

The Labor Market for Lobbying: Expertise, Political Connections, and Career Paths

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What we don't know about (German) lobbyists

Anlage K1 Anlage 1



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Mitglied des Deutschen Bundestages

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Herrn **BMW - Ministerbüro | LA1**

Bundesminister Peter Altmaier	F51Br	PSuH	PSuW
Bundesministerium für Wirtschaft und Energie	E	I	II
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Pasewalker Straße 29
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17033 Neubrandenburg

Bürgerbüro Pasewalk
Am Markt 1
17309 Pasewalk

Handwritten notes:
1) PST H und Bu
→ Rabe Kontakt
aufnahme
zum Büro Md
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und
9.11.18
Erörterung
des Vorhabens
CSST. gem. mit
Herrn Dr. Haupt
2) PST H
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Augustus Intelligence Inc.

Sehr geehrter Herr Minister, *Eintrag BfR*

ich komme zurück auf unser Gespräch am Rande der jüngsten Sitzung unserer CDU/CSU-Bundestagsfraktion am 25. September 2018, bei der ich Sie auf ein spannendes und politisch vielversprechendes Investitionsvorhaben der Firma **Augustus Intelligence Inc.** („Augustus“) angesprochen habe, mit dessen Gründer Dr. Wolfgang Haupt ich Sie gern zu einem Gespräch zusammenbringen würde.

The role of lobbyists

- Lobbyists supply **information** and **access** to time-constrained policymakers (Hall and Deardorff, 2006; Bertrand et al., 2014)
- Existing work focuses on the **revolving door**: former officials and staffers (Blanes et al., 2012; Bertrand et al., 2014; McCrain, 2018)
- **But**: if political access is so valuable, why are most lobbyists *not* former insiders?
 - US: only $\approx 35\%$ of lobbyists have any prior political experience (Bertrand et al., 2014)
 - Our data: **33%** (US) and **16%** (DE)

→ Lobbying as a **broader labor market**

Argument: two complementary sources of value

1. Expertise

- Communication, legal, and strategic skills
- Inform and persuade policymakers (Hall and Deardorff, 2006; Drutman, 2015)

2. Political access

- Prior jobs in legislative, executive, or party institutions
- Networks, institutional knowledge, credibility (Blanes et al., 2012; McCrain, 2018)
- Lobbyists value *both* when hiring (McCrain et al., 2024)

→ **Selection** into lobbying should reflect both pathways

Why the US *and* Germany?

- Comparison is for **generalizability**, not for comparison
- **United States**
 - Congress-centered lawmaking; private campaign finance
 - Legislative experience and ties to individual members especially valuable
- **Germany**
 - Bills drafted in ministries; public campaign finance; party-centered elections
 - Executive and party experience relatively more important

This talk

1. **Who are lobbyists?** Compare them to the broader labor market
 - Skills, political experience, socio-demographics
2. **What predicts entry?** High-dimensional prediction (XGBoost)
 - Expertise vs. political experience
3. **Does political experience cause entry?** Staggered DiD
 - Timing of career transitions

Data: lobby registers linked to LinkedIn

1. Official lobby registers

- US: LDA filings via LobbyView (Kim, 2018) (2008–2020)
- DE: Bundestag *Lobbyregister* (since 2022)
- In-house *and* external lobbyists

2. Career histories from LinkedIn / Revelio Labs

- Jobs, education, skills, predicted salary
- Comparison population: >200M US and 14M DE profiles

3. Linkage (name + employer → LinkedIn)

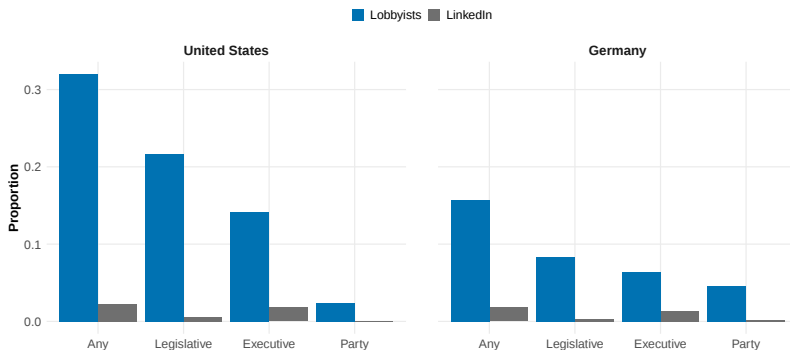
- US: 73.6% of lobbyist–org. pairs (25,623 people)
- DE: 56.6% (17,151 people)
- Analysis sample: **23,228** US and **13,488** DE lobbyists

Who must register?

