

The Inside View:
Using the Enron Email Archive to Understand Business Lobbying

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Abstract

Understanding how businesses interact with the U.S. political system has proven difficult, in large part because of measurement problems. Researchers have not been able to directly observe firms' political priorities and have very limited information on their interactions with elected officials. Aided by automated content analysis, this paper uses more than 200,000 internal emails from the Enron Corporation to directly observe its political activities between 1999 and 2002. Enron was widely viewed as a politically engaged company, making it a likely case for theoretical explanations of lobbying that foreground campaigns and elections. Yet the emails show that Enron devoted a very limited fraction of its attention to those activities. Enron's employees were more focused on monitoring and formally participating in political processes, including significant participation in bureaucratic processes. These findings suggest that lobbying may be less purely transactional and may have more informational content than is commonly assumed.

Introduction

The study of political lobbying is a case where conventional wisdom has a level of certainty that the corresponding political science research does not. In the view of many observers and commentators, the interaction between business interests and politicians is quite clear. Business interests provide campaign contributions, and in turn elected officials enact the policies preferred by those interests. In the words of Senator John McCain, the U.S. has “a campaign finance system that is nothing less than an elaborate influence-peddling scheme in which both parties conspire to stay in office by selling the country to the highest bidder.”¹ This transactional view of lobbying has significant support within the academic literature (Baron 1989; Grossman and Helpman 1994; Stratmann 2005), although it has critics as well (e.g. Ansolabehere et al. 2003).

Empirically, past studies on both sides of the debate have faced a common challenge: how to study lobbying and the influence that it presumes given that the key interactions are unobserved. To the extent that elected officials and interest groups are engaged in transactions, neither party has an interest in making those transactions public. As a result, past studies typically focus on the small set of interactions between businesses and elected officials that are public information, such as campaign contributions, voting in Congress, or lobbyists’ disclosure forms (e.g. Baumgartner and Leech 2001; Ansolabehere et al. 2003; Stratmann 2005). To supplement public sources, researchers sometimes use surveys to increase the set of activities that are observed (e.g. Schlozman and Tierney 1986; Heinz et al. 1993; Baumgartner et al. 2009). Yet even surveys are prone to limited recall, motivated reasoning, and social desirability, as lobbyists and elected officials selectively present their dealings with one another. On account of these measurement problems, the claim that politics involves transactions between interest groups and candidates is both pervasive and difficult to falsify.

Drawing on tools from automated content analysis, this paper presents a new approach to the study of political lobbying by businesses that makes use of the internal correspondence of one politically engaged firm. Specifically, it analyzes political emails from a set of over 200,000 emails sent by the upper-level employees of the Enron Corporation between 1999 and 2002. These employees had no foreknowledge of Enron’s future collapse, and thus no expectation of publicity. Using support vector machines, the paper’s analyses first predict emails that are likely to have political content based on their word patterns. Subsequent analyses then classify 2,559 emails by hand based on the activities they discuss. This combination of automated and standard content analyses could be applied to other large collections of political documents, as it enables researchers to focus attention on the documents of primary interest. The coding scheme developed here could be productively applied to other firms or lobbying activities as well.

Enron’s emails function as a “currency of attention,” enabling us to see the political activities pursued by the company’s lobbyists and employees. As with internal documents made available through tobacco litigation (e.g. Givel and Glantz 2001), these emails provide a rare opportunity to observe the process of prioritization that occurs within a firm as well as its internal discussions of political strategy. The emails

¹ U.S. Senator John McCain, 1999. Quotation available online at: http://www.ontheissues.org/Senate/John_McCain_Government_Reform.htm [accessed August 9, 2010]

supplement and extend survey-based work by measuring not only the set of lobbying activities but the intensity with which each is pursued. Historical and case study research within political science is commonly challenged because of the possibility that it chooses cases or presents evidence selectively (e.g. King et al. 1994, Lustick 1996, Gerring 2004). Together, this paper's methods ground its case study by providing clear evidence of the prevalence of various political activities. Its approach can both direct our attention to informative emails and provide clear estimates of the relative prevalence of such emails. The same methodological approach could be productively applied to archival research, focus group transcripts, in-depth interviews, or other cases where researchers present a subset of the texts reviewed.

To date, Enron's emails have been used extensively by computer scientists (e.g. Klimt and Yang 2004, Hearst 2005, McCallum et al. 2007), but never by political scientists. To be sure, the Houston-based Enron was no ordinary firm. Its accounting failures, its high-level corruption, and its ultimate bankruptcy are widely known (Bryce 2002, Fox 2003, McLean and Elkind 2003, Eichenwald 2005). The company was also very engaged in politics. In part, its business depended on its capacity to capitalize on the deregulation of electricity, putting it in close and continued contact with all levels of government. Its Chief Executive Officer was connected to both President George H.W. Bush and President George W. Bush, and had been rumored as a potential Secretary of Energy in the latter's cabinet. As an August 2000 email details, Enron had an advisory council that included political figures such as *Weekly Standard* editor William Kristol and future George W. Bush economic advisor Lawrence Lindsay.² The company was involved in Vice President Cheney's Energy Task Force as well (Fox 2003). This substantial political engagement makes Enron a "most likely case" for theories of lobbying that emphasize transactions between business and officials. To the extent that lobbying is transactional, we should expect to observe those transactions at a firm that was politically connected and that was doing business in markets with substantial regulation. That Enron proved willing to disregard ethical concerns further bolsters its status as a most likely case for transactional theories.

Yet as the results show, even a firm as politically engaged as Enron devoted little of its attention to campaigns, elections, or fundraising. In fact, even among its political emails, only 2% discuss issues related to elections. Moreover, only three of those emails made explicit references to Enron's policy priorities, suggesting that even internally, Enron's employees did not view their interactions with elected officials primarily as transactions. Instead, the emails show that the firm's primary political activity was monitoring events. They also show that a substantial fraction of Enron's political attention was devoted to actors within the bureaucracy and to formal participation in bureaucratic processes. This pattern of findings challenges the view that lobbying is primarily a transaction centered around campaign contributions. It instead lends weight to a view emphasizing lobbying as providing information to policymakers. Studying influence in politics is notoriously difficult, and business influence especially so. But by making extensive use of the internal documents of Enron, we can observe where the firm's attention was directed, and better understand its interactions with government.

