

Going Outside is Easier Than Getting In:  
The Effect of Direct Democracy on Interest Group  
Lobbying Strategies

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## **Abstract**

This paper explores the effect of the presence of the direct initiative process on interest groups' lobbying strategies, using survey data collected by the author. After outlining three hypotheses about how direct democracy will influence interest group lobbying, I use factor analysis to determine the basic dimensions of lobbying and find evidence of a shift in strategies from a simple inside/outside dichotomy to a new modern inside lobbying strategy accompanied by the familiar outside lobbying strategy. I also find evidence of a new, third strategy, which I refer to as the issue entrepreneur dimension. I then construct factor scores to analyze the determinants of interest groups' lobbying strategies, with particular attention to how strategies differ both between groups in initiative and non-initiative states and between initiative state groups who are involved for or against a particular initiative and those that are not. I find that groups in initiative states use outside strategies more and inside ones less. I also find that groups that are involved in potential initiatives may be able to use this leverage to increase their ability to inside lobby

# 1 Introduction

The influence of institutions on interest group behavior and mobilization has received some attention from scholars, most notably Walker's assessment that "[e]very political system is organized around a distinct constellation of interests that is the product of its rules, processes, and institutions." (Walker, 1991). While there has been some work which focuses on the role of institutions and interest group formation, few studies exist at the state level.<sup>1</sup> Of particular interest is the role of direct democracy in increasing the ability of particular types of interest groups to obtain representation and achieve influence.

Direct initiative scholars have generally focused on the activities of groups that are involved in initiative campaigns (Smith 1995, Gerber 1999) or on the policy effects of the initiative process (Matsusaka 1995, Gerber 1999, Boehmke 2000a, Matsusaka and McCarty 2000). If these findings are correct and the initiative process is a useful tool for state interest groups, then there ought to be broader consequences for the composition and behavior of state interest group communities. If the presence of the initiative process changes the balance of group power even a little bit, then this should be reflected first in the types of interests that mobilize and second in the way they attempt to influence state governments.

On the first point, previous work has shown that the presence of the initiative process in a state leads to increased interest group mobilizations and that the initiative-mobilized groups come from traditionally under-represented categories such as citizen groups, leading to more diverse state interest group populations (Boehmke 2000b). These differences have

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<sup>1</sup>See Gais (1996) for a national level study on Federal regulations and PAC formation.

been extended by showing that the average interest group in an initiative state differs with respect to important characteristics: on average, initiative state groups have significantly more members and significantly less financial resources (Boehmke 2000a).

In this paper I go a step farther and focus on how the initiative process influences the choice of lobbying strategies on the part of interest groups. After developing three hypotheses about the effect of the initiative on interest groups, I conduct regression analysis to test these hypotheses. By controlling for general group characteristics I can study whether the differences in strategic choices are merely reflective of distributional differences or whether they represent a more fundamental shift in lobbying behavior by interest groups.

The survey data gathered from interest groups in initiative and non-initiative states is therefore used in two ways. The first step uses interest groups' responses regarding the importance of particular lobbying tactics, such as contacting legislators or organizing protests, to isolate the core dimensions of interest group lobbying strategies. In line with previous research, I find that lobbying strategies can foremost be summarized with an inside lobbying strategy and an outside lobbying strategy (Walker 1991). This dichotomy may be in need of updating, however, as the scope of inside lobbying seems to have expanded to include select outside lobbying tactics. I also find evidence of the emergence of a third strategy, which I term the issue entrepreneur strategy.

After using factor analysis to produce interest group scores for the three strategies, I compare the average scores for interest groups in initiative states and those not in initiative states and I also compare the scores for groups in initiative states who are involved with

potential initiatives to those who are not involved to test the three hypotheses. The second part of the paper uses regression analysis to estimate the effect of the different relationships to the initiative process on group behavior. If the difference in initiative states is merely distributional, then the choice of lobbying strategies should not depend on the presence of the initiative process. If, on the other hand, the initiative poses a real threat to the legislature, then groups may be able to use initiative proposal as leverage to increase the effectiveness of their inside lobbying (Gerber 1999). Conversely, groups' experiences in initiative campaigns may lead them to rely more on familiar outside lobbying strategies, especially to the extent that they find it hard to shift lobbying gears, as Walker (1991) suggest.

Applying regression analysis to the factor scores, I find that the presence of the initiative process is an important determinant for the choice of lobbying strategies: groups in initiative states use outside lobbying more and inside lobbying less, on average, even after controlling for differences in resources. Involvement in potential initiative campaigns is also an important factor in shaping lobbying strategies. Groups that favor potential initiatives do appear to gain leverage for inside lobbying. Groups opposed to initiatives use both inside and outside lobbying strategies to their fullest to stop them before they reach the ballot or pass.

