

Economists calculate true value of 'who' you know, rather than 'what', in US politics

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(Phys.org)—Economists at the University of Warwick have calculated the true value of US political lobbyists, proving the old adage 'it is not what you know, but who you know'.

In a paper published this month in the [American Economic Review](#) Mirko Draca, from the University of Warwick's Department of Economics, looked at the role of [lobbyists](#) in the US. He found their revenue falls by 24% when their former employer leaves government office.

The study examined the so-called 'revolving door' of politics, which refers to the movement of people from government service into lobbying positions.

Mr Draca said: "We investigated how the revenues of lobbyists who had previously worked in the offices of a member of US Congress were affected when their former employers left office. This allowed us to look at the value of 'what' and 'who' because we evaluated situations in which knowledge did not change, but connections did."

The paper, co-authored by Jordi Blanes i Vidal, London School of Economics, and Christian Fons-Rosen from Universitat Pompeu Fabra, found the 24% fall in revenue was immediate and long-lasting. The relative pay of lobbyists depends on the seniority and committee assignments of the congressional politicians they have worked for in the past.

Mr Draca said: "Our work quantifies, I believe for the first time, the value of [personal connections](#) to elected officials for lobbyists in Washington, rather than relying on anecdotal evidence."

The researchers used two public directories of government staffers, [government](#) salaries, lobbyists and lobbyists' revenues. Mr Draca said the study was only possible because of progressive US laws to constrain activity of lobbyists and increase transparency about the way they operate. By comparison, the UK still does not have compulsory disclosure of lobbying activity and proposed reforms are much weaker than in the US."

Mr Draca added: "It seems in the UK lobbying is only considered when a possible scandal pushes the topic into the limelight. Last year UK Defence Secretary Liam Fox resigned in the wake of controversy over the dealings of his friend Adam Werritty.

"These financial relationships need to be a matter of public record here in the UK, as they are now in the US, rather than leaving them in the back wings of the political theatre."

More information: Vidal, J. et al., Revolving Door Lobbyists. *American Economic Review*, December 2012.

Provided by University of Warwick

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