Money and Internal Influence in Congress*

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Abstract. Drawing on the findings from my forthcoming book, *Where Money Matters in Congress* (Cambridge University Press), I argue that instead of focusing exclusively on direct linkages between campaign contributions and congressional voting, we need to look more broadly to understand the indirect influence of money which impacts nearly all aspects of the legislative process. I find that money matters in Congress by determining how much influence your elected representative has over the legislative process, and that it matters a tremendous amount. Members' fundraising impacts their formal power within the chamber by affecting their rise to both party and committee leadership positions, and it affects their informal power within the chamber by increasing their ability to garner the votes of other congressmen to pass their legislative priorities.

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Rising costs of congressional elections. Dramatic increases in government lobbying. Supreme Court rulings weakening campaign finance regulation. Taken collectively these changes show a marked increase of the role of money in American politics. At the same time, we've seen rising economic inequality in the United States. While the last few years have seen renewed academic research on class and inequality, our understanding of the influence of money, particularly in the form of campaign contributions, on legislative politics remains murky. Research on money in Congress has primarily focused on the direct linkage between campaign contributions and congressional voting behavior, where little influence has been found. This focus on the direct influence of money is misplaced, and, for a variety of reasons, where we are least likely to be able to observe a linkage.[1] Because our academic focus has been in demonstrating a direct linkage, where we have found little evidence of one, potential policy solutions, consequences, and biases are misunderstood and underestimated.

I argue that instead of focusing exclusively on direct linkages between campaign contributions and congressional voting, we need to look more broadly to understand the indirect influence of money which impacts nearly all aspects of the legislative process from how legislative leaders are chosen to how legislators build coalitions to pass their policy priorities. Historically, members of Congress simply needed to raise money for their personal congressional campaigns, which was often a fairly minor exercise for members representing safe seats. That is no longer the case. Today members must raise money not just for their personal campaign, but also for the party and their congressional colleagues in order to be influential in their party and within Congress as a whole.

I find that money matters in Congress by determining how much influence your elected representative has over public policy, and that it matters a tremendous amount. Members' fundraising impacts their formal power within the chamber by affecting their rise to both party and committee leadership positions, and it affects their informal power within the chamber as well by increasing their ability to garner the votes of other congressmen to pass their legislative priorities. I explore how the role of member fundraising for other members within the chamber has evolved over time

[1] For reasons of both legality and visibility, legislative voting, and in particular roll call voting, is an unlikely place to be able to discern a relationship between campaign contributions and roll call votes. See Powell and Grimmer (2016) for an extended discussion.

from a rare, unusual activity with big rewards to a benchmarked norm of behavior. In recent years, the scope and scale of member fundraising has led enterprising members to exploit legal loopholes to circumvent the Federal Election Commission contribution limits. This large-scale extra-systemic fundraising is impossible to trace using traditional measures. I propose and use a new approach to measuring this difficult to document fundraising in the modern era that leverages fundraising events.

The outsized influence of money within the chamber is sustained in part because it advantages congressional incumbents in a variety of ways. Members from safe districts who can afford to deploy their fundraising efforts on behalf of others gain power and influence within the chamber, while members from vulnerable districts receive fundraising help from their peers that helps keep them in office though it hurts their influence within the chamber. These fundraising-based intra-congressional inequalities have major implications for congressional representation. As it is, the members from safe, wealthy districts gain additional influence, while the members from vulnerable, less-wealthy districts are disadvantaged. Further, these members from safe districts tend to be more ideologically extreme than members from vulnerable districts, thus exacerbating elite polarization within Congress.

In this paper, I primarily draw on the findings of my forthcoming book *Where Money Matters in Congress* (Powell, Forthcoming). The focus of this book is on the indirect influence of money within congress–where it matters, how it matters, and what consequences it has for the legislative process. I find that money matters a tremendous amount. In the book I document the indirect influence of money on the legislative process, how it has changed over the course of American history, and how it biases the policy-making process.

Findings: Internal Influence in Congress

Members' fundraising for their congressional colleagues impacts both their formal power within the chamber by affecting their rise to both party and committee leadership positions and their informal power within the chamber by increasing their ability to garner the votes of other congressmen to pass their legislative priorities.

Fundraising to Advance in Congress

Leaders in Congress are the gatekeepers and prime movers of American public policy. Party leaders have substantial influence over the legislative agenda, determine the distribution of resources useful to members, and frequently serve as the public face of their party (Cox and McCubbins, 2005; Rohde, 1991). Similarly, despite their current weakness relative to earlier periods of Congress, committee chairmen today possess significant powers of negative agenda setting influence (Cox and McCubbins, 2005)–i.e. the ability to keep bills and topics off the legislative agenda. The powers that these leaders possess are widely understood, and we know that members of Congress understand, perhaps better than anyone else, how powerful these positions are. If these positions of leadership are consequential, then how the leaders are selected is critical as well. To fully understand public policy outcomes, we must understand how the leaders who set agendas and influence policy are chosen, because the selection criteria may bias the outcome of public policy.