## **2 The Initiative Theory of Mobilization**

According to the initiative theory of mobilization, interest groups that form due to the added incentives provided by direct democracy are more likely to depend on the outside lobbying strategies that are required to run ballot campaigns. If, as Walker (1991) argues, it is difficult

for groups to change the direction of their lobbying strategies once they have become active, then groups in initiative states will rely on outside strategies disproportionately more than groups in non-initiative states, even when they are not involved in an initiative.

Further, if my expectations are correct and the groups that are added are drawn more from under-represented groups, specifically non-business groups, then the additional groups will be more likely to employ outside lobbying techniques since that is where their comparative advantage lies (Kollman 1998). A larger, broader membership can be used to signal support for a possible initiative to the legislature and is also a useful resource when campaigning for its passage whereas revenue-heavy groups tend to use their financial advantages to protect the status quo (Gerber 1999). This leads to the first hypothesis.

**Hypothesis 1** *Interest groups in initiative states should rely on outside lobbying strategies more than groups in non-initiative states.*

This hypothesis should be true whether or not a group is involved in a potential initiative, but involvement will also have an important effect on the choice of lobbying strategies for the one-third of initiative state groups that indicated involvement.<sup>2</sup> Groups currently involved in initiatives are likely to cite outside lobbying strategies as important, but it should also be the case that the threat of an initiative will increase their ability to inside lobby. This leads to the second hypothesis.

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<sup>2</sup>This is probably an overestimate of the percentage of groups involved in initiatives since they were encouraged to use that as their issue if they were involved in one recently.

**Hypothesis 2** *Involvement in a potential initiatives should increase the importance of inside lobbying.*

While it may be the case that the threat of initiative proposal exists for all groups in initiative states, legislators may feel the threat is more salient when the group has actually begun the process of proposal and is actively working to this end. Of course the effect of involvement will depend on whether the group is trying to pass or defeat direct legislation. Groups opposed to initiatives may have proved to be more successful in defending their turf through the legislature and so may also indicate a greater importance for inside strategies, but since they are currently fighting a ballot proposal they may adopt the requisite outside techniques. The literature also suggests that groups opposed to initiatives tend to defeat them with large spending campaigns (Gerber 1999); even while many of these initiatives have not reached the ballot yet, these groups may resort to the more expensive strategies like advertising. This leads to the final hypothesis.

**Hypothesis 3** *Groups opposed to initiatives will rely more on outside lobbying strategies than groups not opposed to initiatives.*

### **3 The Inside/Outside Lobbying Dichotomy**

The inside/outside dichotomy is relatively recent, but different types of lobbying strategies have been discussed before. The early focus in the interest group literature was on groups' ability to work within iron triangles, where the use of inside strategies was the preferred

tactic. There was also some attention to the use of outside lobbying, where groups try to pressure legislators to act or vote a certain way by demonstrating the existence of broader public support, but a real division of lobbying into inside and outside strategies has been a more recent development. Walker (1991) conducts factor analysis on survey data of Washington D.C. based membership groups and finds that their eight lobbying tactics are best explained by two dimensions: one composed of legislative lobbying, administrative lobbying, litigation and electioneering; the other including working with the mass media, protests or demonstrations, providing speakers and sponsoring lay conferences. He concludes that “organizations tend to choose strategies that are compatible with their organizational form (p. 117).” In particular, citizen groups and decentralized groups are more likely to utilize outside strategies.

Recent work has brought even more attention to this dichotomy and the factors that influence which direction a group will take. Building on Walker’s (1991) finding that groups involved in greater levels of conflict are more likely to supplement their inside lobbying activities with outside lobbying, Kollman (1998) conducts in-depth interviews with groups in specific policy areas to better understand the outside lobbying choice. He finds that groups will go outside primarily to expand the conflict arena, especially at the agenda setting stage or before prominent votes. These groups generally need certain minimum amounts of favorable public opinion to do this, but there is increasing evidence of false grassroots campaigns — “astroturf” lobbying — conducted by groups to signal non-existent support among constituents to legislators.



Both of these studies use data on Washington D.C. based groups, so an important question is how pervasive outside lobbying is for groups at the state level and how the initiative process influences its use. One study that has examined interest group lobbying activity at the state level was conducted by Nownes and Freeman (1998) and concludes that “group politics in the states is now similar to group politics in Washington (p. 109).” Because this implies that traditional inside groups are increasingly using outside techniques and vice-versa, they conclude that “the ‘inside/outside’ lobbying dichotomy should be rethought: ...the line between ‘inside’ and ‘outside’ is hazy at best (p. 102).”

Part of this conclusion seems valid: professional and business groups are increasingly using outside lobbying to their advantage, “astroturf” or not. On the other hand, it seems premature to conclude that the distinction is of little use. One factor that may cause its apparent decline in their data is the coarse measure that they employ: groups are merely asked whether they engaged in a host of activities. The current data, by starting with responses across a five point scale and combining them into continuous factor scores, allow for a finer view of group activities.