² See Enron email 174,055, August 14th, 2000 from Steven J. Kean to James M. Bannantine. Although not mentioned in that email, economist Paul Krugman served on the advisory board as well [INSERT CITATION].

Theorizing Lobbying

Political scientists have put forward a range of theories about how lobbying operates in the political process. Each of these involves different mechanisms of influence. These different mechanisms have their own corresponding observable implications about the behavior we would expect lobbyists to undertake, and thus our data allow us to test the applicability of these theories. In the literature, three theories predominate. The first sees lobbying as a set of transactions in a marketplace, where interest groups offer electoral support in exchange for policy outcomes. The second views lobbying as a process of working closely with allies. The third depicts lobbying as a process of persuasion through information-transmission. This section considers each approach in turn.

Lobbying as a Transaction

One theoretical approach views interest group influence as a transaction, a quid quo pro relationship in which members of Congress sell votes and other forms of legislative support in exchange for campaign contributions and other electoral support. "Campaign fundraising is widely viewed as a market for public policy," write Ansolabehere, et. al (2002), summarizing this literature. "Donations come from firms, associations, and individuals that seek private benefits in the form of subsidies, favorable regulations, and other policies set by the government. With thousands of interests bidding for private benefits and thousands of candidates vying for funds, something like a market emerges" (109).

This transactional viewpoint is the dominant one among commentators and politicians, and it has a considerable following within academic research as well. One frequently cited version is Grossman and Helpman's "Protection for Sale," (1994), which argues that "lobbies make (implicit) offers that relate prospective contributions to the trade policies chosen by the incumbent government." Then parties respond by finding a balance between maximizing social welfare and gaining contributions. "In other words," they write, "politicians' penchant for campaign gifts makes 'protection for sale'"(834-835). In another widely cited formal model, Baron (1989) contends: "Candidates for office are modeled as promising services, such as support for legislation and intervention in the bureaucracy, to interest groups in exchange for campaign contributions. An electoral equilibrium is characterized in which candidates choose service-contribution offers and interest groups choose whether to contribute"(see also Snyder 1990; Grossman and Helpman 2002).

This view places campaign contributions and elections as the centerpieces of any lobbying strategy. If groups wield influence primarily through their ability to discipline legislators by contributing or not contributing to their re-election campaigns, one would suspect a significant amount of activity to revolve around carefully planning these campaign contributions – deciding whom to give to, attending multiple fundraisers, and being systematic in intervening in campaigns. The expectation here is that a high percentage of e-mails should describe campaign and contribution activity. Company attention should also be focused to a significant extent on campaign developments, so as to influence the composition of office-holders.

Lobbying as working with allies

A second way of thinking views interest group influence as primarily a process of working with allies – that is, with those who are already favorably predisposed to a particular position. Hall and Deardorff (2006) have called this view “lobbying as legislative subsidy.” Building on a large body of literature that finds consistent support for interest groups working primarily with their allies (e.g. Bauer, Pool and Dexter 1963, Milbrath 1963, Kollman 1997, Hojnacki and Kimball 1998), Hall and Deardorff make the case that “the proximate objective of this strategy is *not* to change legislators’ minds but to assist natural allies in achieving their own, coincident objectives” (69). Developing and enacting policy is a time-consuming, information-intensive activity. Since legislative staff are stretched thin and tend to lack much deep expertise in any specific policy area, legislators and their staff must rely on interest groups for help. Interest groups, meanwhile, know that the key to success is identifying and then fortifying their potential “champions.” This view implies that legislators, who are interested in enacting policy, necessarily gravitate toward issues on which there is already a substantial interest group infrastructure. It further implies that interest groups focus primarily on like-minded legislators who have the power to introduce or influence the course of legislation.

Such a view suggests much less electoral and campaign activity than the “influence as marketplace” view. Under the working-with-allies theory, lobbyists do not need to buy influence through campaign contributions. They already have it with a certain subset of legislators by virtue of a shared viewpoint. Here we would expect that lobbyists pay close attention to the political process itself, particularly working with members of Congress and drafting legislation. In the “lobbying as legislative subsidy” framework, “[t]he lobbyist provides, say, the material to formulate proposals, make arguments, offer amendments, insert report language, plot strategy, or otherwise help the legislator take self-interested actions”(Hall and Deardorff 2006, 74).

For Hall and Deardorff, gathering political intelligence is also a key piece of the allies story – “Lobbyists provide information necessary to anticipate other players’ reactions, generate head-counts, proffer procedural advice, and otherwise enable legislators to more fully approximate strategic actors in seeking policy ‘progress’” (74). In other words, lobbyists should be expected to spend a lot of time simply keeping tabs on what is happening, helping individual legislators to know whether and when they have the votes for particular amendments. Lobbyists might also alert legislators to the emergence of good “vehicles” that will allow for them to achieve their priorities.

Past research have found extensive monitoring by interest groups. Heinz et al. (1993), Scholzman and Tierney (1986), and Berry (1977) all provide evidence that a good deal of lobbying is not about active participation, but simply about keeping informed -- about knowing where different offices stand on different issues and when different bills are likely to move. After all, most of the time in Congress, very little is actually happening on a given issue, so there are limited opportunities for meaningful influence. But when things do happen, they often happen very quickly (e.g. Kingdon 1984, Baumgartner and Jones 1993), placing a premium on pre-existing networks and information.

Lobbying as information provision

A third view also puts an emphasis on information, as it holds that lobbying is primarily about persuasion through the transmission of information. In this view, there are two types of information that legislators are presumed to care about: policy information and constituency information. Wright (1996) claims that interest groups “achieve influence through the acquisition of and strategic transmission of information that legislators need to make good public policy and get re-elected.”

Members of Congress obviously care what their constituents think. Hansen (1991) describes lobbying as primarily engaged in providing information about constituency views, with groups pressing lawmakers to enact particular policies based on how constituents will respond (2). Arnold (1990) argues that lawmakers worry about alienating any particular constituency that might get aggrieved about a specific policy and punish the lawmaker come election-time. So one tool interest groups have is to inform members of Congress that their policy positions will lead to a counter-mobilization.

