policymakers in subnational governments. This study aims to develop and test such institutional explanations.

Two types of lobbying activities – formal and informal – should be distinguished before any further analysis is conducted (Jensen 2018). Formal lobbying refers to how clients hire professional lobbyists to make lobbying contacts with government officials. Specifically, the LDA defines a professional lobbyist as an individual who makes at least one lobbying contact quarterly, is compensated, and spends at least 20 percent of their time on lobbying activities. Informal lobbying refers to how clients directly communicate with government officials through informal contacts, such as private letters, phone calls, or meetings. “Incidental lobbying” or “shadow lobbying” (as commonly defined by national and state lobbying laws) may also be viewed as a form of informal lobbying. This is because it refers to the activities of a person engaged in lobbying activities for only a few hours or someone who makes only a few lobbying expenditures and, therefore, is not required to register as a lobbyist (Akiashvili et al. 2018; LaPira 2015).

Consistent with previous empirical research (Goldstein and You 2017; Loftis and Kettler 2015; Payson 2020a, 2020b), this study explicitly limits the analysis of intergovernmental lobbying to formal lobbying to improve logical consistency and avoid unnecessary theoretical or empirical confusion. The study provides two justifications for this choice. First, it is difficult (or impossible) to systematically collect and analyze evidence of informal lobbying, as participants are not likely to publicly report the details of their activities. Conversely, studying formal lobbying activities is a more practical way of conducting systematic analysis and statistical inference and gaining convincing empirical insights. Second, in general, informal lobbying is likely to be correlated with formal lobbying despite its lower visibility in politics. Federal officials tend to have limited knowledge of each specific policy issue and limited attention, time, or resources allocation to various policy issues (Alesina and Tabellini 2007, 2008; Wilensky 2015). Direct informal contact with a federal official may serve the function of political signaling. However, these informal contacts are not likely to have a substantive effect without hiring professional lobbyists familiar with federal policy issues and schedules and have abundant political contacts to provide the corresponding legislative subsidies (Hall and Deardoff 2006). In other words, professional lobbying information, although limited, might be a reasonable proxy of all formal and informal lobbying activities.

1.2 Qualitative Observations

Understanding how lobbying works in practice is important in developing theoretical arguments and implementing the design of this empirical research. To substantiate my knowledge of professional lobbying activities in practice, I went to Washington DC, to observe how local officials lobby federal officials with the help of professional lobbyists. I conducted a series of personal interviews with them in the spring of 2018. Further, I collected and analyzed dozens of electronic or hardcopy lobbying manuals edited by private lobbyists whom I interviewed, the association of government relations professionals, and members of the American Bar Association (Gordon and Susman 2009). Although these qualitative observations do not directly constitute empirical research, they provide necessary contextual information for this study's main research topic and research designs. More importantly, they could facilitate the development of logically consistent and empirically convincing arguments throughout this Element.

A common myth about the professional lobbying industry might be that lobbyists spend most of their time having fancy dinners with politicians and trying to shape politicians' policy positions through direct persuasion or interest

exchange. However, in real life, most professional lobbyists have to spend most of their time researching legislative or administrative matters, attending strategy sessions, making telephone calls, and preparing policy proposals and plans for lobbying communications. Lobbyists also need to understand the congressional policy schedule (e.g., the expiration or renewal date of bills), the schedules of federal officials and their staff, funding availability for programs, and federal officials' policy positions. In fact, according to my interviews, private lobbyists working for local governments tend to identify themselves as “babysitters” or “city employees.”

As Baumgartner et al. (2009, p. 22) suggested, “Attention in Washington is scarce.” Politicians are extremely busy with various types of political matters (e.g., floor votes, committee votes, or hundreds of meeting requests a day) and often only have limited knowledge on specific policy issues. Therefore, politicians often hire dozens or even hundreds of legislative staff with different types of expertise to deal with visitors from various backgrounds and work on those professional issues. The most common form of lobbying occurs through delivering policy information or proposals to staff working in politicians' offices. For instance, during my trip to Capitol Hill, I observed that local officials from Texas only had thirty seconds to take a photo with Senator John Cornyn during the senators' weekly meeting with his supporters, called Texas Thursday Coffee. Conversely, during the typical formal lobbying process, local officials, with the guidance of professional lobbyists, have approximately fifteen minutes to communicate policy messages with a staff assistant, legislative correspondent, or legislative director from the office of a representative or a senator. The policy messages may include the policy background, actions requested, suggested legislative language, and issue importance in each federal official's electoral district.

The legislative staff who work for federal officials tend to have professional knowledge regarding specific policy issues, and they draft the policy documents for federal officials. Therefore, direct lobbying to legislative staff is not necessarily less effective than direct communication with a federal official. Of course, lobbyists need to adjust their language and strategies according to each congressional district and the policy position of each federal official. However, an informal rule in the formal lobbying process is that conversations between local officials, lobbyists, and legislative staff should stay on the main policy messages. They should not include campaign donations or other topics that may imply direct interest exchange or provoke legal risks.