To investigate the current validity of the inside/outside dichotomy and explore the effect of the initiative process on group scores, I follow Walker’s lead and construct factor scores from the groups’ responses to the twenty lobbying activities on the survey.<sup>3</sup> These lobbying tactics are designed to elicit information about inside strategies, such as contacting legisla-

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<sup>3</sup>I have posted a copy of the survey questionnaire at <http://rubagalo.polisci.uiowa.edu/~fredb/boehmkeIGsurvey.pdf>. One feature of the survey is that it asks groups to use a recent issue involvement to base their responses on. This is meant to elicit responses that are not mental averages over many previous issues or conceptions of what the group *should* do. See Baumgartner and Leech (1998).

tors, agencies, or committees, and outside lobbying strategies such as organizing protests or letter and phone campaigns. The responses are on a five point scale where a one indicates that the strategy was not considered important and a five indicates that the group considered it to be very important. The number of responses varies from two hundred and seventy-five for election campaigning to two hundred and ninety for contacting legislators.<sup>4</sup> The latent dimensions were computed using principle components and the observations were weighted to reflect the true distribution of groups using the information gained in the auxiliary sample.

The results of this analysis are quite interesting. While the two most important factors fall along the traditional inside/outside division, there is evidence that some updating is indeed in order. Table 1 shows the loadings of each of the lobbying activities on the retained factors. The first difference of interest is the presence of three factors: the first two appear to be a modified inside lobbying dimension followed by an outside lobbying dimension while the third is in an interesting area between them, possibly representing a growing trend in state politics: the rise of issue entrepreneurs.

**Insert Table 1 here**

### **3.1 Modern Inside Lobbying**

The first dimension has high loadings for all the traditional inside lobbying techniques: contacting legislators, doing policy research, contacting agency officials, testifying before

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<sup>4</sup>Given the format of these questions, this paper only addresses how important the strategies were to the group and do not measure the ultimate effectiveness of the group's strategic choices in achieving their desired goals.

committees, responding to requests for information, having influential citizens contact policymakers, monitoring policy, building support among groups of legislators, and seeking public endorsements. Clearly these are groups that have strong ties to the legislature and are able to work within it to further their policy goals. As Nownes and Freeman (1998) suggest, though, these groups are also diversifying into some outside techniques. Activities that also load high on this dimension include press releases, mobilizing members, public opinion information, and organizing mail and phone campaigns.

There is strong evidence, then, that traditional groups have taken advantage of some aspects of outside lobbying and have incorporated it into their bag of tricks. It is no longer sufficient to stick with the old methods of inside lobbying; groups have been forced, or have decided, to go outside as a regular part of their lobbying strategies.

### **3.2 Traditional Outside Lobbying**

The second dimension indicates that there is still a large set of groups that utilize traditional outside lobbying strategies. These are groups that may have trouble accessing the legislature and are forced to use their comparative advantage in organizing protests and other tactics to further their goals. This dimension has high loadings for activities such as paid advertisements, organizing protests, organizing mail and phone campaigns, election campaigning, and campaign contributions. It also has reasonably high loadings for public opinion and litigation.

Unlike the first dimension, there are many factors with strong negative loadings for the

outside dimension. As might be expected they are all inside tactics: contacting legislators, testifying before committees, responding to requests for information, drafting legislation, contacting agency officials, and building support among groups of legislators. These are all activities that loaded high on the first dimension, so the clearest demarcation between these two dimensions is that the second describes groups that cannot get direct access. Groups that are excluded from policy decision makers do their best by utilizing a host of outside lobbying techniques. The inside/outside dichotomy is not dead, as Nownes and Freeman (1998) have suggested, it is just that the inside groups have expanded their repertoire while the outside groups have not been able to: going outside may be easier than getting inside.

### **3.3 The Issue Entrepreneur**

While previous studies have focused on the existence of only two dimensions that explain the choice of lobbying activities, the data gathered for this study indicate that there may be a third dimension emerging. The fact that it seems to fit with some recent developments in state politics suggests that it may not have been detected in previous studies for three reasons: times have changed in the last decade, state politics, rather than Washington politics, provides the right environment or researchers did not look for it.<sup>5</sup>

This third dimension, while less important overall than the first two, produces a pattern which is interpretable and important in the context of state politics. It loads high on some factors in common with the inside dimension: contacting legislators, seeking endorsements,

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<sup>5</sup>On the latter point, Walker (1991) states that he assumed there were only two dimensions: inside and outside lobbying (p. 110).

and building support among groups of legislators. On other strategies it looks similar to the outside lobbying dimension: large and negative on policy research, responding to requests for information, drafting legislation, seeking officials' endorsements, and building support among groups of legislators. On still other tactics, it has distinct loadings: positive on litigation, press releases, and having influential citizens contact legislators; large and negative on mobilizing members and pointing out other important policy implications. It fails to load at all on contacting committees, campaign contributions, contacting agencies, public opinion, election work, and protests.

