Professional Networks, Early Fundraising, and Electoral Success

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“The first third of your campaign is money, money, money. The second third is money, money, money. The final is votes, press, and money.”

Rahm Emanuel

Running for political office in the United States is nothing if not entrepreneurial. Straight out of the gates candidates are expected to raise large sums of money needed to build their fledgling campaigns. Demonstrating the ability for fundraising early on is often regarded as a prerequisite for a campaign to be seen as viable. For every campaign that fails at the early fundraising stage, there are many more potential candidates that never even enter the race due to this initial fundraising hurdle. Despite the countless studies on the influence of money in elections, we know very little about fundraising during the early stages of campaigns. This gap in our understanding is unfortunate given that we have reason to believe that this is when money is most consequential.

The general finding in the academic literature is that money matters in elections but only at the margin (Jacobson [1983, 1985], Gerber [1998]). In recent elections, between 80 and 90 percent of congressional races are either uncontested or are in districts that strongly favor one or the other
party. In most districts, most of the time the outcome in the general election is a foregone conclusion. This has very little to do with the performance or personal characteristics of the candidates. Rather, outcomes in the general election are primarily a function of district-partisanship, and to a lesser extent, national partisan moods. Being a strong fundraiser may improve a candidate’s vote share total in the generals by a few percentage points but is seldom a decisive factor.

By narrowly focusing on general elections the literature has tended to downplay money’s influence on elections while overlooking other ways it might matter. The two factors that have made outcomes in the general elections so predictable, party and incumbency, generally do not apply to primary contests. In their place, fundraising is easily the most reliable indicator of success in primary elections. The relationship between fundraising and primary election outcomes is shown in Figure 1 which plots the predicted probability of winning contested primaries conditional on a candidate’s normalized share of total fundraising. The figure shows a close relationship between fundraising and primary election outcomes. A simple model that assumes that the candidate who raises the most money will be victorious correctly predicts the winner in 79% of contested primary contests. By comparison, a model based on candidate characteristics commonly used as measures of candidate quality—such as having previously held elected office, education, and occupational background—while controlling for ideology and district-level characteristics correctly predicts the winner in only 58% of contests.

This paper investigates the role of early fundraising in sustaining representational imbalances in Congress. The ability to successfully fundraise early on influences who runs for office and who wins. The challenges of early fundraising have in turn biased the population of candidates in favor of the types of individuals who are best positioned to fundraise. Identifying the characteristics and traits that make for successful early fundraisers is crucial to explaining why some groups are so much better represented than others in elected office. To this end, I have compiled a new dataset on the educational and professional backgrounds for all 5,005 congressional candidates that ran in the 2010-2014 election cycle. In what follows, I provide evidence showing that professional networks, through the provision of seed funding for campaigns, have played a crucial role in shaping the

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1To normalize fundraising outcomes across district-level primary contests, I sum up the total amount raised by all candidates competing in a given primary and then calculate each candidate’s share of the total.
Figure 1: Predicted Probability of Winning Contested Primary Elections Conditional on Normalized Share of Total Fundraising

In principle anyone can run for office; in practice the path is open to a select few. This is in large part a result of an economic calculus of the modern professional campaign. Running for public office requires a significant time commitment. As taxing as the process is for the affluent, it is prohibitively costly for most working and middle class citizens, who might need to forgo wages or quit their jobs in order to mount a serious campaign. This basic calculus is likely to favor entry into the candidate pool by well-paid professionals who are better positioned to manage financially in cases where campaigning for office would result in reduced earnings.

Figure 2 compares rates of candidate entry by degree type. It shows that the candidate pop-
ulation is better educated than the population at-large. It also suggests that some professions are better represented than others. Figure 3 compares the extent to which degree-holders are over or under represented among candidates and members of Congress. I calculated the proportion of candidates and members of Congress in each category of degree holders. I then divide these shares by the percentage of the voting-age population (VAP) represented by each category of degree holder. This measures the relative odds of being a candidate or member of Congress conditional on degree type. A value of 1 on the x-axis indicates that a group makes up the same percentage of Congress as they do the general population. A value of 10 indicates that degree-holders are 10 times more likely to serve in Congress than the average citizen.