But since most lawmakers are presumed to also care about making good public policy (Fenno, 1973), lobbyists might also have influence in helping lawmakers to come to better decisions about policy, presuming they have specialized expertise on the issues on which they work. Esterling (2004) describes interest groups as being vital in the process of enacting good public policy by providing expert information, and shows that demonstrated technical expertise actually improves access. This echoes Wright (1996) and places lobbyists in the position of helpful experts. In this view, they are effective to the extent that they can persuade lawmakers based on the merits of their policy analysis. This theoretical viewpoint matches how lobbyists often see themselves – as mere providers of information, making the best public interest case they can for the position that they represent (e.g. Allard 2008).

These two aspects of the lobbying as persuasion approach have different observable implications. Regarding the importance of informing lawmakers about their constituents, we would expect to see a significant amount of grassroots pressure being generated, with considerable letter-writing, polling, and constituent involvement. This, however, may not be a good case to test that possibility. As a corporation, Enron is less likely to have a sufficient grassroots network than, say, a union or a membership organization.

The second prediction is more appropriate to Enron. The claim that lobbyists wield influence through the provision of good policy information predicts that lobbying will be quite information-rich. Thus lobbyists might engage in activities that focus on sharing of policy information and making public policy arguments, such as testifying in hearings and participating in formal rule-making. Moreover, if lobbying is primarily an act of conveying information and persuading, lobbyists will be expected to put many resources into making good arguments for particular policy. This could involve funding academic research, writing op-eds, and other “thought leadership” activities.

The table below summarizes the competing observable implications of the three theoretical approaches. The theories are not mutually exclusive: a single firm could certainly engage in transactions, alliance-building, and information provision. Yet in their approach to lobbying, they have different emphases-- and different implications for the relative prevalence of various activities within Enron's emails.

	Transactional	Allies	Information
Model of Influence	Transactional, quid pro quo exchange	Helping like-minded legislators accomplish shared goals, plotting strategy	Persuasion by making a compelling public policy or constituent case
Lobbying is mostly...	Campaign contributions, fundraising for elections.	Meeting with legislators; drafting legislation; closely monitoring developments.	Grassroots activity; Formal participation; thought leadership; meeting with legislators
Lobbying is mostly NOT...	Formal participation; closely monitoring developments (only final results matter)	Campaign contributions; formal participation	Campaign contributions; closely monitoring developments

The Case of Enron

Enron serves as a “likely case” for the transactional approach because it was a company for whom politics played a central role. The company’s business model centered around creating and profiting from electricity contracts, contracts that would only exist if electricity became a commodity under deregulation. Enron was successful in getting passage of a major energy commodity deregulation provision in 2000, in which Senator Phil Gramm—a Texas Republican—played a key role. This legislation allowed Enron to create its EnronOnline power auction, which ultimately gained significant influence in California’s energy and natural gas market (Slocum 2001).

Enron also reportedly enjoyed extensive access to the George W. Bush administration. CEO Ken Lay was a close personal friend of the Bush family. More than fifty Bush administration officials had some kind of connection to Enron, including economic adviser Lawrence Lindsey (a former Enron consultant), US Trade Representative Robert Zoellick (also former consultant) and Secretary of the Army Thomas White (former head of Enron Electricity Services).³ Enron played a key role on the Cheney Energy Task Force (Fox 2003), which ultimately drew up an energy plan featuring such Enron-friendly recommendations as: “energy deregulation initiatives, support for trading in energy derivatives, proposals to facilitate natural gas projects, and granting of eminent domain so power lines could be built more quickly and spur development in India.”⁴ In having a business model largely dependent on political outcomes and a

³See Drutman and Cray, 2004 pp. 213-217 for brief overview of Enron’s political connections.

⁴ Scott Lindlaw, “Cheney’s energy plan benefited Enron in 17 ways, top Democrat says.” The Associated Press, January 18, 2002.

politically connected CEO, Enron fits the model of what Yoffie and Bergenstein (1985) call a “corporate political entrepreneur.”

Available data support this contention. At its peak, Enron was one of the most politically active companies in federal politics. In 2001, it spent \$5.1 million on lobbying, making it one of the 50 biggest spenders on lobbying overall that year. In the Oil and Gas Sector, only three companies – Exxon Mobil (\$5.8 million), Marathon Oil (\$5.7 million), and Shell Oil (\$5.2 million) – spent more. Enron also spent \$2.1 million in 2000, \$1.9 million in 1999, and \$1.7 million in 1998.

Enron also contributed \$280,043 in PAC funds to federal candidates in the 2000 electoral cycle, making it one of the largest spending companies. In the Oil and Gas Sector, for example, only three companies – Exxon (\$622,600), Koch Industries (\$436,774), and El Paso Energy (\$289,250) – contributed more. At \$273,538, Chevron was close behind. For transactional theories of politics, Enron is thus a most likely case. Given its business model, it had a strong motivation to be politically active. It also had the means to be active in politics, as it devoted substantial resources to lobbying and had extensive political connections. Lawsuits and insider accounts after the firm's collapse have confirmed that it was not especially restrained by ethical considerations (e.g. McLean and Elkind 2003). In short, if lobbying is primarily transactional in nature, Enron should have been among the major customers.

Methods and Data

Our analysis will primarily revolve around analyzing the balance, intensity, timing, and correlation of different lobbying activities. Though this is among the first studies to construct an analysis of lobbying activity based on internal discussions of lobbying, there have been at least six major surveys tackling the question of what it is that lobbyists do and how effective they are: Schlozman and Tierney (1986), Walker (1991), Heinz et. al (1993), Berry (1977), Knoke (1990), Nownes and Freeman (1998), and Baumgartner et al. (2009). Yet despite their prodigious efforts, these analyses have been limited in the information available to them. If neither an elected official nor a lobbyist wishes to mention a certain activity or transaction, it remains unobserved in surveys. As with other analyses of digitized text in political science (e.g. Quinn et al. 2010), the challenge here is precisely the opposite. In Enron's emails, we have a potentially overwhelming amount of information, and must develop techniques to filter and analyze it. This section details the approach developed here, an approach that combines automated content analysis with traditional hand-coding. It first uses Support Vector Machines (SVM) to focus our attention on the subset of emails that are the most likely to be political. It then employs a traditional content analysis with three different variables and 41 total categories.