This pattern suggests a type of group that has some connections, but not a large constituency to back it up. It also suggests that the group is focused on a single issue, scoring low on other policy implications and monitoring policy. The combination of these considerations suggests that these are single issue entrepreneurs using their connections and resources to influence policy. These single issue groups could be non-legislative government actors pursuing their goals or individual policy entrepreneurs. Recent work has discussed the role of the latter in state politics. Mintrom's work on policy entrepreneurs' effect on states' adoptions of new education policies show how they can influence policy outcomes (Mintrom 1997). Inspection of the groups that score high on the factor, but not on the other two indicate that these are indeed non-commercial groups that are single issue oriented. If indeed there is a new type of lobbying strategy emerging then it could engender a shift in whose voices are heard by legislators.

### 3.4 Differences in Importance of Strategies

As a first look at the effect of the initiative on the frequency of these three different strategies, Table 2 presents the average scores for different relationships to the initiative process and uses  $t$  statistics to test whether these differences are significant in the directions predicted by Hypotheses 1 through 3.

The first comparison is between groups in initiative states and those not in initiative states. Groups in initiative states score lower on the modern inside lobbying dimension, higher on the outside lobbying dimension and higher on the issue entrepreneur dimension. This indicates two important factors. First, the theory of initiative mobilization is correct in its prediction of Hypothesis 1 — groups in initiative states do, on average, use outside lobbying strategies more than groups in non-initiative states. The  $t$  statistic of -4.01 indicates that this difference is significant at even the 0.01 level. Second, the threat of initiative proposal does not increase the *average* ability of initiative state groups to inside lobby. While the threat may be useful in certain circumstances, the tendency for groups to rely more heavily on outside lobbying dominates. The  $t$  statistic also indicates that this difference is not significant.

The second comparison focuses on the behavior of groups in initiative states, depending on whether or not they indicated they were involved in a potential initiative. The figures show that groups involved in potential initiatives score higher on the two traditional lobbying dimensions, but slightly lower on the issue entrepreneur dimension. The difference is largest for the modern inside lobbying dimension, with initiative involvement increasing the average

group's score from -0.90 to 0.83, a difference that is significant at the 0.01 level. This provides support for Hypothesis 2 and indicates that initiative *involvement* is required for a group to report greater importance for inside lobbying strategies.

Groups involved in potential initiatives also rely more on outside lobbying strategies and this difference is also significant at the 0.01 level. This is not surprising since groups that propose initiatives are more likely to have the type of resources that are effective for outside lobbying and they are also likely to need to demonstrate and build public support if they hope to reach the ballot and ultimately pass their legislation.

The last set of comparisons are between groups that are supporting potential initiatives and those that are opposed to them. The fact of supporting an initiative does not increase the ability of groups to inside lobby relative to groups that are opposed, though the difference is positive. Comparing outside lobbying behavior, groups that are opposed to initiatives are, as Gerber (1999) stated, doing everything they can to drum up public opposition. The difference in the average scores is again significant at the 0.01 level. It is between these two types of groups that we see a difference in the behavior on the issue entrepreneur scale, with groups supporting initiatives scoring significantly higher at the 0.05 level. Some of the groups pushing policies using the initiative process are clearly issue entrepreneurs, who are not likely to get drawn in against initiatives.

There are some interesting comparisons between these last two types of groups and initiative state groups not involved in initiatives (results not reported). Both types of groups score significantly higher on the modern inside lobbying dimension, but only groups opposed

to initiatives score significantly higher on the outside lobbying dimension. Groups that are considering using the initiative process to their advantage also score higher on this lobbying strategy (narrowly missing significance using a relatively weak one-tailed test at the 0.1 level).

Using the three dimensions of lobbying and generating factor scores, I have found patterns consistent with the three hypotheses discussed previously and that indicate other differences relative to the possible and actual use of the initiative process. As I mentioned in the previous section, though, these reliances on different lobbying strategies could be due solely to differences in resources based on initiative mobilizations. In the next section I control for these differences and find continuing support for the three hypotheses.

## **4 Determining the Choice of Strategies**

After determining the existence of these three different types of lobbying strategies: modern inside, excluded outside and issue entrepreneur, the next step is to assess which group characteristics and external factors influence their usage. If my three hypotheses are correct, then we should observe the correct relationships even controlling for resources and distributional effects, which may have driven the differences in the average factor scores.

Besides including indicator variables for initiative possibility as well as use, other important factors to control for include both group-specific ones and external ones. The first category includes resources such as revenue, which should be useful for inside lobbying and



entrepreneurs, but less important for outside lobbying.<sup>6</sup> Membership is clearly important for outside lobbying and should have a positive effect there, but may also increase the use of modern inside lobbying. By definition, however, issue entrepreneurs are likely to not have a large membership, so it should have a negative impact there.

Another important group characteristic is the age of the group and the number of years it has been involved on a particular issue. Older groups may be more likely to have achieved access to legislators and have built up political capital and know-how over time, leading them to rely more on inside lobbying than outside lobbying. As relative newcomers on a well-defined issue, the issue entrepreneur scale may not be influenced much by group age as these groups may come and go when their interest is piqued. The number of years of activity that a group has had on a particular issue should produce a similar effect as groups accumulate knowledge and credibility about a particular issue area.