The qualitative data, including field observations, interviews, and secondary materials, show that intergovernmental formal lobbying services involve several typical characteristics.

First, formal lobbying activities tend to involve high transaction costs for the clients, including broad information, bargaining, and enforcement costs. Information costs include understanding the requirements of local communities, finding an appropriate lobbying firm with relevant expertise and connections, and determining the firm's conditions. The bargaining costs include negotiating a price with the lobbying firm. The enforcement costs include coordinating with lobbyists to improve the effectiveness of lobbying activities, such as designing lobbying strategies or policy proposals. Moreover, typical principal-agent problems such as information asymmetry and interest conflicts are commonplace in the lobbying market. Simply paying a lobbyist a lump sum and asking them to lobby may lead to moral hazards, such as in the 2006 *Jack Abramoff Native American Lobbying Scandal*, when lobbyists successfully overbilled and then secretly lobbied against their clients due to a lack of supervision (Abramoff 2011). Therefore, clients also need to monitor the behavior of lobbyists to ensure lobbying services are delivered as promised.

Second, clients' inputs or the prices of hiring professional lobbyists are immediate and definite. Professional lobbyists are employed because of their knowledge of the intricacies of the policy process, including "who to talk to, how and when to present an effective argument, and what needs to be done to follow-up."¹ Generally, professional lobbyists need to provide three types of information to federal officials: political details on the status or prospect of government decisions, career-related information about government officials' own jobs, and analytical policy information about the social consequences of government decisions (Nownes 2006). Therefore, many lobbyists choose to work as staff in Congress to establish extensive political connections before they work for the lobbying firms. Further, lobbyists tend to have an academic degree in political science, public administration, public policy, law, or economics. They spend years studying one or several specific policy issues such as agriculture, transportation, education, environment, or defense to become well-known policy experts on these issues in Washington DC (Bertrand, Bombardini, and Trebbi 2014; McCrain 2018; Shepherd and You 2020). Therefore, clients have to pay more to hire a lobbyist with more connections or a higher level of expertise (Bertrand, Bombardini, and Trebbi 2014; McCrain 2018; Vidal, Draca, and Fons-Rosen 2012). To formally lobby the federal government, local governments have to directly allocate fiscal resources from their budgets for signing contracts with professional lobbyists.

¹ AGRP, "Voice of the Lobbying, Public Policy, and Advocacy Professions." <http://grprofessionals.org/about-association-government-relations-professionals>

Third, the outputs of formal lobbying tend to be produced in the long term and are uncertain (Baumgartner et al. 2009; Nownes 2006). Lobbying is a long-term game that requires repeated interactions to build mutual trust between clients, lobbyists, and officials. Most formal lobbying activities occur through providing a government official with legislative or policy support rather than applying direct persuasion or interest exchange (Baumgartner et al. 2009; Hall and Deardoff 2006). Thus, a consequence of city lobbying is to increase the salience of a city on the federal policy agenda, although it usually does not produce a quick payoff. My observations in DC and evidence from the existing literature (Kingdon 1984; Nownes 2006; Straus 2015) show that the most direct purpose of lobbying is to keep federal officials informed of local government policy issues (i.e., brand building) and track their sentiment for specific issues. Recent research suggests that endorsements from well-connected interest groups provide a strong cue for federal officials with limited information early in the policymaking process (Box-Steffensmeier, Christenson, and Craig 2019). Such interest groups wield less direct influence when bills progress.

Moreover, there are several sources of uncertainties in lobbying returns. Lobbyists often produce little change if they meet equal opposition to their efforts or find that space on the federal policy agenda is scarce (Baumgartner et al. 2009). This situation does not mean that lobbyists' efforts are useless as their clients may also benefit from the policy status quo. Baumgartner et al. (2009) even suggest that the most common goal of lobbying is to protect an existing policy from a proposed change. Additionally, despite local public demands, the choice of lobbying issues depends largely on congressional schedules or the emergence of focusing events or "policy windows" such as the expiration date of bills (e.g., the farm bill renews every five years) and funding availability. Finally, even if the federal government responds to the lobbying efforts of a local government with more fiscal or policy support, the supply of this federal support may not precisely match the demands of the local government, which further increases the uncertainty of lobbying output.

1.3 Overview of Sections

This Element comprises five sections. Section 1 briefly introduces intergovernmental lobbying in the United States and reviews the existing literature on this topic. Moreover, understanding how lobbying works in practice provides a basis for developing theoretical arguments and implementing empirical research design. Therefore, this section also includes qualitative observations.

