

1 *Introduction*

1.1 Introduction

Mary got an email calling her a c*nt.

She got off easy. There were a few other emails calling her names, and a couple of people who delivered their curses in person. Maybe a few people stopped coming in. She engaged some others in productive conversation. There weren't organized boycotts or protests. Her business didn't suffer.

Weighing in on political matters – “doing politics” – can be costly for companies. Mary¹, who owned a restaurant in Minneapolis, says it's just in her personality to stand up against something she thinks is wrong. Minneapolis' proposed minimum wage increase, which would have gradually increased the hourly wage of the lowest-paid worker for private companies to \$15, was one of those things. It ignored a lot of nuances, she thought, that weren't immediately obvious to people who were not in her position. It didn't take into account that her employees got health insurance, for instance. Buoyed by the strength of her convictions, she publicly took a stance against the minimum wage bill.

Even though I'm neither using her real name nor naming her business, people who follow Twin Cities politics might be able to guess who Mary is anyway, because Mary may be the only representative of a company who publicly opposed the minimum wage increase.

In part this is because the policies were fairly popular, as municipal minimum wage increases tend to be in large, progressive cities, especially in recent years. Minimum wage increases are often viewed by their supporters as a moral issue, framed around the problems faced by low-wage laborers, citing the difficulty these workers have with affording an apartment or supporting a family. Yet the minimum

¹ Not her real name.

wage is also an economic issue, and one which poses problems for companies. Minimum wage increases hurt companies by increasing their labor costs.

The consequences of minimum wage increases don't hurt all companies uniformly. Some companies rely more heavily on low-wage labor than others. These companies are spread across industries and economic activity, but one thing that unifies many of them is their thin profit margins. In other words, they don't sell their product or service for much more money than it costs to make it. To make any profit at all, they try to keep the production costs low. Restaurants like Mary's are a good example: the food they sell is inexpensive, so if they don't keep their costs low – by buying ingredients in bulk, for instance, or not paying high wages – there's no point in operating because they'd be losing money. Yet this problem isn't limited to restaurants. Although the majority of workers who make the federal minimum wage (or less) are employed in the leisure and hospitality industries, mostly in restaurants and other food service jobs, almost all industries employ people who are paid at or below the minimum wage (U.S. Bureau of Labor Statistics 2019).

Yet, despite this, Mary was still one of the very few company representatives who voiced concerns about the minimum wage laws. According to a journalist who covered both cities' efforts, by the time St. Paul began considering their own minimum wage ordinance, the organizers of the opposition couldn't come up with any business owners for them to talk to at all.

Why?

It certainly wasn't that they didn't care or that they necessarily supported the ordinances. Minimum wage is a policy of considerable importance to a great many companies. And indeed, carve outs were discussed to accommodate some of these industries. There was discussion, for instance, about exempting franchises of large companies on the grounds that they are more like small companies. There were heated discussions about how to treat tipped workers. Yet many companies were still facing significant cost increases. Instead of speaking out, many individual companies chose to work through industry groups or through the Chamber of Commerce.

But again, why?

A lobbyist I spoke with about this told me that working together is more efficient and that, as she put it, companies don't like it being about them if it's not about them. She meant that they prefer to pool

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resources and present a united opposition. This puts the focus firmly on the policies and their consequences for business more broadly. Standing up individually against a policy instead places the focus on the characteristics of individual businesses. But there is another truth in her words. Companies don't want it to be about them because, when the conversation is about them, there can be consequences. Standing up for themselves can hurt their business because people increasingly mobilize against companies whose political actions they don't like. Mary's business didn't suffer any consequences for her political actions, but it could have, and most companies are more risk-averse than Mary.

In this book, I ask the question of how public opinion – how the fear of a public backlash – shapes how companies engage in politics. If people call for a boycott against companies who take political stances they oppose, a hallmark of so-called “cancel culture,”² does this change how companies behave? In this book, I argue that it does, and specifically that negative public opinion shapes how companies engage in the political system. The core argument I make is that these organized boycotts, especially those that catch fire on social media, mostly function to hurt companies by dragging their reputations through the mud and harming their brands. Yet these boycotts do not actually stop companies from doing politics. Why? Because they don't address the core issue. Companies try to influence policy because policies affect them and, like anyone, they try to agitate against policies that hurt them and for policies that help them. Fear of public backlash doesn't stop those policies from being threats to businesses, and so fear of backlash doesn't stop the influence-seeking. What it does, instead, is change its shape. I argue that fear of public backlash prompts companies to approach their political advocacy strategically, taking steps to either hide it from public view or make it more palatable to a discerning political audience.