Besides the initiative process, the other external group factor is how many other groups are simultaneously involved with the same issue. One of the reasons that groups may choose to go outside is to signal public support for their position (Kollman 1998), but the incentive depends on the presence and type of other groups involved. This suggests that groups will be more likely to go outside as the number of groups involved increases. As Kollman (1998) and Nownes and Freeman (1998) have found, traditional inside groups have been forced to expand their political repertoire so that they can use whatever tactics are available to pressure legislators at key moments in the policy making process. How this variable might

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<sup>6</sup>Clearly, some forms of outside lobbying do require revenue, but groups that possessed large amounts of revenue would likely not use the exclusively outside strategy, but rather would use the modern inside strategy as it is their comparative advantage.

influence the use of the entrepreneurial strategy is less clear, though their lack of attention to broader issues and circumstances may lead them to be involved on issues with narrower appeal, implying a possibly negative effect.

To test the three hypotheses about the effect of the initiative, I present the results of two different regressions. The first examines only the effect of the possibility of proposing an initiative, to directly test Hypothesis 1. The second specification then seeks to test Hypotheses 2 and 3 by considering the effect of involvement in initiatives.<sup>7</sup>

## 4.1 The Effect of the Initiative

Considering first the effect of the initiative process on interest group strategies, the results in Table 3 show that the presence of the initiative process has an important effect on both inside and outside lobbying dimensions, but not on the issue entrepreneur dimension.<sup>8</sup> For the outside lobbying dimension, groups in initiative states score significantly higher than those in non-initiative states and the coefficient is significant at the 0.01 level, indicating strong support for Hypothesis 1. Turning to the inside lobbying technique, the effect of the

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<sup>7</sup>One concern that my weighting scheme does not address is the problem of selection bias. Since I have no observations on non-respondents, my data would fall into the stochastic truncation category of selection bias. See Brehm (1999) for a discussion of methods of correcting for stochastic truncation. As of now I am having trouble implementing the corrections, but the consistency of the findings between the tabular and regression analyses is encouraging, since the former would not be affected by selection bias.

<sup>8</sup>The regression results reported are calculated using multiple imputation to account for item nonresponse on the part of groups. The multiple imputation was implemented in Amelia (Honaker et al. 1999) after calculating the factor scores for groups on which data are available and then imputing those that could not be directly calculated (due to missing observations for at least one of the twenty activities) since it is recommended that all transformations should be carried out before imputation (King et al. 2000). The regressions were also weighted to make the responses reflect the sampling distribution — see Appendix A for calculation of these weights.

initiative process is significant at the 0.1 percent level, but the effect is negative: groups in initiative states use the inside lobbying strategy less than those in non-initiative states, as indicated by the average factor scores. The negative sign indicates that the net effect of the initiative is to decrease the importance of inside lobbying and is not outweighed by the gain in leverage that the initiative provides.

### **Insert Table 3 here**

Examining the group-specific characteristics, these follow familiar patterns for the most part as well. Groups with larger memberships are more likely to use the inside lobbying strategy and the outside lobbying strategy. The effect is significant at the 0.05 level for the outside lobbying dimension and at the 0.1 level for the inside lobbying dimension. That membership comes even close to increasing the use of the inside lobbying technique is evidence that times seem to have changed for inside lobbying.<sup>9</sup> The effects are of similar magnitude and indicate that a group would have to go from zero to over one thousand members (zero to five on the seven point response scale — see Table 6 for a summary of all variables used) to equal the increase in inside lobbying from the presence of the initiative process. Also as expected, there is a negative effect of membership on the entrepreneurial strategy, but this also barely misses the 0.1 level of significance.

Revenue is expected to have opposite influences for all but the inside strategy and this is somewhat confirmed by the regression analysis. For the inside and outside strategies, the effect of increasing revenue is negative, but only the entrepreneur dimension has anything

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<sup>9</sup>I explored whether membership increases inside lobbying by increasing the threat of initiative proposal by interacting membership with state type. There was no statistically discernible effect and little change in the other variables.

near a significant effect and there the coefficient is positive. Both the length of involvement on the current issue and a group's age are insignificant in all three of the regressions, indicating little evolution of strategies over time or length of issue involvement. The specific organizational type indicators also are generally insignificant with one notable exception: labor groups are much more likely to score high on the outside lobbying dimension.

The final variable accounts for the strategic context that a group finds itself in by controlling for the number of groups involved in the current debate. As more groups get involved, there should be a tendency to expand the stage of conflict to outside lobbying and to more intense efforts in general. This is strongly confirmed in the data. The scores on both the modern inside and outside lobbying strategies are greatly increased as more groups become active. The effect is twice as large for the inside dimension as the outside dimension and the coefficients are significant at the 0.05 and 0.1 level. This means that groups that utilize traditional inside lobbying techniques may have learned to supplement them with specific outside lobbying techniques when faced with increasing competition, creating the modern inside lobbying group. For the issue entrepreneurs, there is a slightly smaller, negative effect of more groups, but it is not significant. This is not surprising if issue entrepreneurs are more likely to be pushing their own agenda than reacting to other groups' activities.