Two groups of degree-holders are better represented in Congress than they are among candidates. Relative to the average citizen, doctors are 11 times more likely to run for Congress and 12 times more likely to be elected. The pattern for lawyers is different. Relative to the average citizen, lawyers are 54 times more likely to run for office and 99 times more likely to be elected member of Congress. The extreme overrepresentation of lawyers is a combination of lawyers (1) running...
2.1 Why Elect Lawyers?

The overrepresentation of professionals in Congress is primarily the story of a single profession. Since the nation’s founding, Congress has been overwhelmingly drawn from the legal profession. While comprising 0.4% of the voting age population, there are more lawyers elected to the House than there are representatives from all 24 states west of the Mississippi. Lawyers are even more prevalent in the Senate. In 44 of the past 50 Congresses, lawyer-legislators commanded seat shares large enough to constitute a filibuster proof majority.

Imposing as it is, the overrepresentation of the legal profession in Congress is often overlooked as an unremarkable feature of American politics. It is anything but. In no other national legislature
do lawyers—or any other profession for that matter—give rise to such an extreme representational imbalance. Even in other common-law nations such as the United Kingdom, Canada, and Australia, the percentage of lawyers in national legislatures is no more than a third of what it is in the US. The overrepresentation of the legal profession has also had downstream consequences for other dimensions of representation. Congress has inherited many of the well-documented demographic biases of the legal profession (Michelson, 2013). For example, as seen in Figure 4, lawyer-legislators, from both parties, are far less likely to be women than legislators from other backgrounds.

There is no shortage of theories for why so many lawyers are elected to Congress. Most existing accounts have centered on (1) how a heightened interest in politics combined with career incentives specific to the legal profession make lawyers more likely to run for office or (2) identifying traits or skills associated with lawyers that might appeal to voters or make for effective candidates. While the incentive structure of the legal profession does much to encourage its members to enter into politics, this still fails to explain their electoral success. Evidence from surveys cast serious

Figure 4: Women in Congress By Degree-Type and Party
doubt on the notion that lawyers make for particularly appealing candidates. Public perceptions of lawyers are consistently negative, especially in comparison to other professions\(^2\). Additional evidence comes from survey experiments used to infer the desirability of candidate traits (Hain-mueller, Hopkins, and Yamamoto, 2014). In a recent study focused on congressional candidates, Fong and Grimmer (2016) find that respondents penalize candidates for having a background in law. Lawyers are neither held in high-esteem by voters nor do they appear to be uniquely skilled as campaigners. Rather, their competitive advantage seems to lie in their ability to fundraisers.

3 Early Fundraising

From a practical standpoint, it is hard to dismiss the importance of fundraising considerations in the determining who runs for office. The initial round of fundraising provides resources needed to get the campaign up and running. It can also be a matter of survival. Political campaigns, like any other entrepreneurial endeavor, are subject to the laws of financial gravity. Bankrupt campaigns are rarely viable and a lack of campaign funds is a common reason campaigns falter.

EMILY’s List was among the first organizations to fully realize the importance of early money. EMILY is an acronym for Early Money is Like Yeast (i.e. it makes the dough rise), a reference to the convention that successfully fundraising early in the race aids in attracting other donors later on. A manual on fundraising published by the organization offers the following advice to candidates regarding fundraising during the initial months of their campaign:

**Personal Circle**

**WHY:** Donors in the Personal Circle give because they have a close relationship with the candidate. Loyalty moves personal circle donors to look past differences in ideology and party affiliation, and sustains their support regardless of the candidate’s standing in the polls.