1.2 What We Know About Political Influence

To answer the question of how political influence changes in response to public opinion requires understanding the underpinnings of political influence – how does it work and where does it come from?

² See Bromwich, Jonah Engel. “Everyone is Canceled.” June 28, 2018. New York Times. www.nytimes.com/2018/06/28/style/is-it-canceled.html.

Research on political influence has primarily focused on two strategies: lobbying and campaign donations. Both of these are thought to be very powerful ways that interest groups of all stripes recruit and retain politicians to support their policies. Yet there is some intellectual and public disagreement about exactly how and why these two methods work.

According to de Figueiredo and Richter (2014), lobbying is a “transfer of information in private meetings and venues between interest groups and politicians, their staffs, and agents.” Lobbyists – agents who are paid by interest groups to lobby on their behalf – cultivate personal and professional connections with politicians and their staffs and then use these connections, in addition to expert knowledge, to advocate on behalf of their clients (Bertrand, Bombardini, and Trebbi 2014). Campaign contributions, similarly, are another common tool of political influence-seeking in the United States. Companies, their political action committees (PACs), and their owners can all donate money to candidates for political office, political parties, and issue organizations (Powell and Grimmer 2016). Within the literature, lobbying and campaign contributions – sometimes lumped together, sometimes considered separately – have been variously viewed as functioning as a form of exchange, as a method of persuasion, and, as Hall and Deardorff (2006) term it, “a legislative subsidy.”

Influence-seeking as a form of exchange seems to fit best with how the general public understands both lobbying and campaign contributions, as a *quid pro quo* (or, more colloquially, as a form of vote-buying or bribery). The core idea is that lobbyists or other agents acting on behalf of interest groups trade something of value that they have – money, information, promises – for something that the legislator has, such as a vote or access. This way of conceiving of influence more generally is often the basis for the distaste many people feel for influence-seeking, because it seems so unfair. If this story is accurate, votes (or access) should often just accrue to whatever interest group (or person) has the most money – effectively setting up a plutocracy, or rule by the rich – and that person or entity is seldom going to be the average citizen.³

³ This understanding also tends to conflate lobbying and campaign contributions. Lobbying, in some circumstances, does not, and in fact cannot, involve the exchange of money or goods. A state government lobbyist I spoke to pushed

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The problem with the theory of influence-seeking as a form of exchange is that it doesn't really make sense theoretically and there is very little evidence to support it. Theoretically, the exchange theory suffers from a fatal commitment problem. That is, when a politician accepts a campaign contribution, there is nothing committing the politician to take the company's side. If politicians vote the "wrong" way, the company has no recourse except to not support them in the future. For example, in the months leading up to the congressional vote on the 2010 Affordable Care Act, health insurance companies, which opposed the bill, donated \$44,595,421 to congress-people, about 56 percent of which went to Republicans and 44 percent to Democrats.⁴ Even so, the bill ended up passing. The companies that donated the money couldn't do anything to the politicians who received their money and voted for the bill anyway. Several studies have aimed to resolve this problem, arguing variously that contributors can give what amounts to a deposit before the vote and a reward afterward (Stratmann 1998, p. 88) or that long-term reputational concerns keep the politician from breaking their "promise" (Snyder 1992, p. 18).

In addition to its theoretical problems, there is also little evidence to support the exchange theory. In other words, it simply can't make sense of many of the patterns we observe between lobbying/campaign contributions and voting patterns or patterns of access to lawmakers. For instance, there is ample evidence that interest groups most often target their lobbying resources toward those who already agree with them and are likely to vote the "right way" anyway. According to the theory of exchange, this would be a poor use of resources – why target your ideological allies instead of buying off people at the margins or on the opposing side? Why "buy" politicians who don't need to be "bought"? Further, as Hall and Deardorff (2006) point out, this theory cannot really explain why some groups, such as certain nonprofits and think tanks (such as the Cato Institute or the Heritage Foundation), manage to obtain access and influence far in

back against the popular perception that they were just buying gifts for politicians – "I can't even buy anyone a cup of coffee," they said.

⁴ "Insurance: Top Contributors to Federal Candidates, Parties, and Outside Groups: 2010." Open Secrets. www.opensecrets.org/industries/contrib.php?ind=F09&Bkdn=DemRep&cycle=2010.

excess of the resources they have to trade. Yet the theory of lobbying as a form of exchange isn't entirely without empirical support. A clever study by Kalla and Broockman (2016) that aimed to tease out the causal relationship between campaign contributions and access to lawmakers did find evidence that groups that *identify themselves* as campaign donors had more luck scheduling meetings with politicians, giving them an opportunity (at a minimum) to have their voices heard. In other words, although there's no evidence of vote-buying as such, it may be the case that lobbying and campaign contributions can be used in exchange for access.

