

Private bills: a theoretical and empirical study of lobbying

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October 1997

Current version: January 15, 1998

Interest groups lobby over a variety of issues including private bills. There are two striking facts about private bills introduced in the U.S. Congress. First, several scandals have involved Congressmen who were being bribed to introduce a private bill. Second, the number of private bills introduced has drastically changed over time. A theoretical model and an econometric model are developed to explain these phenomena.

In the theoretical model, when a Congressperson introduces a private bill, voters increase their belief that this Congressperson is a rent-seeker. Hence, the cost for a Congressperson in introducing a private bill is the decrease in the probability of reelection associated with the change in voters' belief about the honesty of the Congressperson. The benefit for a Congressperson in passing a private bill is the increase in votes that occurs because of providing this constituency service.

Depending on the fraction of Congresspersons who are rent-seekers and the constituency service value of a private bill, the theoretical model implies that there are two different models of Congress. In the first, Congress delegates decisions to the bureaucracy and there are few private bills. In the second, Congress does not delegate decisions to the bureaucracy and there are many private bills. Which regime Congress operates under at a given point in time depends upon the fraction of Congresspersons who are rent-seekers.

In the empirical work, public opinion of Congress from 1941 to 1994 is used to estimate the fraction of Congresspersons who are rent-seekers. Since in the last 50 years most private bills have dealt with immigration, public opinion of immigration measures the constituency service value of a private bill. The results of a regime switching equation are consistent with the theoretical model of two Congressional regimes and thus help in explaining the wide variability in private bills over time.

JEL code D72.

*The following people contributed to this paper: Mohamed Ahmed, Sid Chib, Phil Dybvig, Barton Hamilton, Vivian Ho, Jill Holman, Annelise Li, Annette Milford, Gary Miller, Becky Morton, John Nachbar, George Newman, Bob Pollak, Brian Ripley.

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Grossman and Helpman [24] consider a model of lobbying where the government official in charge of selecting tariffs has preferences $U(t, \psi) = t + a\psi$, where t is how much money the government official receives from lobbies, ψ is the probability with which the government official is reelected, and a is a constant that measures how the government official makes tradeoffs between t and ψ .¹ An equilibrium of the lobbying game defines a policy (a particular tariff), contributions, and a likelihood of reelection as a function of the parameter a .² In particular, the equilibrium policy is a continuous function of a .

A lobbying model with multiple government officials is considered in this paper. Specifically, a fraction $a > 0.5$ of Congresspersons has preferences $u(t, \psi) = \psi$, while a fraction $1 - a$ has preferences $u(t, \psi) = t + \delta\psi$, $\delta \in (0, 1)$.³ How and whether preferences of Congresspersons aggregate to a preference relation for Congress, U , depends on such factors as the distribution of individuals across committees, parties, and leadership positions (see, for instance [50]).⁴ While aggregation of preferences of individuals is quite challenging for the model of tariff formation in [24], aggregation of preferences in the model

of private bills in this paper is more straightforward. In particular, depending on the value of a there are two different models of Congress. In the first, Congress delegates decisions to the bureaucracy, while in the second it does not. This makes the equilibrium policy discontinuous in the parameter a . A statistical model shows that the number of private laws is discontinuous in a as predicted by the theoretical model.

Private bills are exemptions from administrative and judicial interpretations of acts of Congress.⁵ Their number has varied drastically over time. In the 89th, 90th, and 91st Congress – from 1965 through 1970 – an average of 6,200 private immigration bills were introduced in each two-year period. These bills accounted for roughly half of all bills, public and private placed before the Congress. In the 101st Congress (1989), 394 private bills were introduced.⁶ The number of private laws (bills passed by both houses and signed by the President) also varies over time. There were 6248 private laws in the 59th Congress (1905), 234 in the 60th Congress, 1103 in the 81st Congress (1949), and 8 in the 103rd Congress (1993) [79]. In the 59th Congress 90 % of all laws were private. In the next Congress that number was 40 %. In the 82nd Congress (1951), 63 % of all laws were private.

Private bills have received some notoriety because of the corruption associated with them, especially the ABSCAM sting operation.⁷ Why has the number of private bills changed so much over time, and is the answer connected with the public's perception of

the corruptability of public officials?

One explanation (given, for instance, in [22], [16]) for changes in the number of private laws is the following. Increases are attributable to rigidity in newly enacted public laws. Decreases are attributable to Congress granting increased authority to administrators to deal with hardships. Such an explanation leaves open the question of why and when does Congress change the rigidity of laws, and the authority granted to administrators.

Another explanation (given, for instance, in [22], [47], [16]) for the decline of the number of private bills is wariness of Congresspersons because of the scandals associated with them. Scandals occurred however more commonly after the decrease in the number of private laws and not before, as can be seen from Figure 1. (The major scandals occurred in 1969, 1976, 1979, as discussed in Section 3.)

Private bills, individuals who seek them, the Congresspersons who pass them, and the major private bill scandals are discussed, respectively, in sections 1, 2, and 3. How Congresspersons decide whether to introduce a private bill and how Congress decides on the volume of private bills (i.e., the degree of rigidity in the public law and the levels of administrative authority that follow from them) are modeled in Section 4. The empirical validity of the model of Congressional behavior is presented in Section 5. The model is laid out in more formal detail in Appendix A. The data is described in appendices B, C, and D.