	United States	Germany
Definition	Communication with covered officials on legislation, policy, or regulation	Any contact aimed at influencing Bundestag or Federal Government
Thresholds	>1 lobbying contact <i>and</i> $\geq 20\%$ of time in a quarter	Regular / long-term / commercial lobbying, 30+ contacts, <i>or</i> compensation
Who	Firms, in-house lobbyists, associations	Natural persons, firms, organizations, networks

- Lobby register is more extensive in Germany than in the US

Political experience: common among lobbyists, not typical

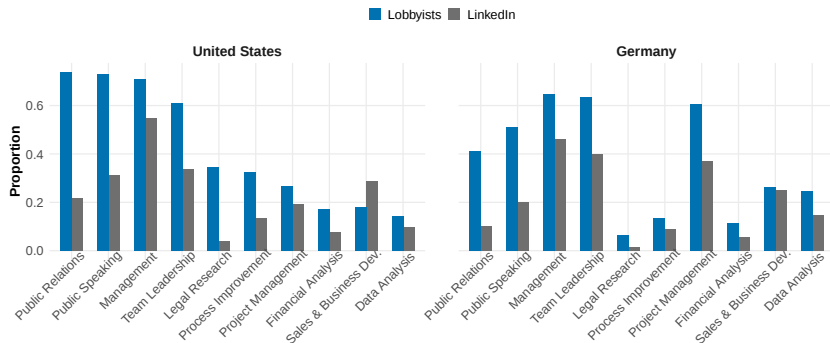


- Any political job: **33%** of US lobbyists vs. 2% of other workers

- Germany: **16%** vs. 2%

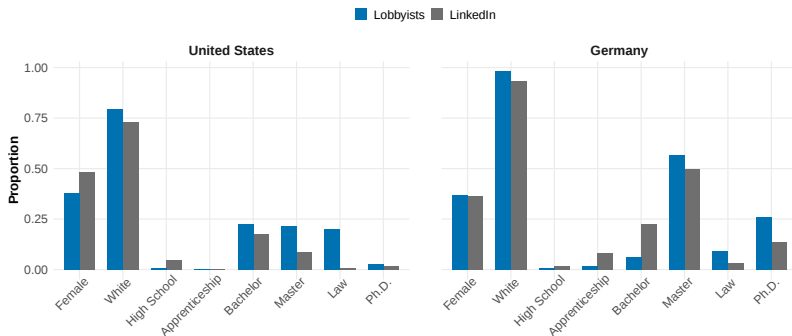
→ Access matters, but **most lobbyists still come from outside politics**

Expertise: a distinctive skill profile



- Communication and advocacy: PR, public speaking, strategy, legal analysis
- US: more legal skills; DE: more project / data / financial analysis

Socio-demographics: smaller differences



- Somewhat more male, more advanced degrees

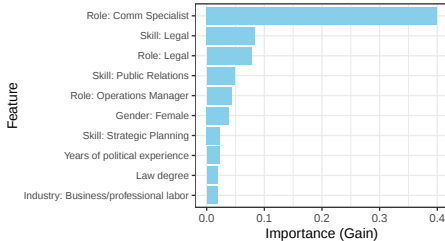
Which characteristics predict becoming a lobbyist?

- Cross-section: lobbyist (0/1) on ≈ 150 predictors
 - Skills, roles, seniority, salary, political experience
 - US: 23,228 lobbyists / 701,842 non-lobbyists
 - DE: 13,488 lobbyists / 682,396 non-lobbyists
- **XGBoost** (Chen et al., 2015): suited to rare, high-dimensional outcomes
- Descriptive, not causal

Top predictors: communication skills, then political jobs

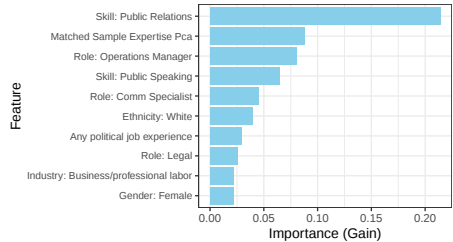
United States

United States



Germany

Germany



- Gain: contribution to model fit. PR, public speaking, management, law / public affairs
- Political experience ranks high, but is **not the single dominant** predictor

Does political experience raise entry into lobbying?