Ansolabehere, de Figueiredo, and Snyder (2003) explicitly push back against the theory of exchange, arguing instead that campaign contributions are not intended to influence politics at all but are instead a "consumption good." A consumption good is something that people buy because they enjoy or value it, and they buy more of it as their income increases. It's not purchased with any particular intent or as part of an exchange – it's more like buying an expensive car.⁵ Part of their rationale is the evidence that most campaign contributions – at least at the time of their writing, which was before *Citizens United v. FEC* changed the laws surrounding campaign contributions by interest groups – came from individuals and were in small amounts. They also point out that politicians can very easily raise funds from individual donors, which gives donors who are expecting some kind of quid pro quo a lot less power than they think.

Lobbying as a form of persuasion is what many people think lobbying *ought* to be. Lobbyists have information and specialized knowledge, and they try to use that information to persuade lawmakers to vote in a way favored by the interest group they represent. Lobbyists can convey factual information about the issues at hand to lawmakers and their staff, and also, and perhaps more importantly, information about how taking a position on the issue will affect the politician politically (de Figueiredo and Richter 2014). Where legislators lack a dedicated professional staff, lobbyists can be crucial for

⁵ Notably, they compare campaign contributions with charitable contributions as a way of arguing that campaign contributions are a consumption good, as do Milyo, Primo, and Groseclose (2000). They don't consider, as I discuss in Chapter 2, that charitable contributions may also be tools of political persuasion.

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transmitting information to the legislators and, indeed, can play an important role in crafting legislation. The lobbyists and politicians I spoke to emphasized this point: not every lawmaker, regardless of staff size, can be an expert in every issue, especially when the issues they are voting on are nuanced and fairly specialized. Even lawmakers who educate themselves on the issues at hand may miss unintended consequences. This is especially severe when, as one lobbyist I interviewed put it, the issues at hand pit moral imperatives against economics, as in the minimum wage example. Policymakers may be persuaded by their constituents about the moral dimensions of an issue but not consider the potential economic downsides. A lobbyist who is informed about the issue – and who is of course not objective because they’re being paid to make a particular point – can fill in these gaps in the lawmaker’s knowledge. In other words, an increased minimum wage or paid parental leave are persuasive on moral grounds – many people believe that a minimum wage job should allow someone to live a decent life and that parents of newborns deserve time off to take care of and bond with their baby⁶ – but there are both obvious and less obvious economic consequences to both. The minimum wage has often been linked, theoretically and in the public imagination, with decreased scheduled hours and layoffs. In extreme cases, such a policy may cause a company to relocate or shut down entirely, which could result in the arguably worse outcome of no income as compared with a lower income. Parental leave policies can hamstring certain types of companies because they can’t find or afford short-term replacements for their workers. Lobbyists can provide information about these unintended consequences and then leave it up to the policymakers to decide.

Lobbying as a “legislative subsidy,” in contrast, is closest to how the lobbyists I interviewed understand what they do. Hall and Dear-dorff (2006) argue, in their influential article, that direct lobbying is a way to “subsidize” lawmakers who already support the cause. In other words, lobbying saves ideological allies scarce money and time by providing information and, in effect acting as additional staff members. This allows lawmakers to learn about the issue without dedicating as much of their time or staff time to it as they’d

⁶ And not make anyone else the victim of their sleep deprivation.

have to in the absence of lobbyists. The lawmaker can then use the time they have saved to learn about and work on other issues while still being able to be influential on the issue the lobbyist is helping with. Hall and Deardorff give the example of providing content for a speech – this allows the lawmaker to have influence by giving a speech without investing the time or resources to develop expertise and to give other speeches on other issues with the time it frees up. In some circumstances, especially in state legislatures where legislators have little to no staff support, lobbyists and special interest groups can write some or all of a bill that the legislator will propose (Hertel-Fernandez 2019).

Yet the language the government affairs professionals and elected officials I spoke to used most often reflected that they view political influence-seeking primarily as relationship formation and maintenance. Of course, these relationships are not formed and maintained for their own purposes. By forming and maintaining good relationships with policymakers and trying to assure the victory of additional sympathetic policymakers using campaign contributions, companies can try to secure a sympathetic audience when they have political or policy concerns. A lawmaker or staffer with whom a lobbyist has a good relationship is more likely to make time to listen to them, more likely to think they're being honest and forthright, and more likely to listen to their concerns. At certain points, this may look like persuasion or exchange, but that's only sometimes, and it's part of a broader story. In many ways, this is similar to the logic of the legislative subsidy except it's broader. It's not just that lobbyists are freeing up time and resources for lawmakers – they're taking all the necessary steps to build a solid relationship based on familiarity, appreciation, and trust. As a few of the state lobbyists I spoke to emphasized, honesty and trust are the only currency they have, so they have to be careful to respect and maintain it.