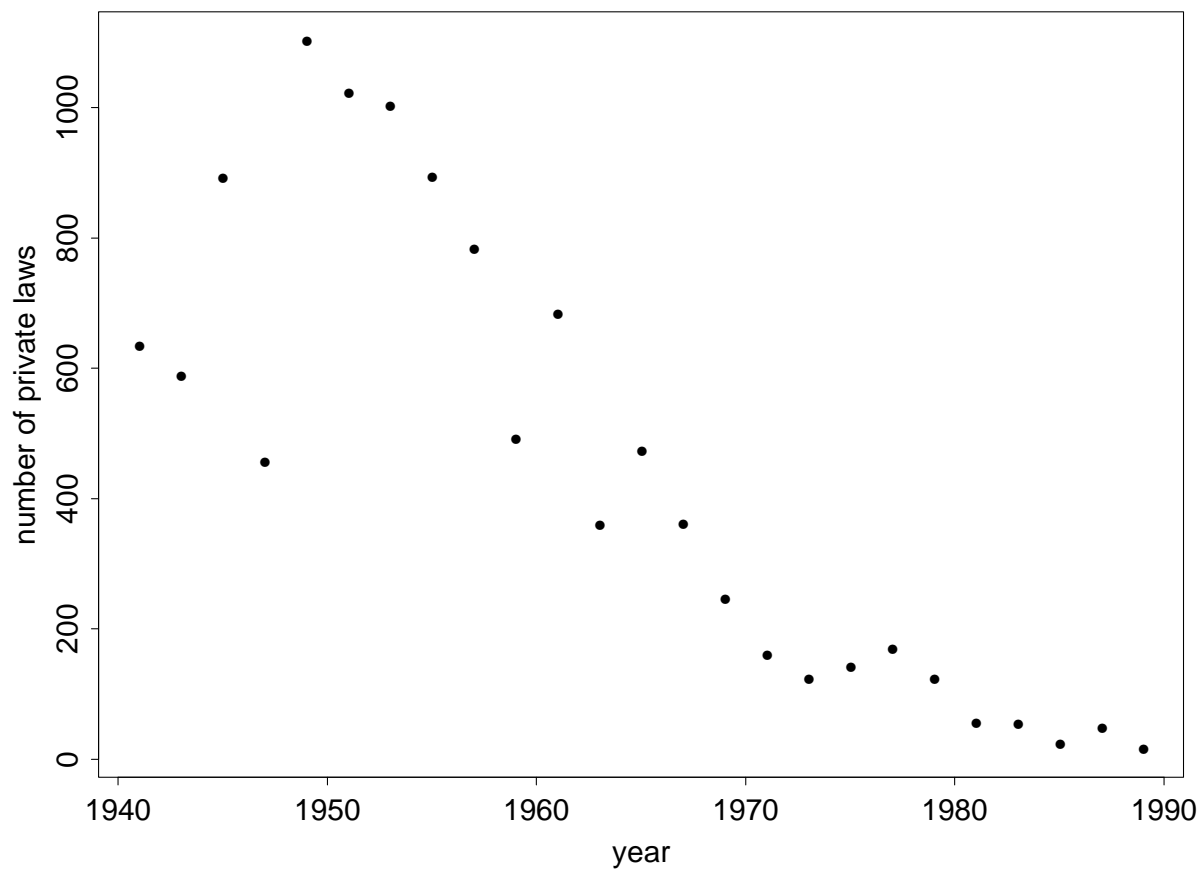


Figure 1: Number of private laws (by Congress). Source: [79].

1 PRIVATE BILLS AND THE U.S. CONSTITUTION

This section describes what are private bills, how are they passed, and how private bills have changed over time.

An example of a private bill makes the discussion less abstract. In 1989, Senator D'Amato introduced a bill for the relief of Maurice G. Hardy [78]. Maurice Hardy, chief operating officer of Pall Corp., was a British citizen with permanent residency. The job required Hardy to spend the majority of his time outside the United States and hence he was not able to meet the residency requirement for citizenship. This situation made him ineligible for the highest level of secret security clearance and consequently limited the eligibility of the Pall Corporation for military contracts.

As an illustration of what type of bills were voted on at the same time, the next bill was introduced by Senator Burns and provided disaster assistance to orchard owners who had suffered losses as a result of freeze damages of 1989.

1.1 Most common types of private bills: The main types of private bills deal with immigration (see above), claims, and patents. Private claims bills relieve or compensate employees or companies contracting with the federal government for special situations not fully addressed by the public law. For instance, a private claim bill may be introduced to exempt an employee from refunding overpayments made by the federal government. ⁸

Patent bills recompense inventors whose inventions were not patentable because of secrecy restriction or because the inventor was an employee of the Federal government at the time of the invention.

1.2 House and Senate rules dealing with private bills: After a Congressperson introduces a bill, the bill is referred to the appropriate committee. If the committee decides to report the bill to the House, the clerk assigns it to one of four calendars: Union, House, Consent, and Private.⁹ Bills of a private nature, without general application, and dealing with individuals and small groups are assigned to the Private Calendar. Such legislation is considered only during special calendar days. If two or more members of the House object to a bill on the first Tuesday, it is automatically sent back to the committee that reported it. On the third Tuesday of the month, the Speaker gives preference to omnibus bills – those containing various previously rejected private measures. The Senate has no comparable procedure. Private bills are voted by unanimous consent and enacted without debate.

In order for a private bill to become law it must to be approved by the House and the Senate and not be vetoed by the President. Since World War II, most private bills have dealt with immigration. In most cases the real motive for introducing a private bill is to delay deportation while the bill is being considered [22]. Hence, very few private immigration bills are enacted. Vetoes of private bills are rare and usually deal with private

claims bills. This is because the Justice Department does not make recommendations on immigration cases.¹⁰

1.3 History of private bill legislation: The history reflects changes in how much authority Congress has been willing to delegate to the bureaucracy. Private bills originated in the English Parliament in the 1400's. In addition to legislating, Parliament served in a quasi-judicial function redressing wrongs and remedying abuses.¹¹ As the volume of private legislation grew, the U.S. Congress established judicial and administrative ways to deal with petitioners. For instance, in 1790, Congress granted to the executive branch the authority to issue patents. In 1855, the United States Court of Claims was created to investigate claims against the government. In 1905, Congress changed the definition of a private bill to include bills for the survey of rivers and harbors. An Act of March 4, 1913, authorized the Secretary of War to conduct surveys of rivers and harbors [8].

The main act dealing with private bills is the LaFollette-Monroney Act of 1946 which delegated to executive departments the authority to settle tort claims within their bureaus up to a certain monetary limit.¹² The same act outlawed the introduction of private bills to alter military records, for individual pensions, and to build bridges over streams.

Congress was however less inclined to give the INS the right to suspend deportations. There was no statutory relief from deportation until Section 19(c) of the Alien Registration Act of 1940. However, in the deliberations leading to the 1952 Immigration Act,

Congress voiced displeasure with what it saw as abuses in the administration of Section 19(c).¹³ Section 244(c) required that stay of deportations granted by the INS be approved by Congress on the first day of each calendar month in which Congress was in session.

The INS has had a practice of deferring to Congress.¹⁴ [59] states that the INS prohibits its investigators from asking about payments with regard to the introduction of a private bill. According to Edward Kavanjan, a criminal investigator for the INS and former president of the National Council of Immigration and Naturalization Service Employers, the INS which is totally dependent on Congressional funding, looks the other way at reports of irregularities involving Congressmen.

Conversely, a deportation is halted if a private immigration bill is under active consideration (see, for instance, [22]). What amounts to active consideration has varied over time and House of Congress. Until 1971 in the House, and 1981 in the Senate, the mere introduction of a private bill was enough to stay an alien's deportation proceedings [11]. In general, active consideration requires the Judiciary Committee to request a report from the INS. However, before 1981, the introduction of a private bill in the Senate would itself generate a stay of deportation.

In addition to trying to control the right to grant a stay of deportation, Congress has tried to limit the number of recipients of such favors. The 1954 House Judiciary rules

stated that the Immigration Subcommittee would not request a report from the Attorney General, thus staying deportation, on behalf of those aliens who entered the United States as “stowaways, or deserting seamen, or by surreptitiously entering without inspection through land or sea borders of the United States unless the Subcommittee found that the purpose of the bill involved uniting or preventing separation of families.”¹⁵

2 DEMAND FOR PRIVATE IMMIGRATION BILLS AND THE CONGRESSPERSONS WHO SUPPLY THEM

The first part of this section summarizes some of the observations of the caseworkers interviewed by Martha Joynt in March 1970 [28].

While almost every person seeking a private claims bill has a lawyer, only about half of the persons requesting private immigration bills have lawyers. This may be due to the relative simplicity of immigration cases. There are two main ways in which immigrants find out about private bills when they are not represented by lawyers. Immigrants often know people who were once in a similar situation who found out about private bills.

Ethnic associations are the other basic source of information for immigrants. One of the primary responsibilities for the groups is to keep the immigrants here. Most of the groups are very knowledgeable about the immigration laws and can inform persons seeking

relief about the various options open to them. The Chinese Benevolent Association was active in trying to prevent the deportations of Chinese crewmen who jumped their ships in the United States. Similarly, Representative Frank Brasco passed private bills for the International League of Soviet Jewry, that was active in his district [6].

Most members of the House will not introduce bills for persons residing outside their district.¹⁶ Many Senators, however, will introduce bills relieving persons not in their states. Senator William Langer, Republican from North Dakota, introduced so many bills for persons in the New York Area that according to the *New York Herald Tribune* he was known as the third Senator from New York. From 1947 to 1952, Langer introduced 301 private bills involving 1,116 persons [39]. To keep things in perspective, total immigration to the U.S. in 1947 was 147,292.¹⁷ Some Congressmen will introduce bills as a courtesy for other Congressmen [55].