Predicting Political Emails in the Enron Data Set

Not everything is recorded in emails, and not everyone uses email. Enron's two CEOs prior to its collapse, Kenneth Lay and Jeffrey Skilling, sent only 21 and 65 of the emails recorded in the data set respectively. It is thus not a record of decision-making at the firm's highest levels, so much as a record of attention and informational exchange among upper-level managers and staffers. Yet the data set still contains 517,413 emails in total, of which more than 200,000 are unique. It thus provides an

unparalleled glimpse at the political priorities of a large American corporation. The single most prolific sender of email, Jeff Dasovich, was in Enron's Governmental Affairs division.

The majority of the emails have no political content. To identify which documents were likely to be political, and to improve our team's efficiency in hand-coding, we employed a supervised form of automated content analysis. Put differently, we used a subset of the emails where the email's type ("political" or "non-political") was known to develop a model which we could apply to emails of unknown type. We began with the 1,701 emails that had previously been hand-coded by scholars at the University of California at Berkeley (Hearst 2005). Of their overlapping categories, three are likely to be political: "California," "Regulation," and "Politics." 450 emails fell into at least one of these categories, or 26% of the sample.

We then preprocessed the emails following standard practice: we reduced words to common stems and we removed word stems that appear in fewer than 1% of all the emails (e.g. Hopkins and King 2010, Grimmer and King 2010). We also removed 94 "stop words" that are sufficiently common that they are unlikely to be useful in predicting emails' content, from "able" to "the" and "your." Each remaining word stem is coded in a binary fashion, with a "1" indicating that the word was used in an email and a "0" indicating that it was not. This procedure leaves us with 2,238 indicator variables for word stems including "four," "swap," and "worth."

To predict whether an email was political or not, we turned to a binary SVM classifier, a transformation-based classifier that is very common within computer science (Hastie et al. 2001). As recommended by Hsu et al. (2003), we began with a radial basis function, and iteratively performed cross-validation to determine the optimal parameter values. On average, the optimal SVM classifier was able to correctly predict whether an email was political or not 82% of the time. If the classifier labeled an email "political," it actually was political 80% of the time. This figure is known as the classifier's precision within computer science. If the classifier labeled an email as "not political," it was correct 84% of the time.

We then trained the SVM using the 1,701 emails that had previously been hand-coded, and applied the resulting classifier to 12,524 emails chosen randomly from the full set of emails. In the language of quantitative political methodology, this means fitting a model and then applying that model to predict outcomes for an out-of-sample data set. 775 emails are predicted to be political with a probability greater than .5, and all of those emails were flagged to be hand-coded. We also sampled an additional 500 emails whose probability of being political was below .50, with the sampling probability set to the email's estimated probability of being political. This stratified selection scheme ensures that all emails have a known, non-zero probability of being hand-coded. We are able to reweight our hand-coded data to approximate the population from which it was originally drawn, although in practice, the results are substantively identical to those from the non-weighted sample.

This pre-processing procedure was effective, increasing the probability that a given email in our hand-coded sample is political from 0.35 (the baseline estimated probability in the full sample) to 0.51. With limited time to read emails, this procedure improves the probability that a given email in our hand-

coded set is indeed political. It thus saves our research team time, and it focuses our efforts on emails that are likely to be informative. The procedure also proves highly accurate: the polychoric correlation between the predicted probability and an indicator for emails our coders subsequently identified as political is 0.73. Repeating the entire procedure on a second random partition of the data set, we produced a final data set of 2,559 emails with known probabilities of selection, and each was hand-coded.

Hand Coding

What political activities are represented in these 2,559 Enron emails? To answer that question, we developed the coding scheme outlined in Appendix A. It requires coders to systematically extract five variables from each email, including the chief political activity described, the relevant government involved, the governmental branch involved, the specific officials mentioned, and the relevant legislation (if any). This paper focuses on the primary activity discussed, although it draws on the governmental branch and level of government targeted as well.

Drawing on past typologies of lobbying activity (Baumgartner and Leech 1998:152), the coding scheme sub-divided political activities into five major categories: elections, monitoring, direct contacting, opinion leadership, and formal participation. The first category, elections, covers activities central to the transactional view of lobbying, including attending or chairing fundraisers, making contributions, and advising candidates. The second category—monitoring—covers information-gathering activities, both from Enron’s own private intelligence and from publicly available sources. The “direct contacting” category covers the activities traditionally associated with lobbying, including meetings with lawmakers, letter-writing campaigns, drafting legislation, and lobbying for certain appointees. Our fourth category covers opinion leadership, including efforts to shape press coverage, brand Enron, or shift political debates. Finally, when Enron representatives testify before legislative or executive hearings or submit formal comments, such activities fall under the fifth heading of “formal participation.” Examples of each category are provided as part of the discussion of the results below. In each case, the coding scheme provides between three and seven sub-categories which enable a more finely grained view.

Results

Enron’s collapse overlapped with the increasing use of email in general, so Figure 1 begins by plotting the total number of emails in our sample by month. The volume of Enron emails increases markedly in 2000, so when tracing trends over time, our analyses begin in March of 2000.⁵ Even with our pre-processing, 59% of the sampled emails (1510) are not explicitly about political activity, so this section focuses on the 41% (1,049) that are. It details the results of our analysis, focusing first on the different types of interaction with the political system. It then considers the targets of Enron’s political activity. Consistently, the evidence directs us away from the transactional viewpoint, and toward the informational approach. There is also some evidence consistent with the allies-based approach. While the three theories are not mutually exclusive, these emails undermine claims that lobbying is primarily the purchasing of policy.

⁵Doing so yields a minimum of 10 political emails per month.