Section 2 proposes that cities with professional executives (i.e., council-manager cities) are more likely than those with political executives (i.e.,

mayor-council cities) to hire professional lobbyists. In terms of motivation, professional executives have longer time horizons or lower discount rates than political executives due to their job stability and lifelong careers; thus, higher returns on lobbying investment are expected. In terms of capability, compared to political executives, whose attention is concentrated on reelections, professional executives are more capable of overcoming the transaction costs involved in lobbying given their previous professional training and rich experience in public service. This study provides an analysis of more than 1,200 cities between 1999 and 2012 in order to test this key hypothesis.

Section 3 presents the argument that legislative professionalism is positively associated with state governments' participation or investment in formally lobbying of the federal government. More professional state legislatures have more political channels to collect information from voters and are more likely to represent the preferences of the median voters (Carsey, Winburn, and Berry 2017). Therefore, state policymakers in a highly professional state legislature are more likely to allocate resources to lobbying for additional federal resources to meet the demands of median voters. Further, state governments with a high level of legislative professionalism will have more resources to overcome the transaction costs involved in employing professional lobbyists and thus have more access to lobbying services. I test this hypothesis using evidence from a panel dataset covering all fifty states from 1999 to 2011.

Building on Shipan and Volden's (2006) analysis of local-to-state policy diffusion, Section 4 points out that bottom-up federalism also exists in intergovernmental formal lobbying. Additionally, the intensity of local governments lobbying the federal government may have two distinct types of impact on the intensity of state governments lobbying the federal government: the snowball effect and the pressure valve effect. Regarding the snowball effect, local lobbying spending may increase state lobbying spending by increasing the salience of lobbying as a policy tool, producing negative externalities among local governments, or escalating the competition for scarce federal funding between state and local governments. Concerning the pressure valve effect, local lobbying spending may decrease state lobbying spending by obtaining additional resources to meet the demands of local voters and groups successfully and, therefore, decrease the policy pressures on state-level policymakers. Using a dataset of all fifty states from 1999 to 2011, this study provides evidence that local lobbying spending increases state lobbying spending (through a snowball effect) after controlling for political, financial, and demographic characteristics.

Finally, Section 5 concludes this Element by highlighting the main findings, discussing theoretical and practical implications, and pointing out potential directions for future research.

2 Executive Institutions and Lobbying Activities of City Governments

2.1 Theoretical Analysis

In recent years, at least 300 city governments spent millions of dollars annually formally lobbying the federal government and submitted at least one lobbying report under the LDA. Like interest groups in the private sector, city governments have their own special interests in terms of funding, policies, or autonomy (Farkas 1971). This section provides an explanation that illustrates the institutional incentives and constraints of city government executives when making lobbying decisions to improve our understanding of the determinants of intergovernmental lobbying.

Figure 1 shows how executive institutions affect local government decisions regarding formal lobbying. Most government executives in American cities are

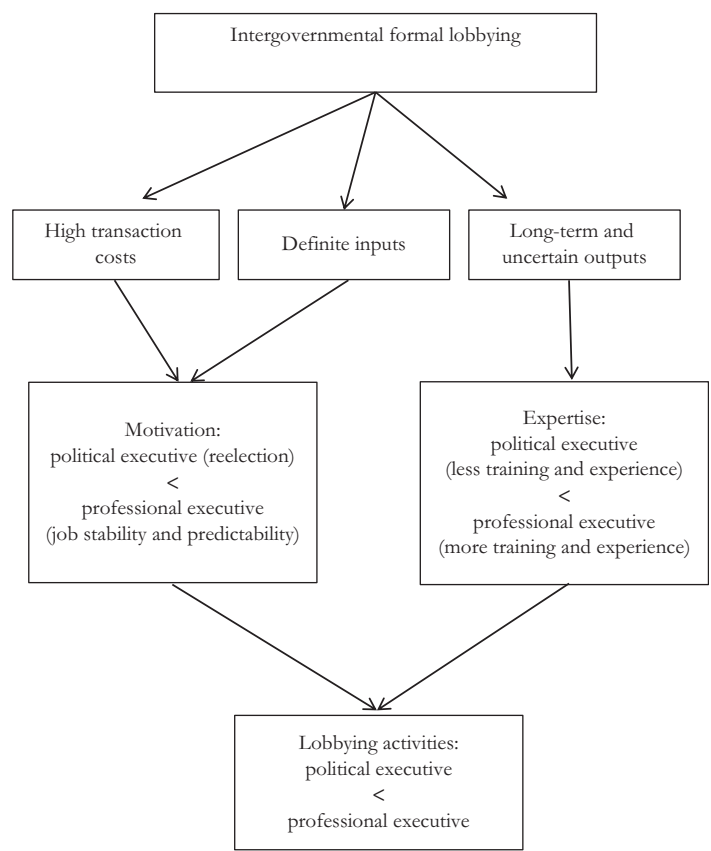


Figure 1 City executive institutions and intergovernmental formal lobbying decisions.