3 MAJOR SCANDALS

Of the 47 Congressmen indicted for activities relating to their office between 1941 and 1994, six were indicted for having been bribed to pass a private immigration bill.¹⁸ This section relates the publicized instances where Congressmen were bribed to introduce a private bill. As discussed on page 5, the decline in the number of private bills is often explained as a

backlash from these scandals.

3.1 Chinese ship jumpers: In 1969, the Senate Select Committee on Standard and Conduct investigated some Senators and their aides on allegations that they had received gifts and campaign contributions for introducing bills to help Chinese ship-jumpers escape deportation [7]. Bills for 702 Chinese ship jumpers had been introduced over that time period by 15 Senators.

3.2 Representative Helstoski: Rep. Henry Helstoski, D-N.J. was indicted by a federal grand jury in New Jersey June 2, 1976, on charges that he solicited and accepted bribes from Chilean and Argentinian aliens in return for introducing bills to block their deportation from the United States.¹⁹ Helstoski and three aides were charged with bribery, conspiracy, obstruction of justice and lying to a federal grand jury.

Helstoski and his aides were accused of operating an extortion scheme between 1967 and June 1975. The indictment said that Helstoski had received \$ 5,500 on behalf of five Chilean aliens, \$ 1,500 on behalf of two Argentinians and at least \$ 1,375 from two New Jersey lawyers specializing in immigration cases.

3.3 Abscam: In 1978, the F.B.I. created a fictitious company Abdul Entreprises. The employees spread the word that they would pay \$ 25,000 for any U.S. Congressman and \$ 50,000 for any Senator who would be willing to help wealthy Arabs become permanent residents of the United States. Eugene Cuizio who worked for Congressman Richard Kelly

raised the amount of the bribe paid to \$ 250,000 payable after any needed legislation was introduced in Congress. Kelly was subsequently arrested and charged with bribery along with House members John Jenrette, Raymond Lederer, John Murphy, Ozzie Myers, Frank Thompson and Senator Harrison Williams.²⁰

4 MODEL

The number of private bills introduced in Congress has changed dramatically over time. For some years, private bills represented more than half of all bills introduced in Congress. For other years, only a handful of such bills were introduced. The number of private bills is a reflection of the change in administrative authority Congress delegates to the bureaucracy (see Section 1). Congresspersons introduce private bills to provide constituency services and in exchange for bribes (see Section 2 and Section 3). Congresspersons refuse to introduce private bills because they are tainted with scandals (see introduction, Sections 2 and Section 3). In this section, a theoretical model which explains all these phenomena is presented.

In each congressional district, there are n voters where $n > 2$. Each voter, with probability p , asks the Congressperson to pass a private bill. It is assumed that $p \in [0, 1/n]$. At most one voter approaches the Congressperson and with probability $1 - np$, no voter

approaches the Congressperson.²¹ If a voter does not approach the Congressperson, the voter does not know if another voter did. However, the individual knows whether the Congressperson introduced a private law or not.

The Congressperson can introduce at most one private bill per term. The bill can be introduced for a voter or sold to someone else in exchange for a bribe equal to one. Unlike [1] and [53], the bribe is for the Congressperson's consumption and not for the campaign expenditures.

Congresspersons can be in office for at most two terms and are of two types: 0 and 1. The utility of a type 0 is purely a function of the probability with which the individual is reelected. The utility of a type 1 is the discounted sum of the bribes. Congresspersons know their type, but voters do not.²² The proportion of Congresspersons of type 0 is a , where $a > 0.5$. The value of a is common knowledge (to Congresspersons and voters).²³

Each Congressperson needs to decide if and when to introduce a private bill. Congress as a whole needs to decide the district demand for private bills, np .²⁴ Voters need to decide whether to reelect the Congressperson. A belief of the voter is the probability that this voter assigns to the Congressperson being of type 0; such a probability depends on the prior, a , the number of private bills the Congressperson introduced, and whether the Congressperson accepted or rejected the voter's request to introduce a private bill.²⁵ It is assumed that the probability of reelection depends on the average voter belief. Specifically,

the greater the certainty that a candidate is of type 0 (i.e., honest) the more likely the candidate is reelected.²⁶ Furthermore, agreeing to pass a private bill increases the probability of reelection by c , while refusing reduces the probability of reelection by d , where $c, d \in (0, a)$ and $d + c \leq 1$.²⁷

Appendix A restates the model in a formal way and should clarify any confusion behind the assumptions made in the model. For a definition of subgame perfect Nash equilibrium, see [42].

Proposition 1 *In a subgame perfect Nash equilibrium, if $a \geq 1 - \frac{c}{n-1}$, then $p = 1/n$; if $a < 1 - \frac{c}{n-1}$, then $p = 0$.*

Proof: Note that it is a dominant strategy for a type 1 to take a bribe and hence it is a best response for a type 0 not to take a bribe.

For the moment, suppose that an individual of type 0 passes a private bill when approached. Let U_A be the expected utility of a type 0 conditional on being approached and introducing a private bill. Then,

$$U_A = 1 + (n - 1)\rho + c,$$

where ρ is the belief of a voter who does not approach the Congressperson but sees a private

bill introduced; i.e.,

$$\rho = \frac{a(n-1)p}{a(n-1)p + (1-a)(1-p)}.$$

Let U_R be the expected utility of a type 0 conditional on being approached and refusing to introduce a private bill. Then,

$$U_R \leq 1 + (n-1) - d.$$

So, the assumption is valid if

$$(1) \quad 1 + (n-1)\rho + c \geq n - d.$$

For the moment, we will assume that this inequality holds and hence that the expected utility of a type 0 is

$$U = np(1+c) + np(n-1)\rho + (1-np)n.$$

Since $a > 0.5$, Congress selects p to maximize U . Note that

$$\frac{\partial^2 U}{\partial p^2} = \frac{2(-1+a)^2 a (-1+n)^2 n}{(1-a-p+anp)^3} > 0.$$

Hence the solution is either $p = 0$ or $p = 1/n$. In the first case, $U = n$, while in the second case $U = 1 - a + c + an$. Notice, that Condition 1 does not hold for $p = 0$ but holds if $p = 1/n$ and

$$(2) \quad 1 - a + c + d - n + an \geq 0.$$

Next, consider the case where a type 0 does not introduce a private bill. Then,

$$U_A \leq 1 + (n - 1)0 + c,$$

and

$$U_R \geq 0 + (n - 1)1 - d.$$

Hence, $U_R > U_A$ as assumed. Furthermore,

$$U = npa + np(n - 1)1 + (1 - np)n - npd = n(1 - p + ap) - npd.$$

Hence, $p = 0$ and $U = n$.

Individuals of type 0 are better off passing private bills when

$$(3) \quad 1 - a + c + an \geq n$$

or

$$c \geq (1 - a)(n - 1).$$

Notice that Condition 3 implies Condition 2. ■

Corollary 1 describes the implication on the number of private bills and the reelection rates.