[INSERT FIGURE 1 HERE]

Lobbying Activities

Figure 2 depicts the distribution of emails concerned with different activities, from monitoring political events to formal participation in governmental processes. Not surprisingly, the single most common political activity within Enron's emails is the passing along of political information, which we dub "monitoring." 66% of all political emails are primarily monitoring political events. Of these, 56% are emails about publicly available information, which typically take the form of forwarded newspaper articles. One email, for instance, noted a trade journal's update on the Clinton administration's stance on electricity regulation.⁶ Yet Enron was not reliant only on public sources of information. 43% of the monitoring emails provided "unique intelligence," meaning that they reflect information gathered directly by Enron's lobbyists and other employees. In tracking the same issue related to oversight of the nation's electric grid, for example, one Enron employee reported on an exchange with a Congressional staffer as follows: "See e-mail exchange between Andy Black of Barton staff and me (below). Seems to confirm what he told me a few weeks ago -- and rumor that Barton told EEI yesterday at their CEO conference -- that his draft will make RTOs mandatory." The top left panel of Figure 2 shows both the overall share of political emails devoted to monitoring (dark shading) as well as the share devoted to unique intelligence (light shading). As Enron approached bankruptcy in December of 2001, its monitoring was increasingly reliant on public information as compared to its own intelligence.

[INSERT FIGURE 2 HERE]

The second most common political activity in the Enron emails is what we term "legislative contacting": meetings and other direct interactions with public officials and their staffs, as well as coalition-building activities that are organized around specific legislation. These emails account for 15% of all Enron's political emails, and they roughly follow the legislative calendar, with a peak in March of 2001 at 22% of all political emails. Within this category, the most common activity is meeting with legislators, accounting for 61% of emails focused on lobbying and legislative contacting. Consider one example in this sub-category, from July of 2000:

Senate voted on the Interior Appropriations Bill late yesterday. Our amendment passed, which prevents either BLM [Bureau of Land Management] or the Forest Service from enacting new fiber optic federal lands rights-of-way policies. The BLM made a last ditch effort to defeat this in the Senate, but we had reached key Senators and staff and they got nowhere. Action now moves to Conference, which for us means a focus on the House Conference members. Scott and I will spend the next 2 days meeting with the key Republicans in the House.

The use of the word "our" is certainly noteworthy in signaling the origin of the legislative proposal. More generally, Enron devoted considerable time and attention to meetings with public officials, an

⁶ "According to Platt's Electric Power Daily (Fri. Aug. 24), the Administration is 'leaning toward' putting the reliability function with FERC and the RTOs, NOT the NERC approach we oppose. We will check on this independently. We have certainly encouraged them in the direction they are now leaning toward." [INSERT FULL CITATION]

observable implication of both the transactional and informational approaches. Another 23% of the emails in this category are related to coalition-building, as Enron partners with interest groups and other businesses.

Enron also spent a considerable amount of time and attention on what we term “formal participation”, which includes submitting testimony to legislative or executive hearings or else participating in rule-making processes. In total, this category accounted for 9.3% of Enron’s political emails. Of the 95 emails in this category, 71% addressed formal comments submitted to government agencies. By contrast, only 16% of the emails in this category were focused on legislative or executive hearings, a fact which suggests the centrality of bureaucratic and rule-making processes to Enron’s political activities. Here is one example from an email exchange between Enron staffers as they prepared to submit a comment with the Federal Energy Regulatory Commission (FERC):

I know we are holding for a later filing, but I have attached further comments anyway. The document is still too rough to send out. We need to take the opportunity, as soon as possible, to get a hard hitting, thoroughly researched and carefully written document in front of the Commissioners. California's reaction to the Judge's recommendation is likely to give FERC (especially the new commissioners) a feel for how irrational the California politicians can be. We will have a limited opportunity to take advantage of that realization. We need to hit it hard in the pleading, our conversations at the Commission, the Hill and the media.

This quotation embodies the information-based approach to lobbying, as it is clear that Enron is trying to make an argument that is "thoroughly researched and carefully written." In this case at least, Enron staffers believe that their role is to persuade appointed officials through argumentation.

Of the political emails, 6% (61 emails) fell into the category of opinion leadership. Enron was publicly committed to the deregulation of energy, and sought to promote that agenda among the public as well as among lawmakers. These activities were clearly not the focus on Enron’s political attention, but nor should they be ignored. Within this category, 48% of the emails regarded participating in forums or other events outside of government. Another 16% were devoted to communications, such as shaping press coverage or placing op-eds.

Campaigns, elections, and fundraising are a centerpiece of the transactional view of lobbying. Yet Enron’s emails show very little attention to fundraising or other election-related activities, with only 1.4% of emails falling into this category. To be sure, Enron was involved in political fundraising, and attentive to who was receiving its support. In one email, Ken Lay was asked to serve as finance co-chair the Republican Senate Campaign Committee. In another, an Enron employee indicated that Enron’s Political Action Committee (PAC) could not support a Houston-area Congressional representative due to his opposition to establishing permanent trade relations with China (PNTR). He wrote:

Nick Lampson called and asked for a contribution. I committed to one without knowing about his vote on PNTR. I will keep my word by making an individual contribution but will also

communicate to him that in my capacity as Enron PAC chair i cannot authorize the PAC to make a contribution as a result of that vote.⁷

Advocates of the transactional viewpoint would highlight the clear relationship between making a donation and a preferred policy stance. Even in the case above, the contribution is discussed in reaction to a request rather than in a proactive attempt to win support. Also, it is instructive that the chair of Enron's PAC was unaware of the Congress Member's vote until after committing to a donation.

We also separately reviewed the 14 election-related emails to further understand the connection between donations and explicit policy requests. Enron did communicate policy preferences as it provided support. For example, one email thread discussed the appropriate contribution to incumbent Congressman Sheila Jackson-Lee, a Texas Democrat, noting:

Chris Long has developed a good relationship with Shiela [sic] but she seldom seeks us out and I think her `delayed' position on PNTR for China was unbecoming a representative from Houston. Houston will gain from PNTR for China. I would recommend a maximum of \$2,000 to go along with our recommendation that she be more attentive to our positions on leading issues.⁸

Yet here, too, there is no transaction, so much as a response to a position communicated after the fact. More importantly, such emails accounted for less than 2% of Enron's political email traffic, making them quite exceptional. In all, of the 14 election-related emails in our sample, only three make references to direct policy goals that might be influenced. Also, Figure 2 shows that the timing of election-related activity and the timing of legislative contacts. In early 2001, when Enron was most active in meeting with and lobbying public officials, it was not discussing political contributions or other electoral activity. In fact, the Pearson's correlation between the two times series is -0.39. If these are transactions, they are transactions in which the payment and the product are separated by many months.