## **4.2 Consideration of Initiative Involvement**

The first set of regressions demonstrated the effect that the possibility of the initiative process has on interest group's utilization of the three lobbying strategies. Some of the

strategies, though, are likely to be influenced by groups' current involvement in a potential initiative campaign. By controlling for whether groups were currently supporting or opposing a particular, potential initiative, I can better determine the effect on the use of the three strategies. Specifically, while the overall effect of the ability to propose an initiative is negative for the inside strategy, involvement in an initiative may increase the salience of the threat of proposal, thereby allowing the group leverage for inside lobbying tactics and providing a better test of Hypotheses 2 and 3.

To determine how initiative involvement influences its effect, I re-run the regressions from Table 3, but add variables which indicate whether a group was currently supporting or opposing a potential initiative. Both of these should lead to an increased use of outside lobbying techniques, possibly more so among groups opposing initiatives, since their modus operandi is to defeat them with large sums of money (Gerber 1999). It also would be the case that if groups use the initiative as leverage against the legislature support for an initiative should increase the effectiveness of inside lobbying strategies. While groups opposing initiatives may have come into the game a bit late and may not be able to use the initiative as leverage, if opposition comes primarily from groups that are defending a satisfactory status quo, then perhaps it was achieved through their own successful efforts.<sup>10</sup> This implies that they may be successful at inside lobbying and might try to pressure the legislature to help them out.<sup>11</sup>

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<sup>10</sup>The survey data also indicate that all of the groups opposing initiatives are businesses or corporations, who are the quintessential inside lobbyists.

<sup>11</sup>It should be remembered that most of these possible initiatives have not reached the ballot, so there is ample reason to work with the legislature to achieve at least a compromise.

The results of this analysis, shown in Table 4 are virtually identical to the previous ones, with most of the change occurring in the initiative and involvement variables. Increased lobbying frequency still leads to a significant decrease in the inside dimension and a significant increase in the outside dimension. Being involved in an issue with more groups still leads to a significant increase in both strategies, though the coefficient for the outside lobbying score is only significant at the 0.1 level. The primary difference is that increased membership is no longer associated with an increase in the modern inside lobbying score. It still significantly increases the use of the outside lobbying strategy, but it also now significantly decreases the use of the issue entrepreneur dimension, as was originally anticipated. Groups that fall into either the other or government association category also score higher on this dimension, though coefficients miss statistical significance at the 0.1 level. Overall, though, this fits the portrait of the groups that would use this strategy as small, wealthy groups focused on one issue.

**Insert Table 4 here**

The inclusion of the initiative involvement variables has removed the effect of the presence of the initiative process for the outside lobbying strategy, but it still has a negative effect on the use of the modern inside lobbying strategy. The two variables which measure involvement in potential initiatives show support for Hypothesis 2: groups that support initiatives score significantly higher on the modern inside lobbying strategy. This may indicate that since many of these proposals have not yet reached the ballot, the groups are using them as a threat to spur legislative action. Opposing an initiative also has a significant effect on both the inside lobbying dimension. Groups that are threatened by an initiative may be forced

to battle in the legislature, or may do so because they are protecting their hard-won status quo.

These results are not the same for the outside lobbying strategy. Groups that are supporting potential initiatives score higher on the outside lobbying, but the coefficient is not statistically significantly different from zero. As Hypothesis 3 suggests, however, this is not the case for groups opposed to potential initiatives. They score extremely high on this dimension with a coefficient of 2.6 and a  $t$  statistic of about 6. Groups opposed to potential initiatives would appear to employ any strategy they can to defeat them. This confirmation of Hypothesis 3 also fits with Gerber's finding that large, expensive outside campaigns can be quite successful at defeating initiatives and suggests that groups may do this to diffuse them as well.

## 5 Conclusions

This paper studies the role of the direct initiative process in shaping state interest group communities, specifically examining how the initiative influences groups' lobbying strategies. I use interest groups' survey responses to construct factor scores for three interest group lobbying strategies. Examining the scores directly, I find evidence that while the inside/outside lobbying dichotomy is still useful, its definition is in need of updating. Outside lobbying appears to be relatively unchanged, consisting of tactics that groups that cannot get inside are forced to use. The inside lobbying strategy has been expanded to encompass a few outside lobbying tactics. This suggests that groups are no longer able to merely exploit access to key

legislators or agencies and are often forced to supplement their inside lobbying activities with outside ones when circumstances dictate, particularly when there are more groups involved in a policy debate.

Besides outside lobbying and modern inside lobbying, I also find evidence of the emergence of a third strategy which resonates with the rise of issue entrepreneurs in state politics. It appears to be used by groups with smaller membership, large bank accounts and personal political capital in the form of access to key legislators and important citizens.