Corollary 1 *If $a \geq 1 - \frac{c}{n-1}$, then the average number of private bills introduced by each Congressperson is 1. If $a < 1 - \frac{c}{n-1}$, then the average number of private bills introduced per Congressperson is $1 - a$.*

Figure 2 summarizes the Corollary.

number of private bills

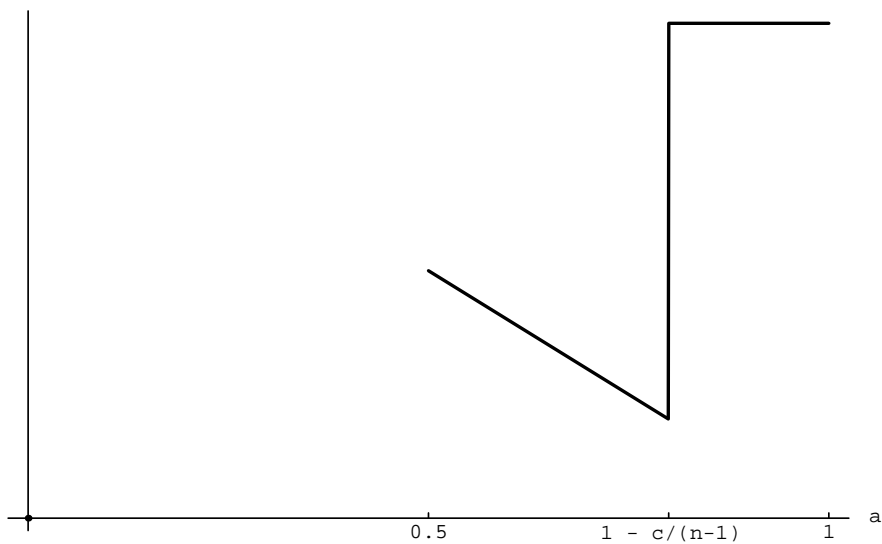


Figure 2: Illustration of Corollary 1. The horizontal axis measures the proportion of Congresspersons who are of type 0 (the type that does not take bribes). As in the paper, it is assumed that the proportion of type 0 is at least 0.5. The vertical axis measures the number of private bills. The number of voters in a district is n , while c relates to the benefits of introducing a private bill for a voter.

5 STATISTICAL ANALYSIS

The model in Section 4 predicts that there are two different regimes. In the first regime, honest Congresspersons introduce private bills and Congress puts excessive restrictions in public laws. In the second regime, honest Congresspersons do not introduce private bills, and Congress gives authority to the administration. In order to check the validity of this prediction, this section contains a statistical model for the number of private laws passed in a given year. Notice that this model also includes as a special case the situation where voters do not use the number of private bills to infer the probability with which a Congressperson is honest, or that such a belief does not affect the probability with which a Congressperson is reelected.

Let Q be the number of private laws. Then, $Q = K_1$ if $\frac{c}{n-1} \geq 1 - a$ and $Q = K_2(1 - a)$ if $\frac{c}{n-1} < 1 - a$. While in Section 4 each Congressperson is assumed to introduce at most one private bill, the different constants K_1 and K_2 allow the number of private laws introduced by a Congressperson to vary with each regime.

The instruments used for the variables are the following:

- i. Q is the number of private laws introduced each year between 1941 and 1994 (the number of private bills introduced is only available per Congress);
- ii. a is public opinion of Congress;

iii. $\frac{c}{n-1}$ is public opinion towards immigration.

Appendices B, C, D give a more complete discussion of the variables. The econometric model is as follows:

$$(4) \quad \log Q_t = f_1(\log(1 - a_t)) + \epsilon_{1t},$$

$$(5) \quad \log Q_t = f_2(\log(1 - a_t)) + \epsilon_{2t},$$

$$(6) \quad r_t = (1 - a) - \frac{c}{n - 1} + \epsilon_{3t},$$

where the the functions $\{f_i\}$ are linear, $\log Q_t$ is determined by Equation 4 if $r_t < 0$, and $\log Q_t$ is determined by Equation 5 if $r_t > 0$. The likelihood function is

$$Pr(\epsilon_3 < -(1 - a) + \frac{c}{n - 1} | a, \frac{c}{n - 1}, \epsilon_1) Pr(\epsilon_1) + Pr(\epsilon_3 > -(1 - a) + \frac{c}{n - 1} | a, \frac{c}{n - 1}, \epsilon_2) Pr(\epsilon_2).$$

Under the assumption that $\epsilon \sim N(0, \sigma)$, σ diagonal, the (negative) log-likelihood is

$$- \sum_t \log \left[\Phi \left(-(1 - a) + \frac{c}{n - 1} \right) \phi_1(\epsilon_{1t}) + \left(1 - \Phi \left(-(1 - a) + \frac{c}{n - 1} \right) \right) \phi_2(\epsilon_{2t}) \right],$$

where Φ is the standard normal distribution, ϕ_i is the normal density with mean 0 and variance σ_{ii} , and for identification reasons $\sigma_{33} = 1$. The maximum likelihood estimates of Equations (4)–(6) follow. In the first regime, $\log Q_t = 6.2_{(15.31)} + 0.61_{(1.32)} \log(1 - a_t)$. In the second regime, $\log Q_t = 4.34_{(3.33)} + 1.46_{(0.81)} \log(1 - a_t)$. The first regime occurs when $7.81_{(2.3)}(1 - a_t) - 7.07_{(-2.54)} \frac{c_t}{n-1} < 0$. The numbers in parentheses are the t-statistics.

The range of the variables is the following: $\log Q_t \in [0, 6.65]$, $1 - a_t \in [0.22, 0.73]$, $\frac{c_t}{n-1} \in [0.33, 0.69]$.

The results strongly support the conclusion in the model that there are two different regimes. (The negative log-likelihood of the one and two regime model are respectively 102.05 and 83.55. The likelihood ratio test rejects the one regime hypothesis, at the .005 level, if the difference of the likelihoods is greater than 6.42.) The first regime occurs when the public has a high opinion of Congress and supports immigration. In this regime a high number of private laws are passed. The second regime occurs when the public has a low opinion of Congress and is hostile towards immigration. In this regime a low number of private laws are passed.

As discussed in Appendix B, the public opinion data on immigration is very noisy. [51] argues that the number of deportations is strongly correlated with public opinion about immigration. Let $\frac{c_t}{n-1} = 1 - \frac{n_t}{\max n_t}$, where n_t is the number of deportations at date t . Then, the maximum likelihood estimates of Equations (4)–(6) are very similar to the previous estimates. In the first regime, $\log Q_t = 6.07_{(15.23)} + 0.45_{(1.01)} \log(1 - a_t)$. In the second regime, $\log Q_t = 4.57_{(3.85)} + 1.49_{(0.87)} \log(1 - a_t)$. The first regime occurs when $9.26_{(2.09)}(1 - a_t) - 7.03_{(-2.28)} \frac{c_t}{n-1} < 0$. The likelihood is 80.23 and $\frac{c_t}{n-1} \in [0, 0.91]$. Figure 3 describes the (maximum likelihood) probability of being in the first regime. Figure 3 describes the predicted number of private bills.