- Individual–year panel; treatment = first political job
- Staggered DiD, never-treated controls (Callaway and Sant’Anna, 2021)

$$ATT(g, t) = \mathbb{E}[Lobbyist_{it}(g) - Lobbyist_{it}(0) \mid G_i = g]$$

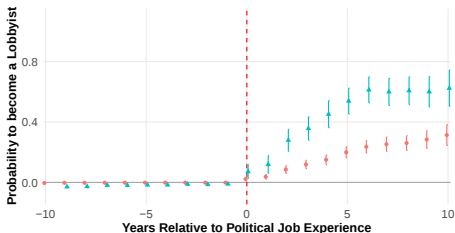
- Event-time θ_k relative to the year before the political job
- Two samples: **unmatched** full panel; **matched** (demo + expertise)
- US unmatched: 325,695 people (6,008 treated); DE: 341,909 (8,753 treated)

Political jobs raise the probability of becoming a lobbyist

United States

United States

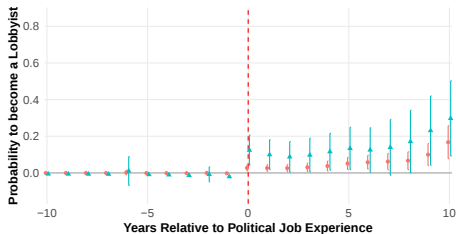
— Unmatched — Matched Demo + Expertise



Germany

Germany

— Unmatched — Matched Demo + Expertise



- Overall ATT (unmatched): **+19 pp** (US) vs. **+7 pp** (DE)
- Matched (demo + expertise): **+45 pp** (US) vs. **+16 pp** (DE)

Takeaways

1. Lobbying is a **labor market** with two complementary sources of value
 - Expertise (communication, legal, strategy) *and* political access
2. Most lobbyists are **not** revolving-door insiders
 - Skills are among the strongest predictors of who enters
3. Political jobs are still a common among lobbyists
 - Especially in the US

Thank You

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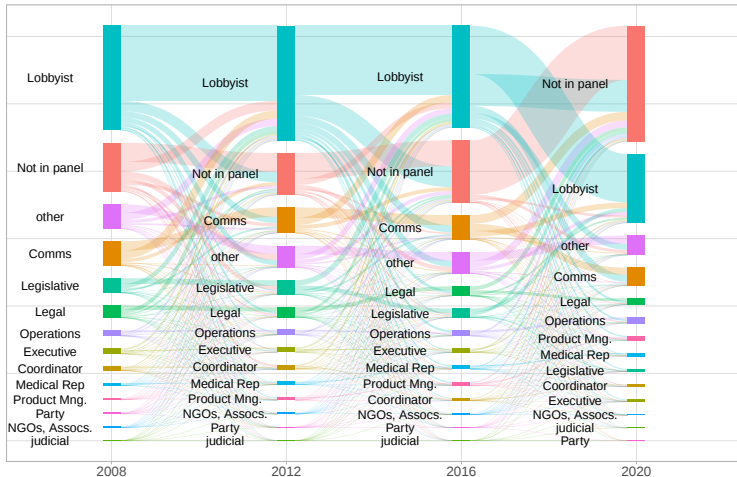
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Career paths: United States

Lobbyist Career Path Transitions, United States (N = 18,386)

Includes individuals who enter or leave the panel; "Not in panel" = no employment data in that year

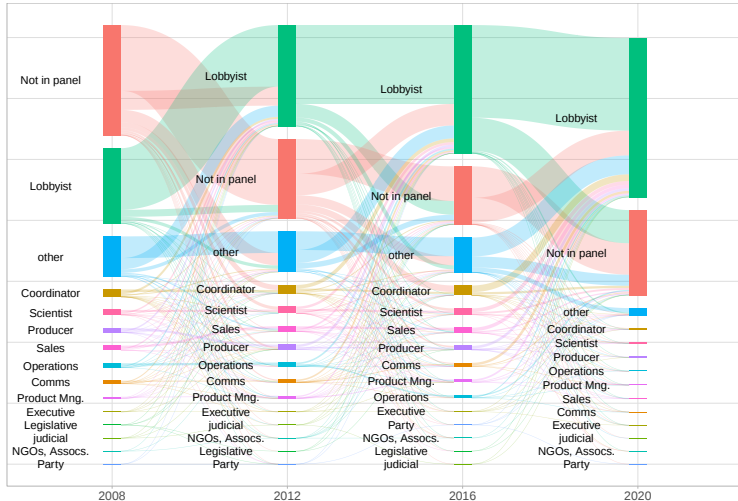


- Entry from communications, law, and legislative jobs

Career paths: Germany

Lobbyist Career Path Transitions, Germany (N = 10,439)

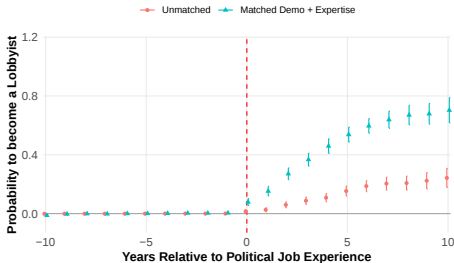
Includes individuals who enter or leave the panel; "Not in panel" = no employment data in that year