A crucial way that lobbying as relationship differs from lobbying as legislative subsidy is that it implies a much wider range of ways for a company to actually obtain influence. First, interest groups that want to cultivate influence can use another party's existing relationships instead of cultivating their own. This is the logic behind hiring contract lobbyists – people who, among other things, professionally cultivate relationships with policymakers and other important people. Yet such relationships aren't limited to contract lobbyists. If the point is relationships – and not necessarily money, knowledge, skill, content,

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or other things – then any third party with an existing relationship is fair game.

Second, understanding lobbying as relationship opens up a variety of options that interest groups and their proxies can use to build and maintain these relationships on their own. These can include philanthropy, as Bertrand et al. (2018) discuss, or anything else that gets (and keeps) a company or its agents in the lawmaker’s good graces. What this looks like in practice depends on what the lawmaker values and needs. Politicians need many things – money, information, and to do their jobs well (or to be perceived as such) – and interest groups can build and maintain relationships by attending to these needs.

Yet why, when, and how do companies choose different strategies – what circumstances and which lawmakers call for a PAC donation and which call for enlisting a contract lobbyist? In what situations does a company work through its interest group and when does it attach its name to its influence-seeking? When does a company have its employees clean up a public park and when does the company employ its in-house lobbying team? The answer to these questions are poorly understood because our conventional understanding of influence-seeking is narrow. Milyo, Primo, and Groseclose (2000) acknowledge that the focus on PACs is overblown – “essentially an exercise in ‘looking under the lamppost’” – and that extends to lobbying as well. Yet our understanding of campaign contributions and lobbying is almost tautological: we know a lot about PACs and lobbying because they are tracked, and we track them because we think they’re important, but we know little to nothing about the other forms influence-seeking can take because they aren’t tracked, and they aren’t tracked because they don’t fit into a narrow conception of influence-seeking. One of the contributions of this book is to reconceive of corporate influence-seeking in a way that helps to logically establish the forms it most commonly takes (Chapter 2). Another is to build on this conceptualization of the influence-seeking arsenal and develop (Chapter 3) and test (Chapters 4–6) a theory of why, under different circumstances, companies choose to deploy different parts of those arsenals.

1.3 Who Seeks Political Influence and Does It Matter?

All this discussion of influence-seeking raises another important question: Who seeks political influence? What is an “organized interest”?

Since most of the research in this area is interested in the effects of lobbying or campaign contributions, all types of organized interests are typically considered one and the same. Walker (1983) defines an interest group loosely as a voluntary association with open membership that is concerned with “some aspects of public policy at the national level.”⁷ An interest group is just a group of people that have some “special interest,” a set of interests coupled with a related thing they want accomplished, in common. Although special interests are often demonized, nearly everything you do or enjoy is attached to its own set of “special interests,” as one lobbyist I spoke to reminded me. Do you want nice trails so you can hike, bike, walk, or run? That’s a special interest. Do you enjoy playing video games or listening to music? Special interest. Do you like puppies, apples, or clean air? All special interests. An interest group is just a group that forms to advocate lawmakers on behalf of people who share their set of interests.

Yet, even given this explanation, there are good reasons to think that companies might be different from other interest groups in ways that are theoretically important. Of course, in many of the ways stated earlier, they’re exactly the same: just like an environmental group, a group of cyclists, or any individual, companies seek to influence policies that are important to them, and they have the same tools at their disposal as many other groups. Indeed, for the purposes of most of the research on political influence, it makes sense to group companies or “business interests” in with other special interest groups since they’re primarily interested in the effects of the lobbying or the PAC, not who or what it’s on behalf of. Kalla and Broockman (2016) address the distinction between businesses and other interest groups specifically by pointing out that, although their experiment focused on a grassroots, liberal interest group, they would expect that informing a legislator about a contribution from a corporate executive or other wealthy group should have an even stronger effect, but not one that is theoretically distinct. According to them and many others, if businesses are distinct from other interest groups, it’s because they have more resources.⁸

⁷ Of course, interest groups also develop out of shared interest in public policy at the state or local level.

⁸ Milyo, Primo, and Groseclose (2000) make a similar point: they focus on corporate PAC contributions as a way of pushing against the argument that PAC contributions matter a lot and are or should be “an important component of corporate business strategies,” but they don’t argue that they are theoretically different than other groups (p. 85).