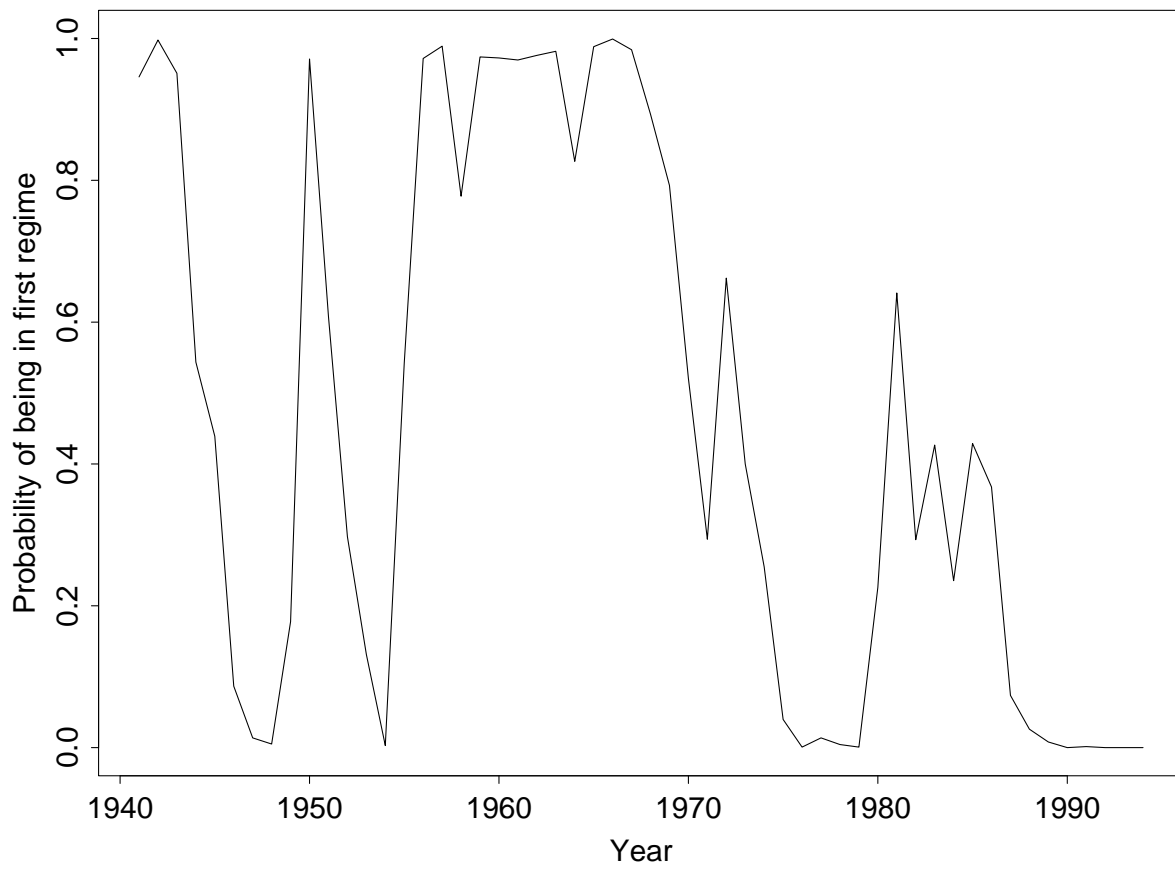


Figure 3: Probability of being in first regime.

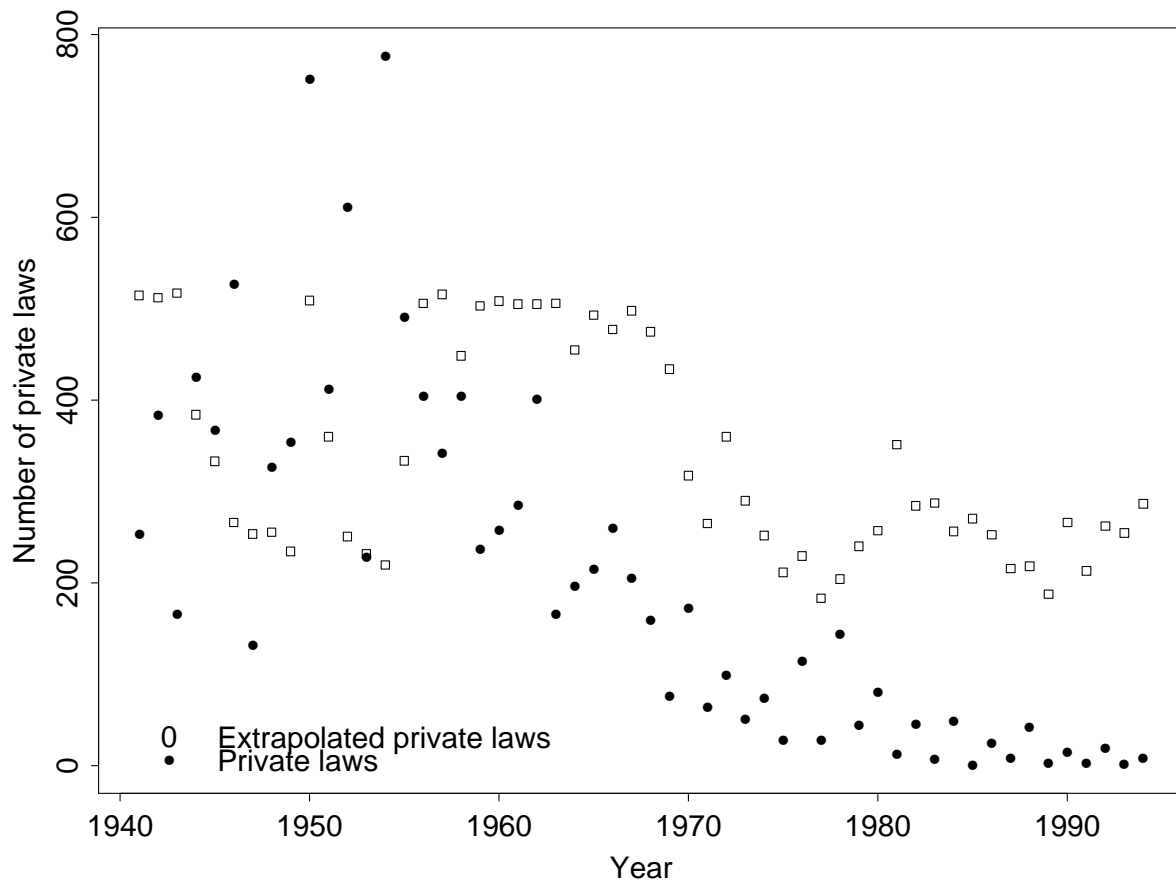


Figure 4: Number of private laws (real data and extrapolated data).

6 SUMMARY AND CONCLUSION

The number of private bills passed in a year represents the extent with which Congress wants to make administrative decisions instead of delegating these decisions to the bureaucracy. Scandalous behavior by Congresspersons has affected the number of private bills by changing the voter's belief of the likelihood that a Congressperson is a crook. Congresspersons are less likely to be willing to introduce a private bill and Congress passes public laws that delegate administrative decisions to the bureaucracy.

Even though a majority of Congresspersons care only about their reelection probability, the number of private bills changes discontinuously with the fraction of crooks in Congress. Such a result cannot be obtained with existing models of lobbying, but it is implied by both the theoretical model and the statistical analysis.

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APPENDIX A

The formal definition of the game analyzed in Section 4 is given in this section. For a definition of concepts such as history or terminal node, see [42].

The game $\Gamma = (N, H, u)$ is defined as follows. The set of players is $N = \{C, 0, 1\}$. The set of histories for the game is $H = \{\emptyset, p, (p, j, i), (p, j, 0), (p, j, 0, 0), (p, j, 0, 1), (p, j, i, A, 1), (p, j, i, R, 0), (p, j, i, R, 1)\}$: $p \in [0, 1/n]$, $j \in \{0, 1\}$, $i \in \mathbf{N} \cup [1, n]$.

Let $a_0 = 0$ and $a_1 = 1 - a$. Chance is such that $Prob(p, j, i) = a_j p$, $Prob(p, 0) = a_j(1 - np)$.

A strategy for player C is $s_C = p$, where $p \in [0, 1/n]$. A strategy for player $j \in \{0, 1\}$ is $s_j = (r_j, k_j, l_j)$, where $r_j \in \{A, R\}$ and $k_j \in \{0, 1\}$ are such that if $r_j = A$, then $k_j = 1$. The interpretation is the following:

- i. if $h = (p, j, i)$, then player j selects that choice r_j ;
- ii. if the history is $h = (p, j, i, R)$, player j selects the action k_j ;
- iii. if the history is $h = (p, j, 0)$, player j selects the action l_j .