Using these three dimensions of lobbying, I construct factor scores for each group and conduct regression analyses to determine the effect of the initiative on group strategies. The effect of access is important for both the modern inside and outside lobbying strategies, increasing the score on the latter and decreasing it on the former. This provides support for the initiative cycle of mobilization: groups that form because of old initiative campaigns use their knowledge and experience to guide their future lobbying activities, leading to an increased reliance on outside lobbying.

Because of the large number of groups that may be between particular initiatives, though, a better test of the effect of the initiative on inside lobbying is to examine groups that are at least considering use of the initiative process. Since they are involved in a particular issue and have considered a ballot measure, they may have increased leverage with the legislature in their inside lobbying techniques. Controlling for whether a group supported or opposed a particular initiative shows that this is the case. Groups involved in possible campaigns score higher on both the inside and outside lobbying strategies. This indicates that the initiative



does provide an increase in bargaining position with the legislature.

Interestingly, the presence or use of the initiative does not affect a group's score on the issue entrepreneur scale. This is surprising since issue entrepreneurs can use direct democracy to their advantage when their efforts are rebuffed by the legislature. A recent example from California is Ron Unz, who has attempted to parlay his victories on educational initiatives into a campaign for state office. Perhaps this strategy is too new to have developed strong patterns, but over time certain types of groups may evolve into using it more heavily.

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Table 1: Factor Analysis: Principle Components' Eigenvectors

Variable	Factor 1	Factor 2	Factor 3
Contacting Legislators	0.189	-0.412	0.203
Policy Research	0.264	-0.123	-0.169
Press Releases	0.235	0.081	0.398
Litigation	0.113	0.153	0.348
Comm Testifying	0.245	-0.316	-0.004
Mobilizing Members	0.285	0.087	-0.172
Campaign Cont	0.148	0.329	0.008
Paid Ads	0.194	0.368	0.132
Supplying Info	0.219	-0.176	-0.164
Citizens Contact	0.200	-0.006	0.426
Drafting Legislation	0.254	-0.184	-0.157
Contacting Agencies	0.157	-0.202	0.041
Public Opinion	0.259	0.165	0.055
Monitoring Policy	0.266	-0.032	-0.368
Mail/Phone Camp	0.294	0.204	-0.139
Policy Implications	0.285	0.023	-0.307
Electioneering	0.171	0.334	-0.046
Protests/Dem	0.155	0.242	-0.002
Seeking Endorsements	0.186	-0.006	0.222
Building Leg Coalitions	0.235	-0.295	0.256
Proportion	0.271	0.114	0.076

Table 2: Average Interest Group Factor Scores by Initiative Possibility and Involvement

	Modern Inside	Excluded Outside	Issue Entrepreneur	N
Non-Initiative State	0.139	-0.331	-0.142	158
Initiative State	-0.230	0.321	-0.068	148
<i>T</i> statistic	1.35	-4.01**	0.38	—
Not Involved	-0.901	-0.081	-0.038	96
Involved	0.833	0.957	-0.114	52
<i>T</i> statistic	-4.21**	-3.824**	0.348	—
Against Initiative	0.723	2.406	-0.583	16
For Initiative	0.888	0.235	0.119	36
<i>T</i> statistic	-0.26	-4.53**	-1.93*	—

Source: survey of state interest groups.

\* Indicates *t*-test rejects equal means at the 5% level.

\*\* Indicates *t*-test rejects equal means at the 1% level.

Two-tailed test, null hypothesis is equal means, assuming equal variances.

Table 3: Determinants of Lobbying Strategies: Group Factors and State Type

	Modern Inside	Excluded Outside	Issue Entrepreneur
Trade/Professional	-0.149 (0.438)	-0.032 (0.257)	-0.317 (0.283)
Labor	-0.138 (0.532)	1.367** (0.349)	0.111 (0.288)
Gov't Association	0.478 (0.597)	-0.325 (0.326)	0.469 (0.32)
Other Groups	-0.400 (0.424)	-0.250 (0.222)	0.358 (0.258)
Lobbying Frequency	-0.551** (0.104)	0.108* (0.060)	0.026 (0.057)
Revenue	-0.107 (0.113)	-0.006 (0.057)	0.102 (0.064)
Number of Groups Active	1.458** (0.693)	0.717* (0.393)	-0.486 (0.403)
Initiative State	-0.489* (0.277)	0.539** (0.177)	0.051 (0.205)
Members	0.096* (0.058)	0.092** (0.035)	-0.047 (0.029)
Group Age	0.157 (0.804)	0.538 (0.512)	0.097 (0.613)
Issue Involvement	0.891 (0.992)	-0.211 (0.406)	-0.378 (0.390)
Constant	0.724 (0.755)	-1.356** (0.400)	-0.143 (0.463)
Observations	306		

\* Significant at 10% level.

\*\* Significant at 5% level.