Fundraising for party and congressional colleagues (member-to-member giving) was pioneered by a few individuals. During earlier periods of congressional history, such fundraising was rare and early pioneers including Senator Lyndon Baines Johnson (D-TX), Speaker Sam Rayburn (D-TX), and Congressman Henry Waxman (D-CA) quickly rose to prominent committee and party leadership positions. Over time, this practice has expanded. It has been formalized and the parties have sought to co-opt it, with party leaders providing explicit incentives (both positive and negative) with the goal of maximizing the party's electoral success. Using a multi-method approach of both historical records and quantitative analyses (disaggregated rare event logistic regressions), I document the evolving role of fundraising in the selection of congressional leaders. My results suggest that member to member fundraising evolved into a primary determinant of career advancement, but, significantly, that evolution took place much earlier than prior research suggests.[2]

Today, party fundraising is a required minimum threshold for eligibility for a leadership position. Both parties provide fundraising benchmarks for the party and for fellow members that members holding different committee

[2]For further research on member to member fundraising and career advancement, see: Cann (2008); Currinder (2008); Heberlig and Larson (2011).

and party leadership positions are expected to exceed.[3] The more valuable the leadership position, the higher the benchmark.[4]

Fundraising to Build Legislative Coalitions

In addition to helping members rise to formal committee and party leadership positions in congress, providing fundraising assistance to one's congressional colleagues also helps members build legislative support for their personal policy priorities. While members in safe seats may need relatively little money to run their re-election campaigns, by redirecting this money to their congressional colleagues, members can leverage outside donor support into inside influence within the chamber to achieve their preferred policy outcome (and that of their donors). Using a new measure of indirect fundraising assistance that captures fundraising support untracked by the F.E.C., I show that controlling for the ideological similarity of their past voting records, members of congress are more likely to vote for the legislative priorities (sponsored bills) of those who have provided them with financial assistance.

These results reveal, for the first time, the micro-level mechanism by which members of Congress are transforming their fundraising prowess into roll call votes in favor of their legislative priorities. Rather than the traditional vote-buying model so frequently discussed in the literature, I propose a more subtle mechanism of influence. The findings, robust to a variety of measures, models, and control variables, suggest that members who receive

[3] Though this practice has been used on Capitol Hill for several years, both parties refuse to release the official numbers and party leaders are reluctant to have on the record discussions about it. Members, however, frequently complain about it, and in recent years the fundraising benchmarks have often been leaked to the press (Currinder, 2008; Hooper, 2011; Nocera, 2014; Shesgreen and Schnaars, 2016).

[4] For example, in the 2008 election cycle, rank and file Democratic members were required to contribute $125,000 directly from either their personal congressional campaign committee or leadership PAC to the Democratic Congressional Campaign Committee (DCCC) as membership dues. In addition to that direct contribution to their DCCC they are also expected to raise an additional $75,000 for the "campaign operation"– making them responsible for a total of $200,000 in fundraising for the party. By contrast, chairmen of the "power committees" are each expected to directly contribute $500,000, and to raise a further $1,000,000 for the party and its candidates. But those targets are dwarfed by the expectations of the top echelons of the party leadership. Speaker Pelosi, for example, is expected to directly contribute $800,000 to the DCCC and to raise an additional $25,000,000, for a total of $25.8 million.

help from their co-partisan congressional colleagues are more likely to support those colleagues' legislative priorities in the future.

The increased influence acquired by major congressional fundraisers has potentially wide-ranging ramifications for a variety of democratic outcomes. Members who frequently face expensive contested races for re-election are both consistently indebted to their colleagues, and also unable to accrue their own debts of gratitude. These vulnerable members are thus both more likely to vote for a contributing colleague's legislative priorities, and also less likely to successfully recruit votes in a similar fashion for their own legislative priorities.

Further, members who prove able and willing to draw in large-scale contributions are substantially advantaged in achieving their personal legislative objectives. This inherent legislative advantage for successful fundraisers further biases policy outcomes in favor of politicians who have some combination of contributors, supports, and constituents more naturally able to make financial contributions.

Concluding Thoughts

Studying the influence of money is difficult. For a variety of both political and legal reasons, actors have incentives to obfuscate any connection between campaign contributions and legislative influence. Studying the indirect influence of money is more difficult still. In addition, the expanding scope and scale of modern congressional fundraising has led politicians to seek new avenues of fundraising that circumvent existing fundraising limits. These new avenues of fundraising are even less traceable, yet vital to study because the scale of this new fundraising is so much greater.[5] If

[5] In my book, I propose and use a new approach that better captures how much money legislators raise for their congressional colleagues by leveraging fundraising events. By headlining a campaign fundraising event for a colleague, a member can effectively help him raise much more money than the member could have donated directly to the member's campaign. And the money that members help raise for others at these events is not subject to the usual contribution limits on member-to-member giving. Drawing on the fundraising event invitation database built by the *Sunlight Foundation*, I have created a data set that supplants publicly disclosed member-to-member giving with a measure of how much members raise for others by appearing as headliners at other members' fundraisers–an activity that is not documented in FEC data. The *Sunlight Foundation's* Political Party Time project is a collection of invitations to political fundraising events

we ignore these new forms of fundraising, and focus instead only on direct contribution activity, we may completely miss important forms of influence.

Money, in the form of a politician's ability to raise it for his party, helps to determine members' influence in Washington. In my book, I find that congressmen and congresswomen who are successful fundraisers for their parties rise to powerful leadership positions and are better able to pass their legislative priorities in Congress, whereas those who are unable or unwilling to "play the money game" do not.

This outsized influence of money within the chamber is sustained in part because it advantages congressional incumbents in a variety of ways. Incumbents from safe districts who can afford to deploy their fundraising efforts on behalf of others gain power and influence within Congress, while incumbents from vulnerable districts receive fundraising help from their peers that helps them remain in office, albeit at a cost to their own influence within Congress.

These fundraising-based intra-congressional inequalities have major implications for congressional representation. The members from safe, wealthy districts gain additional influence, while the members from vulnerable, less-wealthy districts are disadvantaged. Further, these members from safe districts tend to be more ideologically extreme than members from vulnerable districts are, thus exacerbating elite polarization within Congress.

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that began in 2008 (www.politicalpartytime.org).

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