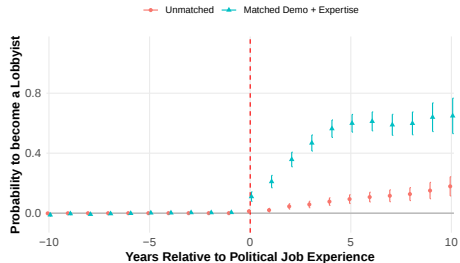
- More entry from operational, commercial, and organizational roles

In-house vs. external, United States

In-house
United States, In-House



External
United States, External

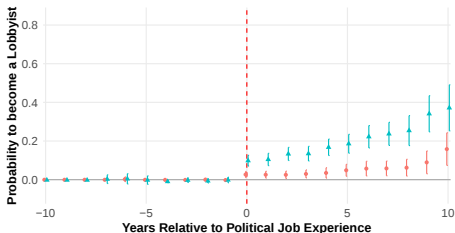


- Political experience strongly associated with both, including K Street

In-house vs. external, Germany

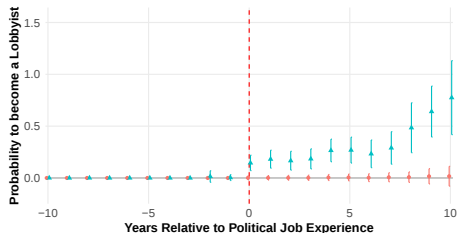
In-house Germany, In-House

Unmatched Matched Demo + Expertise



External Germany, External

Unmatched Matched Demo + Expertise



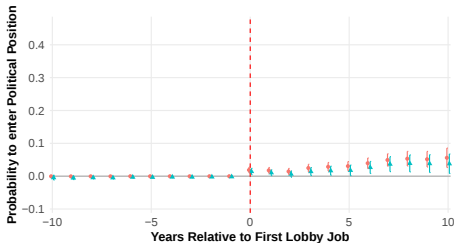
- In-house similar to baseline; external market much weaker than in the US

Do lobbyists move *into* politics?

United States

United States (reverse causality)

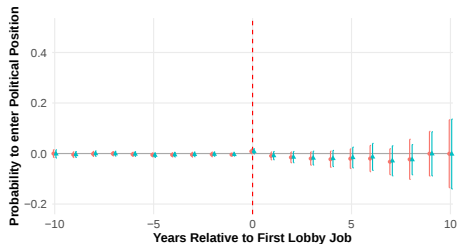
Unmatched Matched Demo + Expertise



Germany

Germany

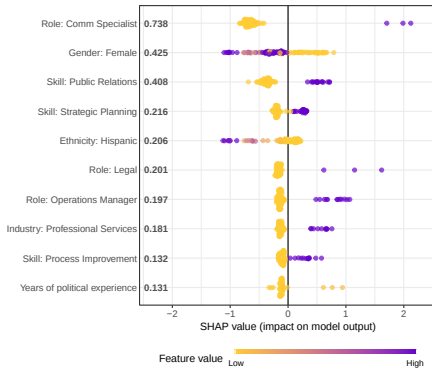
Unmatched Matched Demo + Expertise



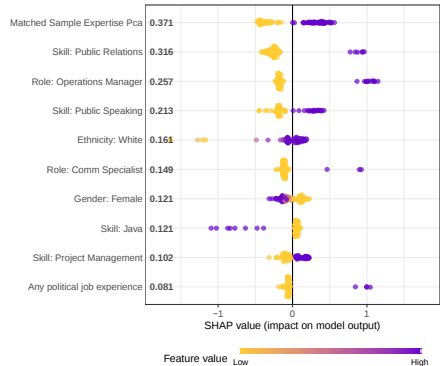
- Transitions from lobbying into political office are comparatively rare

SHAP values (direction of effects)

United States



Germany



Matching

- 1:1 nearest-neighbour propensity-score match (`MatchIt`)
- Exact match on highest degree and primary occupational skill
- Caliper 0.2 SD on the propensity score
- DiD matched spec.: matched lobbyists + matched never-treated non-lobbyists
- Alternative specs (demo-only; PCA expertise) in the SM

Overall ATTs

	United States	Germany
<i>P(lobbyist)</i>		
Unmatched	0.191*** (0.009)	0.069*** (0.010)
Matched (demo + expertise)	0.452*** (0.017)	0.164*** (0.026)
<i>Log salary (lobbyists only)</i>		
Unmatched	0.120*** (0.017)	0.210*** (0.040)

Callaway–Sant’Anna overall ATT. SEs clustered at the individual.