Let $H_v = \{(p, A), (p, R, 1), (p, R, 0), (p, 0), (p, 1)\}$ be the possible observations by voters. A voter belief is a function $\rho: H_v \rightarrow [0, 1]$. consistent with Bayesian updating. For instance,

1. if $r_j \equiv A$, $l_j \equiv 0$, then $\rho(p, A) = \frac{a(n-1)p}{a(n-1)p + (1-a)(n-1)p}$;
2. if $r_0 = R$, $k_0 = l_0 = 0$ and $k_1 = l_1 = 1$, then $\rho(p, 1) = 0$.

Let Z be the set of terminal nodes. The probability of reelection, $\alpha: Z \rightarrow [0, 1]$ is such that:

- A. $\alpha(p, j, 0, 0) = H(n\rho(p, 0))$;
- B. $\alpha(p, j, 0, 1) = H(n\rho(p, 1))$;
- C. $\alpha(p, j, i, A, 1) = H(\rho(p, A) + (n-1)\rho(p, 1) + c)$;
- D. $\alpha(p, j, i, R, 1) = H(\rho(p, R, 1) + (n-1)\rho(p, 1) - d)$;
- E. $\alpha(p, j, i, R, 0) = H(\rho(p, R, 0) + (n-1)\rho(p, 0) - d)$;

where H is some affine transformation. For $j \in \{0, 1\}$, $B_j: Z \rightarrow \{0, 1\}$ is such that:

- i. if $z = (p, j, i, R, 1)$, $B_j(z) = 1$;
- ii. if $z = (p, j, 0, 1)$, $B_j(z) = 1$;
- iii. in all other cases, $B_j(z) = 0$.

The payoff function for player $j \in \{C, 0\}$ and history $(p, 0, \dots) \in Z$ is $u_j(z) = \alpha(z)$, while for all other histories $u_j(z) = 0$. The payoff for player 1 is such that for all histories $h = (p, 1, \dots)$, $u_1(z) = B(z) + \alpha(z)\delta$, where $\delta < 1$, while for all other histories, $u_1(z) = 0$.

APPENDIX B

Immigration polls are discussed in this section. A complete history of such polls can be found in [52]. The main findings is that until recently such polls had been infrequent and motivated by current events. The following poll questions are used to determine disapproval of immigration:

1. 1946: “Should we permit more persons from Europe to come to this country each year than we did before the war, should we keep the number the same, or should we reduce the number?”
2. 1946: “There are still a lot of refugees or displaced persons in European camps who cannot go back to the homes they had before the war. Which of these four statements comes closest to what you think this country should do about these refugees? We should admit all of these refugees who are well and strong to the United States, no matter what other countries do. We should take only our share of these refugees and insist that other countries do the same. There are still too many here now, and we should not admit any more at all, but we should help to get them settles elsewhere. There are a problem for the European countries to worry about, and we should let these countries handle the problem.”
3. 1953, 1964, 1965, 1977, 1981, 1982, 1986, 1988, 1993, 1994: “Should immigration be kept at its present level, increased, or decreased?”
4. 1956: Do you feel the United States is letting in too many refugees from Hungary?
5. 1957: “There are an estimated 15 million refugees in different parts of the world. These people have been forced to leave their home countries or have fled for various reasons. Are you in favor of or against allowing any of these refugees to come to to the United States to make their new home?”
6. 1965: “Do you think the Unites States’ immigration policy should or should not have provisions for admitting people who escape from communism?”
7. 1975: “Do you favor or oppose 130,000 Vietnamese refugees coming to live in the United States?”
8. 1978: “Thinking about the Indochinese refugees, the so-called boat people, would you favor or oppose the United States relaxing its immigration policies so that many of these people could come to live in the United States?”
9. 1979: “Should the U.S. government permit these Cubans to come and live in the United States?”

10. 1980: “Some people say that the U.S. government should permit persons who leave other countries because of political oppression to come and live in the United States. Others say that the federal government should halt all immigration until the national unemployment rate falls below 5 percent. Which point of view comes closer to what you feel — that political refugees should be permitted to immigrate to the United States or that immigration should be halted until the employment rate in the United States drops?”
11. 1980: “Do you think that anyone who wants to come to this country to live should be allowed to do so, or do you think that the U.S. should maintain limits on the number of people who can settle in this country?”
12. 1983, 1984: “The U.S. government is allowing too many immigrants to enter this country these days. Would you tend to agree or disagree?”
13. 1985, 1993, 1994: “Some people feel America should keep its door open to people who wish to immigrate to the United States because that is what our heritage is all about. Others feel that this philosophy is no longer reasonable and we should strictly limit the number of people who immigrate. Which of these positions is closer to your opinion?”
14. 1990: “In addition to whatever other regulations or requirements we place upon people wanting to enter this country, would you favor or oppose an immigration policy that sets a specific limit on the total number of immigrants allowed into the United States each year?”
15. 1990, 1992: “Is it your impression that the current immigration laws allow too many immigrants, too few immigrants, or about the right number of immigrants into this country each year?”

It is assumed that: questions 1, 3, 15 are the same; questions 11, 12, 13 and 14 are the same; questions 2, 4, 5, 6, 7, 8, 9, 10 are the same. Questions of the first type are used for most years. Questions of the second and third type are used to input responses for the remaining years. First, data from years in which questions of type 1 and 2 overlap are used to run a regression determining the correlation between the two groups of questions. The estimates are then used to predict poll responses for years in which type 1 questions were not asked, but type two questions were. The resulting data is then regressed on responses to questions of type 3. Estimates from this regression are used to predict polls responses for the remaining years.

After combining all the polls together, there are still many missing observations. These missing observations occur mainly before 1974, a time when fewer polls were conducted and immigration was not an issue of great concern. The missing observations are extrapolated by constructing a model of preferences towards immigration. Further, the Heckman two-step estimation procedure is used to take into consideration the fact the years for which the data is missing are not random.²⁸

A probit equation models the likelihood with which there is a poll of the type listed in this appendix in a given year. This probability is increasing in the level of immigration, the overall number of polls conducted in a given year, and the number of polls where the word ‘immigration’ appears. (The last coefficient has a t-value of 2.95.²⁹)

There have not been many studies analyzing the determinants of preferences towards immigration policies. [57] and [51] measure preferences by examining government policies.³⁰ [51] examines the degree of enforcement of immigration restrictions from 1900 to 1982 and finds that enforcement is explained by unemployment, real wages, and real GNP. [57] constructs an immigration policy index for the years 1860 to 1930 in the following countries: Argentina, Australia, Brazil, Canada, and United States. The index is best explained by the ratio of the unskilled wage to income per capita. [14] examines a 1993 poll and finds that opposition towards immigration is correlated with being at the bottom end of the income distribution and having negative feelings regarding the health of the economy.

Based on the above findings, disapproval of immigration is predicted as follows:

$$\begin{aligned} \text{Percent Disapproval of Immigration} = & \\ & 31.3 \quad + \quad 0.35 \text{ Unemployment} \quad - \quad 78.56 \text{ Manufacturing wage} \\ & (2.14) \quad \quad \quad (0.33) \quad \quad \quad (-0.36) \\ & - 0.75 \text{ GDP} \quad + \quad 417.77 \text{ Openness} \quad - \quad 3.17 \text{ Immigration} \quad - \quad 16.13 \lambda. \\ & (-1.87) \quad \quad \quad (4.94) \quad \quad \quad (-0.175) \quad \quad \quad (-1.74) \end{aligned}$$

Manufacturing wage and GDP are in real terms. Openness is defined as imports plus exports over GDP. Immigration is the number of immigrants divided by the total population. The Mills’ ratio, λ , measures the likelihood with which a poll was not conducted that year. The $R^2 = 0.79$, while the numbers in parenthesis are the t-statistics. Figure 5 describes the polls data and the extrapolated polls. The drastic change in the early forties is due to the drastic change in unemployment after the U.S. entered World War II.