Table 4: Determinants of Lobbying Strategies: Initiative Involvement

	Modern Inside	Excluded Outside	Issue Entrepreneur
Trade/Professional	0.061 (0.456)	-0.128 (0.238)	-0.254 (0.289)
Labor	-0.662 (0.559)	0.548 (0.354)	0.23 (0.320)
Gov't Association	0.635 (0.592)	-0.268 (0.308)	0.484 (0.322)
Other Groups	-0.362 (0.420)	-0.301 (0.208)	0.378 (0.258)
Lobbying Frequency	-0.517** (0.101)	0.117** (0.056)	0.030 (0.058)
Revenue	-0.071 (0.110)	-0.012 (0.051)	0.110 (0.065)
Number Groups Active	1.486** (0.674)	0.754* (0.395)	-0.492 (0.398)
For Initiative	1.531** (0.498)	0.242 (0.238)	0.217 (0.246)
Against Initiative	1.682** (0.69)	2.674** (0.434)	-0.394 (0.406)
Initiative State	-1.015** (0.320)	0.283 (0.184)	0.022 (0.210)
Members	0.080 (0.057)	0.102** (0.032)	-0.053* (0.030)
Group Age	0.076 (0.776)	0.364 (0.489)	0.127 (0.610)
Issue Involvement	1.052 (0.922)	0.177 (0.433)	-0.451 (0.384)
constant	0.447 (0.728)	-1.345** (0.356)	-0.195 (0.467)
Observations	306		

\* Significant at 10% level.

\*\* Significant at 5% level.



## A Data Sources and Procedures

After adjusting the survey instrument using the results of a pretest of 50 groups, I obtained lists of groups registered to lobby in the four main survey states (Arizona, Minnesota, New Mexico and Oregon) from the Secretary of State for each state. I then randomly selected 500 groups in each state, as many as finances would allow, to receive a copy of the mail survey and assigned each group a unique identification code to ensure anonymity. After the surveys were sent I waited ten days and sent a postcard reminding them to return the survey and including information about how to get another if they had misplaced the first. A final reminder card was sent in another ten days. Of the two thousand surveys mailed, about two hundred were returned to me by the post office as “addressee not found” and of the remaining eighteen hundred, two hundred ninety-two were returned at least partially completed by the groups for a response rate of sixteen and two-tenths percent. These comprise the data set for the analysis in this paper.

The telephone portion of the survey, used to construct the sampling weights, was drawn randomly from the set of groups not selected to receive the mail survey. Fifty groups in each state were drawn. Phone calls were then placed to groups in Oregon and New Mexico who were asked four identical questions. Groups in Oregon were also asked if they were involved in an initiative during the last year.<sup>12</sup> Of the one hundred numbers drawn, about seven groups were not able to be found at their listed or any other number, though efforts

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<sup>12</sup>Many of the groups in Minnesota did not have phone numbers included with their information, so I only use these two states for now. I tried to look up the groups through information, but there is concern over which groups I am likely to find and how representative they are of the original sample.

were made to track down groups through the phone book or on the Web. Responses were given by seventy-three groups for a response rate of seventy-eight percent.<sup>13</sup> Their responses on these questions were used, along with the frequencies of responses in the mail survey, to compute the weights used in the analysis.

Table 5: Response Frequencies and Survey Weights

	Mail Survey	Phone Survey	Weight
Trade associations	15.58	13.33	0.85
Professional associations	18.18	8.00	0.44
Labor unions	3.90	6.67	1.72
Business firm or corporation	9.74	33.33	3.42
Government association	9.74	8.00	0.82
Social organization	3.90	0.00	0.25
Charity	3.25	0.00	0.25
Non-profit research group	1.30	0.00	0.25
Foundation	0.00	4.00	0.00
Other (Please indicate)	34.42	26.67	0.77

The categories with zero cells in the phone survey were assigned weights of 0.25 since they have non-zero frequencies in the mail survey. Since there were no foundations in the mail survey responses, they received a weight of zero, though it does not matter.

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<sup>13</sup>For two groups that refused to respond I filled in answers using information from their Web site.

Table 6: Summary of Independent Variables

	Mean	Standard Error
Inside lobbying Score	-0.03	2.38
Outside Lobbying Score	-0.02	1.45
Entrepreneurial Lobbying Score	-0.04	1.22
Trade/Professional Association	0.34	0.48
Labor Union	0.10	0.30
Government Association	0.08	0.28
Other Group Type	0.30	0.46
Frequency of Lobbying	2.42	1.47
Organizational Revenue	3.87	1.80
Number of Groups Involved on Issue/7	0.49	0.26
In Initiative State	0.47	0.50
In Favor of Potential Initiative	0.12	0.33
Against Potential Initiative	0.05	0.21
Number of Members	2.18	2.79
$\ln(\text{Years since Founding})/5$	0.64	0.22
$\ln(\text{Years Involved on Issue})/5$	0.39	0.23

Averages are calculated using weights in Table 5. Missing observations imputed using Amelia for Gauss (Honaker et al 1999).

Variables listed with  $varname/x$  have been normalized by dividing by  $x$ , the averages and regressions results are calculated after these normalizations.