**WHO:** Personal Circle donors are family members, friends, and close professional

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\(^2\) In a recent Pew study of public perceptions on the societal contribution made by occupational groups, lawyers ranked dead last[http://www.pewforum.org/2013/07/11/public-esteem-for-military-still-high/]. Only 18% of respondents said that lawyers contributed “A lot” to society’s well-being as compared to over 65% of respondents for scientists, teachers, and medical doctors. Lawyers similarly rank poorly in terms of public perceptions of honesty and ethical standards. A 2014 Gallup poll found that only 21 percent of respondents rated the honesty of lawyers as high/very high[http://www.gallup.com/poll/1654/honesty-ethics-professions.aspx]. When asked the same question of doctors, 65 percent of respondents rated their honesty as high/very high.
To summarize, the excerpt makes two key points. First, candidates should expect to depend almost exclusively on personal acquaintances to raise the early funds needed to jumpstart their campaign. Second, success in fundraising early is seen as a crucial test of a campaigns viability by donors outside a candidate’s personal network. The second point has been corroborated by accounts of the criteria used by party leaders to assess campaigns.

No matter how attractive a candidate or appealing his message, it meant little if he could not advertise on television, print brochures, or pay campaign workers to knock on doors... In the 2006 campaign, Emanuel and his staff were judging candidates almost exclusively by how much money they raised. If a candidate proved a good fundraiser, the DCCC would provide support, advertising, strategic advice, and whatever other help was needed. If not, the committee would shut him out.

Whether or not a campaign makes the cut is determined primarily by the candidate’s personal connections rather than his talent or appeal as a politician. Having access to the right kind of network is crucial. A candidate who is surrounded by affluent friends and colleagues who are seasoned donors and/or accustomed to organizing and attending fundraising events should have little trouble fundraising early on. On the other hand, even the most compelling candidates will struggle to keep pace if their personal networks are devoid of anyone who fits the typical profile of a political donor.

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3Quoted from Making the Dough Rise: A manual for campaign fundraisers.
### Table 1: Contribution Patterns By Graduates of Top Law Schools (≥10 Years Since Degree)

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Amount</th>
<th>Alumni, No.</th>
<th>Amount Per Alumnus</th>
<th>Pct. Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard University</td>
<td>$474,347,260</td>
<td>14,896</td>
<td>$31,844</td>
<td>69%</td>
</tr>
<tr>
<td>Yale University</td>
<td>$58,754,525</td>
<td>5,063</td>
<td>$11,605</td>
<td>70%</td>
</tr>
<tr>
<td>Columbia University</td>
<td>$75,041,270</td>
<td>8,718</td>
<td>$8,608</td>
<td>63%</td>
</tr>
<tr>
<td>Stanford University</td>
<td>$32,842,740</td>
<td>3,965</td>
<td>$8,283</td>
<td>62%</td>
</tr>
<tr>
<td>University of Chicago</td>
<td>$31,871,645</td>
<td>4,277</td>
<td>$7,452</td>
<td>65%</td>
</tr>
<tr>
<td>University of Texas Austin</td>
<td>$71,406,881</td>
<td>10,440</td>
<td>$6,840</td>
<td>56%</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>$33,637,526</td>
<td>5,147</td>
<td>$6,535</td>
<td>61%</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>$76,366,523</td>
<td>11,836</td>
<td>$6,452</td>
<td>58%</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>$26,686,457</td>
<td>4,209</td>
<td>$6,340</td>
<td>58%</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>$62,145,560</td>
<td>10,232</td>
<td>$6,074</td>
<td>61%</td>
</tr>
<tr>
<td>New York University</td>
<td>$53,689,465</td>
<td>9,102</td>
<td>$5,899</td>
<td>61%</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>$48,463,365</td>
<td>8,314</td>
<td>$5,829</td>
<td>61%</td>
</tr>
<tr>
<td>Duke University</td>
<td>$23,270,068</td>
<td>4,066</td>
<td>$5,723</td>
<td>60%</td>
</tr>
<tr>
<td>University of California Los Angeles</td>
<td>$30,293,298</td>
<td>6,145</td>
<td>$4,930</td>
<td>49%</td>
</tr>
<tr>
<td>UC Berkeley</td>
<td>$28,349,454</td>
<td>5,901</td>
<td>$4,804</td>
<td>56%</td>
</tr>
<tr>
<td>Cornell University</td>
<td>$18,184,229</td>
<td>4,268</td>
<td>$4,261</td>
<td>57%</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>$26,497,768</td>
<td>6,233</td>
<td>$4,251</td>
<td>53%</td>
</tr>
</tbody>
</table>

Sources: Martindale-Hubbel Legal Directory and [Bonica 2016](#).  
Note: See [Bonica, Chilton, and Sen 2015](#) for details on how data was merged.