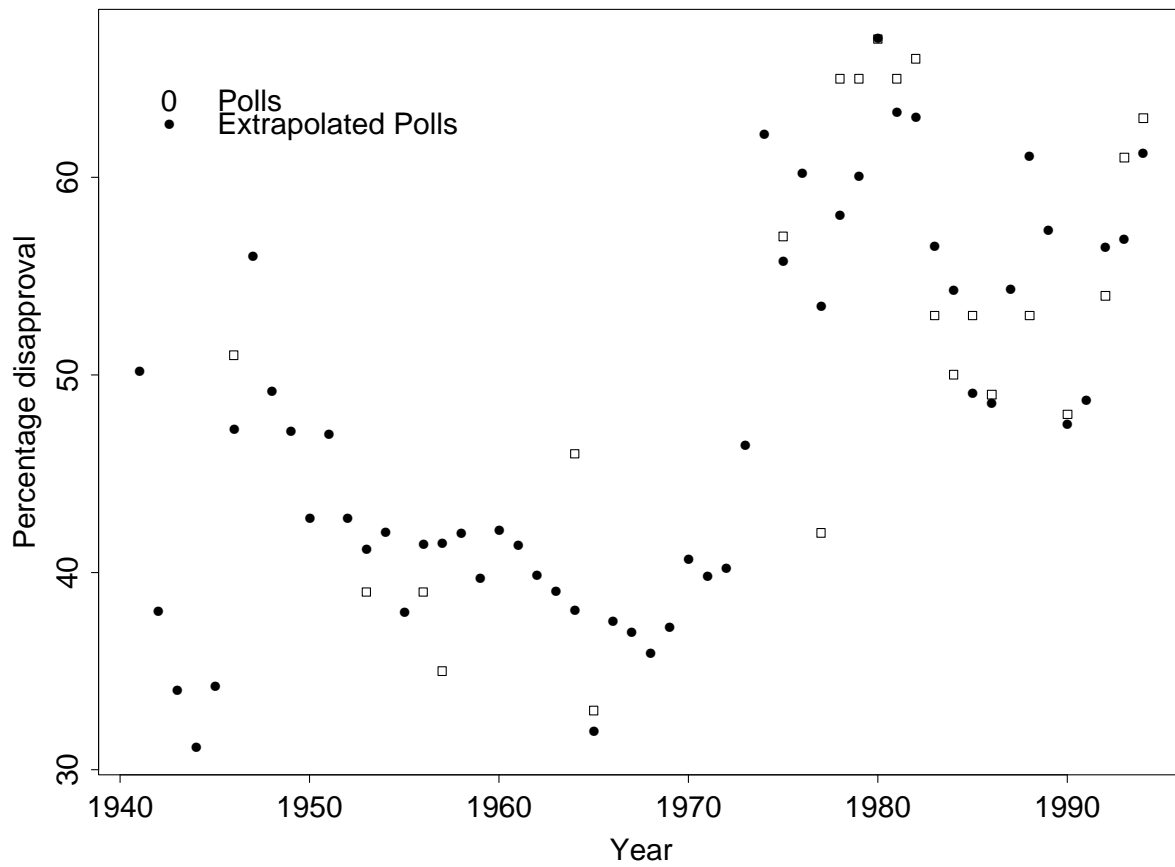


Figure 5: Percentage of the population that disapproves of immigration (real data and extrapolated data).

APPENDIX C

This section discusses polls about Congress. Unlike polls about the Presidency, until recently, voters were not polled about Congress in a regular manner.

The following poll questions are used to determine disapproval of Congress:

1. 1946, 1947, 1948, 1953, 1954: “Do you think the present Congress has done a good job or a poor job?”
2. 1974, 1975, 1977, 1979, 1981, 1982, 1983, 1987, 1990, 1991, 1993, 1994: “Do you approve or disapprove of the job Congress is doing?”
3. 1964, 1966, 1967, 1968, 1969, 1970, 1971, 1984: “How would you rate the job Congress has done – excellent, pretty good, only fair, or poor?”

It is assumed that questions 1 and 2 are the same. In order to be able to use question 3, one examines the relationship between the answer of question 2 and question 3 in the years that both questions are asked (*via* a regression) and correspondingly adjusts the response rates for question 3 over the years of non-overlap.

After combining all the polls together, there are still a few missing observations. The missing observations are extrapolated by constructing a model of Congressional approval. There is a small literature that tries to explain Congressional approval. Support of Congress has been related to attitudes toward the President, scandals, the economy, and perceived Presidential-Congressional relations (see [44], [25] and [13]). It also seems reasonable to expect Congressional pay and expenditures to be related to Congressional approval. Consequently, disapproval of Congress is predicted as follows:

$$\begin{array}{rcll}
 & & \text{Percent Disapproval of Congress} = & \\
 63.76 & & + & 0.6 \text{ Indictments} & + & 0.04 \text{ President disapproval} \\
 (11.99) & & & (0.58) & & (0.13) \\
 +1.08 \text{ Vetoes overridden} & - & 0.29 \text{ Unemployment} & - & 1 \text{ GDP} \\
 (0.96) & & (-0.32) & & (-3.87) \\
 +0.002 \text{ Number of polls} & + & 0.02 \text{ Polls with 'Congress.'} & - & \\
 (3.13) & & (2.43) & &
 \end{array}$$

Senate Pay, GDP, and Congressional expenditures are in real terms. The $R^2 = 0.55$, while the numbers in parenthesis are the t-statistics. Figure 6 describes the polls data and the extrapolated polls.