To this point, the analyses have not differentiated between lobbying across different levels of government. Yet the period covered by these emails overlaps with the California energy crisis in early 2001, meaning that it includes considerable state-level activity. Are the results above an artifact of this particular firm at one particular point in time? To address that possibility, we replicated our results above for the 390 emails that made explicit reference to the U.S. federal government. The substantive conclusions are the same, as shown in Figure 3. Among the emails that make explicit references to the federal government, a majority of 66% are engaged in monitoring. 19% reflect direct contacting, while 10% discuss formal participation and 3% discuss opinion leadership. With only 8 emails (2%) discussing elections, campaigns, and fundraising, the corresponding graph is not informative and is omitted. Both overall and at the federal level, Enron devoted very little time or attention to election-related concerns. In this case at least, a core claim of the transactional approach does not hold true.

[INSERT FIGURE 3 HERE]

⁷[INSERT EMAIL CITATION.]

⁸ Email 148116, from maureen.mcvicker@enron.com to joe.hillings@enron.com, October 24, 2000.

Lobbying Targets

The transactional view of lobbying emphasizes elected officials, and thus the legislative and executive branches of government. By contrast, the informational approach highlights bureaucratic actors. For each political email, we thus identified whether any specific governmental actor was mentioned. If so, we identified whether that actor was within the legislative branch or within the executive branch. We further differentiate between actors within the Executive branch itself (such as Vice President Cheney's Energy Task Force), those within administrative agencies (such as the Department of Energy), and those at advisory commissions. Of the 973 emails with such information, 20% focused on legislative actors and another 10% focused on executive-branch actors. 22% of the emails targeted actors at administrative agencies, while 19% primarily mentioned advisory commissions.

[FIGURE 4 HERE]

Figure 4 depicts how these shares change by month. Two factors stand out. First, legislative targeting is understandably variable over time, with a decline in attention in the build-up to the 2000 federal election. We also see far more attention to legislative actors after the beginning of the 106th Congress in January of 2001. Second, there is considerable attention to agencies and even advisory commissions. If lobbying were to a significant extent transactional, it should be focused on elected officials more than on appointees. The considerable attention to bureaucratic actors further advances information-based approaches to lobbying, and challenges transactional accounts.

Conclusion

If any corporation saw lobbying as transactional, that corporation would have been Enron. As a company whose business model rested largely on advancing the deregulation of energy markets, and whose corporate culture is well-known to have pushed legal and ethical boundaries, Enron should be a most likely case for transactional lobbying that treated elected officials like another commodity.

Yet we find very little evidence of a transactional approach to lobbying within Enron's e-mails. Election-related e-mails make up only two percent of all e-mails -- and even within those two percent, there is scant evidence that Enron's staffers considered themselves to be buying the support of candidates. Instead, we observe Enron's political activity to be primarily focused on monitoring and formal participation in rule-making and other executive branch proceedings. Such observations lend support to two other theoretical approaches of lobbying influence. The heavy emphasis on formal participation and providing policy information is consistent with a theory that views lobbying as primarily information transmission, with influence deriving from making the most compelling case. The frequency of monitoring and a sizable component of legislative meetings suggests support for a view that treats lobbyists as close allies of lawmakers and their staffs as well.

This research is not just a case study of business lobbying, but also a case study in the analysis of digitized text. In research that involves summarizing political texts, it is frequently possible to advance different theoretical claims simply by focusing on selective quotations. Within any large trove of documents, there will be at least some evidence for varying viewpoints. Here, we systematically select a sample of digitized text to be able to calculate the prevalence of different types of activities within

Enron's emails. We can thus pair quotations with statements about how common such quotations are. Similar techniques could be adapted to reduce selection biases in a wide range of other research settings, from archival research to in-depth interviews.

To be sure, large corporations do not commonly collapse, and they do not commonly make their internal documents available to the public. Still, we can learn a great deal from Enron's collapse and the subsequent release of its emails. The emphasis in survey-based research on monitoring holds using internal documents as well, validating the survey-based approach. Yet the results of this study also encourage researchers to focus on the executive branch, on bureaucratic actors, and to some extent on opinion leadership. Congress is one site of lobbying, but it not the only site, and it was not Enron's primary target. Congress should not be the only target of research into lobbying either.

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Appendix A: Coding Scheme

<p>I. ACTIVITY</p> <p>1. Fundraising and Elections 101. Attending fundraiser 102. Chairing fundraising effort/organizing event 103. Making contributions (not at fundraiser event) 104. Participating in conventions 105. Contributing to pol's charity 106. Advising candidate on positions 199. OTHER electoral/fundraising (specify)</p> <p>2. Monitoring 201. Intelligence on political developments (unique intelligence, inc. conversations, documents, reports, statements, information from Enron-sponsored events, etc.) 202. Forwarding/referencing newspaper articles (general intelligence) 299. OTHER monitoring (specify)</p> <p>3. Lobbying 301. Meeting with lawmakers/officials to advocate/present information or build relationships 302. Organizing letter-writing campaign 303. Building/working with/joining coalitions with other organizations 304. Drafting legislation 305. Influencing appointments (e.g. influencing who holds government jobs) 306. Grassroots activity (organizing individuals) 399. OTHER lobbying (specify)</p> <p>4. Thought leadership and PR outside government 401. Shaping press coverage, writing op-eds 402. Participating in forums outside of governing (conventions, panels, etc.) 403. Supporting Research/participating in academia 404. Charity 405. Branding (stadiums, public events) 499. OTHER Thought leadership (specify)</p> <p>5. Formal participation in government 501. Testifying at legislative/executive hearings 502. Submitting a formal comment to a governmental agency 503. Task forces and advisory commissions 599. OTHER Formal participation (specify)</p> <p>888. NOT POLITICAL 999. OTHER (please specify)</p>	<p>II. GOVERNMENT BRANCH (BRANCH)</p> <p>1. Legislative 4. Executive (President/Governor/PM) 5. Administrative Agency 6. Advisory Commission 7. Courts 8. Atty Gen. 9. NONE SPECIFIED</p> <p>III. LEVEL OF GOVERNMENT (GOVT)</p> <p>Federal State Municipal International 9. NONE SPECIFIED</p> <p>IV. POLITICIANS CONTACTED OR TARGETED</p> <p>V. BILL #</p> <p>VI. SUMMARY</p> <p>VII. STATE/CITY/COUNTRY</p> <p>VIII. NOTES</p>
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ACTIVITY