### 3.1 Why Professional Networks Matter

Perhaps the single most important determinant of a candidate’s personal network is their profession. This returns us to the question posed earlier about why there are so many lawyers in Congress. Lawyers, as a group, are extremely active in donating to campaigns. They also tend to have deep pockets. The legal industry is also well connected with the business community, which can bring wealthy clients into reach. This makes for an ideal environment to jumpstart a campaign.

To illustrate, Table 1 summarizes the donation activity of graduates of elite law schools. A graduate of Yale or Harvard Law running for office can expect about 7 in 10 of his fellow graduates to be established donors with deep pockets and high-profile connections. Depending on their chosen career path, most other lawyers they interact with professionally are also likely to be donors. This is only slightly less true of graduates of lower-ranked law schools where between 50 and 60 percent of alumni have donated in amounts large enough to be itemized. The fundraising outlook for partners and associates at large law firms, which draw heavily from graduates of elite law schools, is similarly favorable. In recent election cycles, 87,300 lawyers at the top 100 largest law firms have donated nearly $600 million.

If the conventional wisdom about early fundraising is correct, this should translate into a sizable
early fundraising advantage for lawyers. This is exactly what we observe. Figure 5 compares fundraising totals during the first 90 days of candidacy by degree-type. The points indicate the average amounts raised by each group and the horizontal bars are the 95% confidence intervals. The sample is limited to non-incumbent candidates running in House contests during the 2010-2014 election cycles. A second set of estimates are shown in red which exclude candidates that had previously held elected office—a standard measure of candidate quality.

Lawyers consistently outperform other candidates in fundraising during the initial months of their campaigns. Lawyer-candidates raised an average of $96,098, more than double the $44,012 raised on average by non-lawyers. Graduates of elite law schools performed even better, raising on average $145,726. In contrast, candidates without four-year college degrees raised an average of $27,862. The estimates are similar when excluding candidates who had previously held elected office from the sample. The results are also robust to varying the early fundraising window. Whether narrowed to the first 30 days or extended to the first 180 days, the ratio at which lawyer-candidates out-fundraise other candidates scales accordingly.

To what extent does the early fundraising premium for lawyers owe to their professional networks? One way to assess this claim is to determine whether a disproportionate share of early contributions will be raised from other lawyers. After coding donors with respect to profession based on self-reported occupation and employer, I calculate the share of early contributions raised by each candidate from donors in each profession. Figure 6 compares the average percentage of early contributions raised from lawyers and doctors by candidates grouped by degree-type. Donors who share the a candidate’s profession provide a disproportionate share of financial support early on in the campaign. This is consistent with the claim that candidates rely heavily on their professional networks to provide resources early on.

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5The start dates for campaign are assigned using the dates listed in the FEC statement of candidacy filings.
Figure 5: Contribution Amounts From Individual Donors During First 90 Days (Non-incumbent House Candidates)

4 Policy Implications

4.1 The Case for Political Scholarships

Arguably, the most important consequence of the role of money in American politics is not the influence it buys or the resources it provides but whom it excludes. In many respects, the decision to run for political office is not unlike the decision to pursue higher education. Not only are the costs of tuition daunting for those with less than affluent means but one must also forgo several years of wages while earning a degree. Access to office today is very much like access to higher education was a hundred years ago (or, some might argue, still today). The primary determinant of whether one could attend college was based on class and social-economic factors. The way colleges and universities have addressed this problem is through merit and need-based scholarships. The same strategy could be used for fostering access to political office in the form of public service...
Figure 6: Share of Contributions Raised From Lawyers/Doctors (Non-incumbent House Candidates) (First 90 Days)

The basic idea would be to have people apply to what would essentially be a fellowship for them to pursue their political goals. The criteria upon which the applicants would be judged would focus on the same types of considerations that colleges use, such as demonstrating potential, promoting diversity, etc., and, in this case, a case for why they face a financial barrier to running for office. One could easily imagine that a program like this could provide talented and compelling candidates from all walks of life, from poets to nurses to Walmart greeters—people who would otherwise run for office if not for the financial roadblocks—a chance. These candidates would still have to deal with the challenges of early fundraising, but they would be in an immeasurably better position to do so if able to fully devote themselves to the campaign. It would also provide a welcome contrast to the current approach to how candidates are evaluated and screened, by shifting away from the ability to raise money from their personal connections and instead focusing on the qualities of the
candidate and what they would bring to the table.