What is the PRIMARY action that is described in the e-mail? Sometimes there are multiple actions being reported on, so we've left two columns for tactics. Sometimes, there is an action that is planned or discussed. If there is a definite plan to engage in a tactic, then that counts. When you are having trouble deciding between two activities, consider the entire email thread, and also consider the relative length of the sections within the email devoted to each activity. If something is discussed at greater length, that should be the primary activity. (see more detail below)

GOVERNMENT BRANCH

What is the PRIMARY branch of government where the action is directed or takes place?

If an e-mail is mostly about action in the Senate but references the White House only briefly at the end, code it as legislative.

If the e-mail is about a member of Congress or executive (but not about particular governing action – it could be about fundraising, for example), code the e-mail according to the individual's position. This means Enron is trying to build a relationship with that person and it is relevant.

If it is international and Enron is meeting with the executive of another country, that counts as executive-level interaction.

"The Administration" means the president or the governor (and not an administrative agency).

The VP's energy task force is part of the executive branch (also not a separate administrative agency)

LEVEL OF GOVERNMENT

What governing body is the company interacting with or monitoring: Federal, state, municipal or international? (If the company is interacting with an individual politician, use the governing body that the individual politician comes from; if it is about an election, what governing body does that election involve?)

POLITICIAN CONTACTED OR TARGETED

Sometimes there is a particular politician contacted or targeted, or mentioned that Enron is working with. (sometimes it is that politician's office, also)

BILL#

If a Bill# is mentioned it, we should get it.

SUMMARY STATEMENT

Quick overview of what the e-mail is about.

STATE/CITY/COUNTRY

If activity is not at the federal level, it seems like it's worth knowing where it is.

NOTES

Anything else that might be helpful, including illustrative quotes, anecdotes.

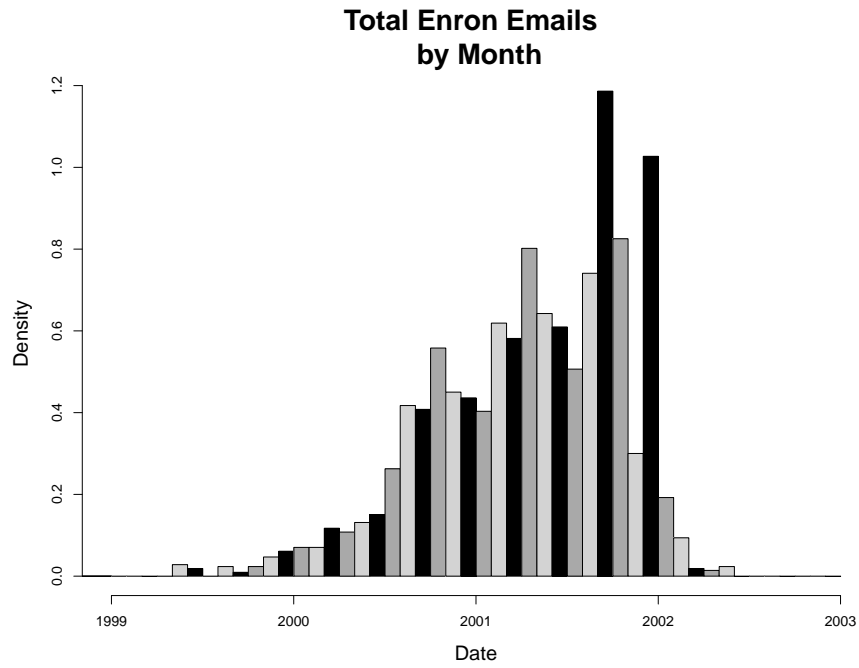


Figure 1: This figure depicts the density of Enron's emails by month.

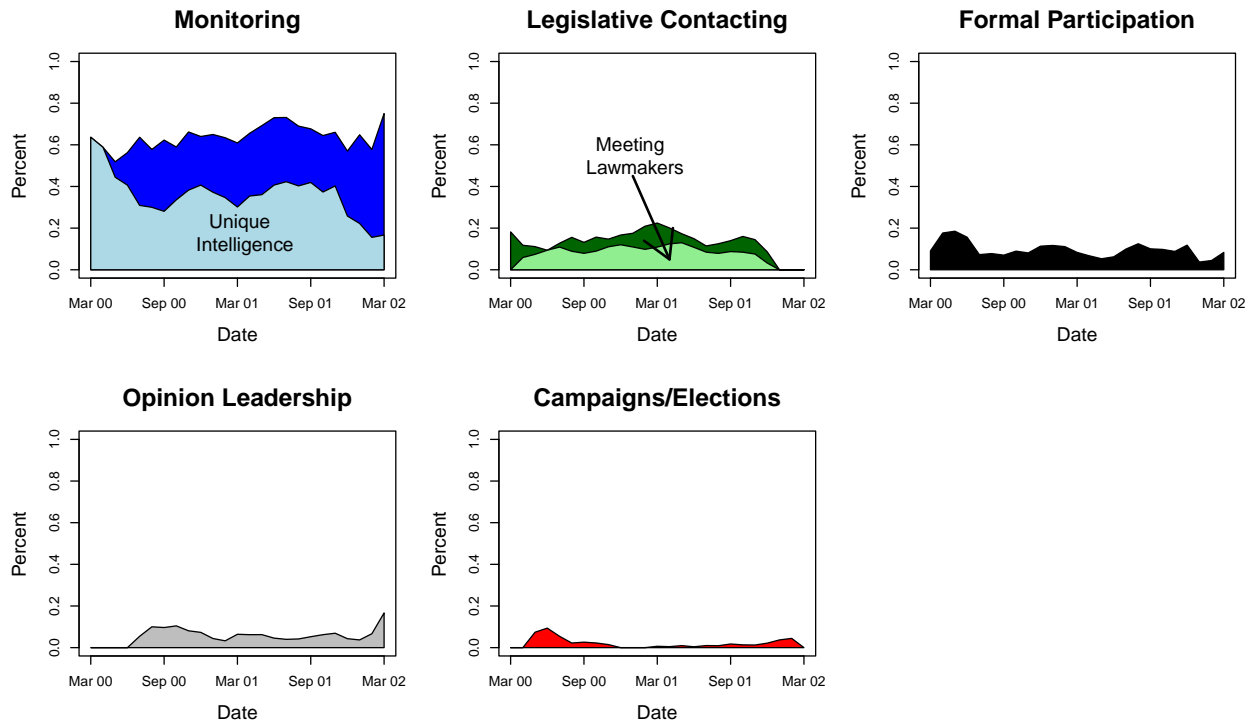


Figure 2: Each figure depicts the share of political emails by month that were hand-coded as indicating a given political activity.

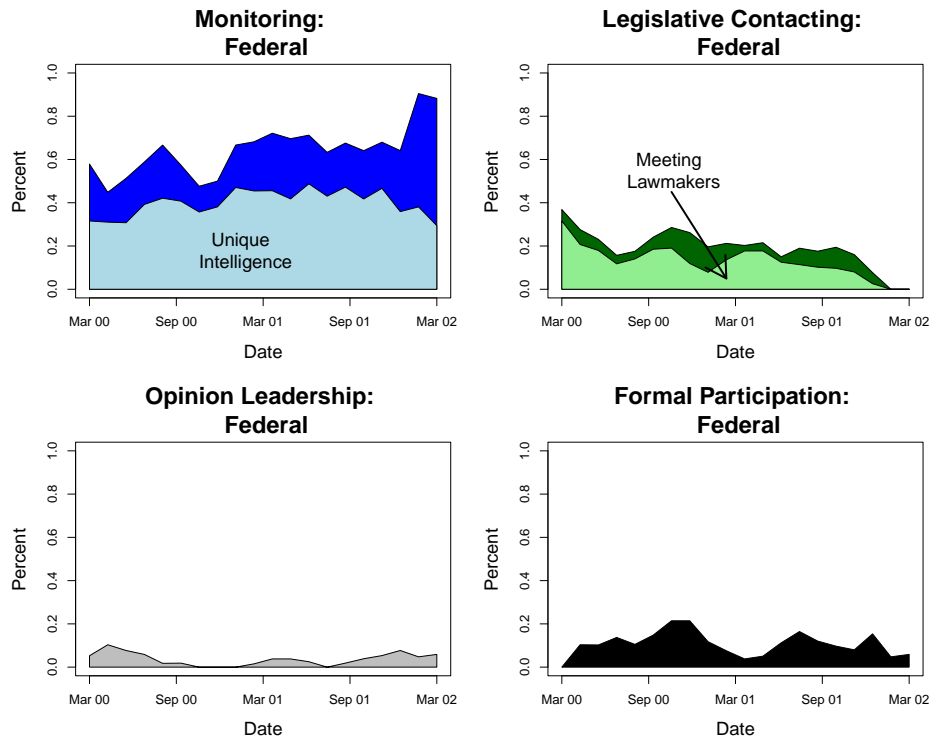


Figure 3: Here, we replicate Figure 2 on the distribution of Enron's political activities for only the 390 emails that explicitly reference the U.S. federal government.

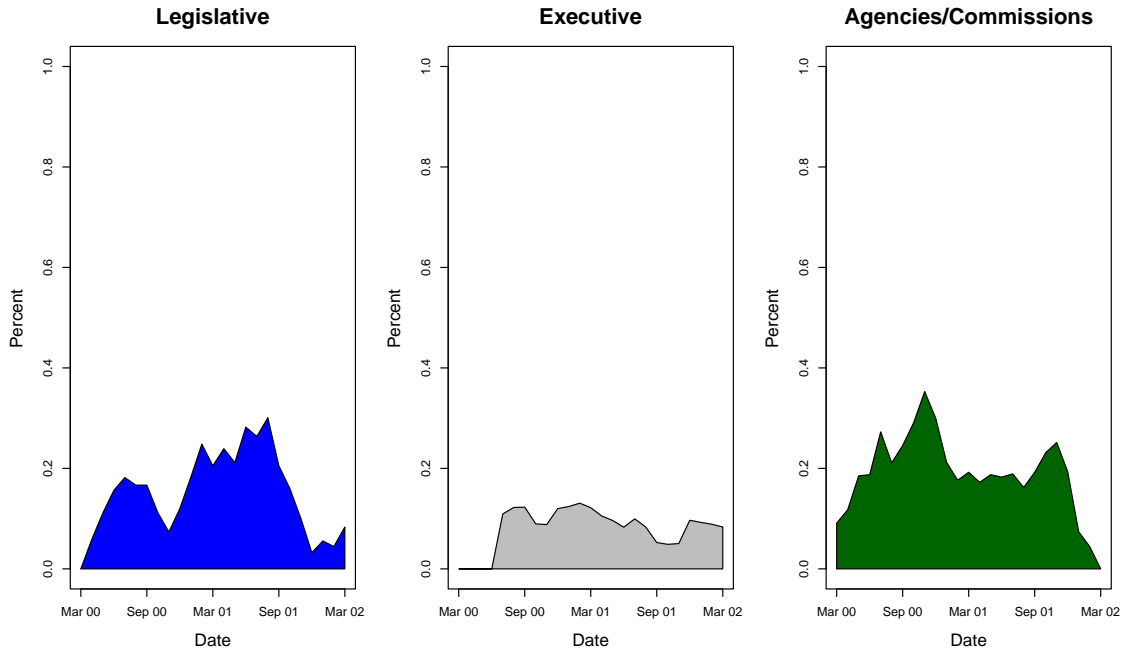


Figure 4: For each month, this figure depicts the share of Enron's political emails that makes explicit references to different types of governmental actors.