As with any political experiment, how a proposal like this would fit within the current regulatory framework is unclear. But, as is usually the case, this could be clarified by seeking an advisory opinion from the FEC and structuring the program accordingly. For any organization concerned about improving the quality of representation, this would seem to be an innovative and effective strategy that borrows from a tried and tested approach with widespread public support.

4.2 The Self-Regulation of The Legal Industry and Inequality

The legal system has been increasingly implicated in driving inequality. Scholars and policymakers alike have arguably been far too dismissive of the outsized role of lawyers in American politics. Despite the legal industry’s estimated annual revenue of $300 billion—which would rank it as the 20th largest state by economic output behind Tennessee and ahead of Arizona—the industry remains entirely self-regulated. The ABA has fiercely defended the independence of the legal profession and has successfully lobbied against, or simply exempted the legal industry, from any legislation that it claims would infringe on the profession’s right to self-regulation.

This has arguably had three effects. First, it has biased the legal system in favor of the wealthy individuals and corporations. This is seen with respect to tax avoidance. Lawyers have played a central role in the development of what has been termed the “income defense industry,” which caters to high net-worth individuals looking to minimize their tax liability through less conventional means. Lawyers have been instrumental in exploiting tax loopholes with increasingly complex tax maneuvers. Meanwhile, the ABA Has vigorously opposed subjecting lawyers to provisions in banking and financial legislation, such as the Bank Secrecy Act and Dodd-Frank, intended to prevent tax evasion and money laundering, improve regulatory compliance, and impose fair accounting standards. Second, it has led to an under provision of legal services for the poor and middle class (Hadfield, 2008; Barton, 2010; Rhode, 2004). With lawyers increasingly chasing the most remunerative work for wealthy individuals and corporations combined with costly barriers to entry into the profession, the market for more affordable legal services has been neglected. The

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6http://www.americanbar.org/content/dam/aba/uncategorized/GAO/ABAAccomplishmentsRegofLawyers.authcheckdam.pdf
poor and middle class are often unable to afford legal services and unable to become lawyers in order to meet the demand (Barton, 2010). Meanwhile any large scale reform effort of the U.S. legal profession along the lines of the U.K.’s Legal Services Act (2007), which sought to make a wide array of legal services more accessible and affordable for the poor and middle class, remains off the table. A third and related point is that the lack of accountability of prosecutors and judges, who are protected by the absolute immunity principle in performance of their jobs, has likely contributed to problems of mass incarceration.
Figure 7: Lawyer-Legislators, Incarceration Rates, and Top Income Shares

Sources: The seat shares of lawyer-legislators are calculated from data on professional backgrounds of members published by the Inter-Parliamentary Union Chronicle of Parliamentary Elections. Top income shares are from Facundo et al. (2016). Incarceration rates are from Walmsley (2013).
The differences in how nations structure their legal system and regulate lawyers and judges are an important part of the larger story of why some democracies have done so much better than others in mitigating the rise of inequality. Figure 7 provides initial evidence linking the overrepresentation of the legal profession in legislatures with the issues raised above. It plots the share of seats in national legislatures held by lawyers-legislators against top income shares and incarceration rates. The relationship with respect to top income shares is of particular interest. While the nature of the relationship remains unclear, the overrepresentation of lawyers goes hand in hand with measures of inequality. Hacker and Pierson (2010) have analogized the development of the American-style winner-take-all economy as akin to a crime drama. At a minimum, the overrepresentation of lawyers deserves a more prominent spot on the list of likely suspects.
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