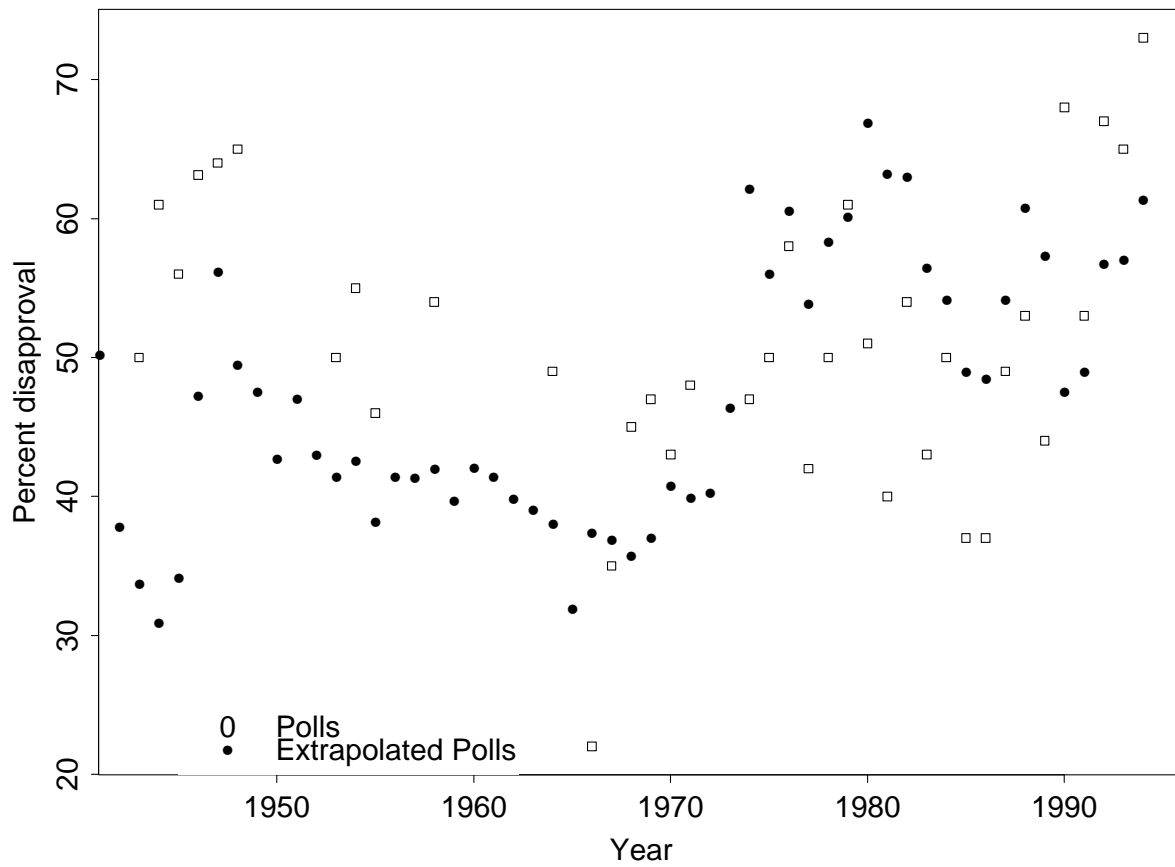


Figure 6: Percentage of the population that disapproves of Congress (real data and extrapolated data).

APPENDIX D

This section gives sources for the data used in this paper.

Alien deportations: [18] (1940–1977) [40] (1978–1980), [34] (1981–1993), [35] (1996).

Congressmen indicted: The variable specifies Congressmen indicted while in office, for activities relating to their office. The main sources for the data are the following: [9], [10], [30], [56]. Most Congressmen indicted for activities not related to their office, were indicted in sex related cases.

CPI: [80].

GDP, imports, exports: U.S. Department of Commerce, <http://www.bea.doc.gov/bea/dn/0897nip2/tab1.htm>.

Immigration: [84], [83].

Manufacturing wages: [60] (1941–1953), [61] (1954–1960), [62] (1961–1962), [63] (1963), [64] (1964–1966), [65] (1967–1969), [66] (1970–1972), [68] (1973–1975), [69] (1976–1977), [70] (1978–1979), [71] (1980–1981), [72] (1982–1983), [73] (1984–1986), [74] (1987), [75] (1988–1991), [76] (1992–1993), [77] (1994).

Private Bills: [81].

Polls: “Polls,” online database of Roper Center for Public Opinion Research, the Federation for American Immigration Reform: www.fairus.org/04120604.htm, [52], [20]. Polls about immigration and Congress are described, respectively, in appendices B and C. Presidential popularity is defined by the answer of the following question: “Do you approve or disapprove of the way (Current President) is handling his job as President?” No such poll question was asked in 1944. For that year, a combination of the Presidential approval rate for 1943 and the answer of following question for 1943 and 1944 is used: “If the Presidential election were being held today, and if Franklin Roosevelt were running for President on the Democratic ticket against Thomas E. Dewey on the Republican ticket, how do you think you would vote?”

Population (U.S.): [82].

Unemployment: [67], [82].

NOTES

1. In previous political economy models of tariff formation the outcome did not depend explicitly on the preferences of the government official. For instance in [37] tariffs are determined directly from the electoral process. In [27] tariffs are selected by a government which maximizes a “political-support” function.

2. [21] estimate a using trade and lobbying data under the implicit assumption that the first order conditions characterize the lobbying equilibrium.

3. See [29] for a discussion of preferences of Congresspersons.

4. [31] discusses the opposite relation; specifically how, the ability of bribing legislators affects the committee structure.

5. Arguments that such legislation violates the equal protection clause have been rejected by the Supreme Court [2]. The constitutionality of private *immigration* bills is more problematic because of Article 1, Section 8, clause 4 of the U.S. Constitution requiring a uniform rule of naturalization. See [22].

6. Among them one for Oliver North, who wanted to keep his military pension despite being convicted for his role in the Iran-Contra scandal [16].

7. ABSCAM is discussed in Section 3.3. One can find references to ABSCAM and private bills in such diverse avenues as the TV-series “Melrose Place,” the movie “Donny Brosco,” and the novel *The Godfather*.

8. More specifically, there are three main types of private claims bills. For instance, in the 84th Congress, claims bills were: 46 tort claims, 45 contracts claims, 172 employment relationship cases, 110 miscellaneous, see [28]. The first type deals with actions performed by persons working for the federal government. There are public laws providing for the settlement of tort claims arising out of accidents occurring when a federal employee is on his job and has authorized use of the vehicle. Private bills, however, are the only method of relief in cases where the employee acts outside of his job, is not authorized to use the vehicle, or is negligent. The second type deals with claims arising from contracts between companies and government. Contract claims involve cases where contractors exceed the statutory costs limits due to an action of the government. Although legally the government does not have to pay the contractor the extra money spent, in some cases the Congress feels that there is moral obligation to pay. The third type deals with exemptions from repaying overpayments made by the federal government to individuals working for it.

9. This discussion borrows heavily from [41].

10. In the 83rd Congress, President Eisenhower vetoed 31 private bills, only three of which were immigration ones. In the 86th Congress he vetoed 19 claims bills and no immigration ones. President Johnson vetoed only three claims bills in the 90th Congress [28].

11. This paragraph borrows heavily from [2].

12. This discussion borrows heavily from [28].

13. This paragraph borrows heavily from [47].

14. For a more detailed discussion and empirical evidence of Congressional control of the bureaucracy see [85].

15. See [33].

16. “The chances for further action by the member on this request will be enhanced if it is demonstrated to the member that ... [the lawyer] ... is acting on behalf of a constituent” [22]. Representative Addabbo is quoted as saying [58]: “The crucial factor in submitting a bill is whether the applicant is related to a constituent.” A reason for asking a Congressperson outside one’s district to introduce a private bill is relayed in the following story taken from [46]. The baker told the story of his daughter and Enzo. A fine Italian lad from Sicily; captured by the American Army; sent to the United States as a prisoner of war; given parole to help our war effort! A pure and honorable love had sprung up between honest Enzo and his sheltered Katherine but now that the war was ended the poor lad would be repatriated to Italy and Nazorine’s daughter would surely die of a broken heart. Only Godfather Corleone could help this afflicted couple. He was their last hope.

...

Don Corleone smiled at him and said, “My dear friend, put all your worries aside.” He went on to explain very carefully what must be done. The Congressman would propose a special bill that would allow Enzo to become a citizen. The bill would surely pass Congress. A privilege all those rascals extended to each other. Don Corleone explained that this would cost money, the going price was now two thousand dollars. He, Don Corleone, would guarantee performance and accept payment.

...

The baker embraced him before disappearing into the garden.

...

Hagen smiled at the Don. “Who do I give this job to?”

Don Corleone frowned in thought. “Not to our *paisan*. Give it to the Jew in the next district. Have the home address changed. I think there might be many such cases now the war is over; we should have extra people in Washington that can handle the overflow and not raise the price.” Hagen made a note on his pad. “Not Congressman Luteco. Try Fischer.”

17. In the Chinese ship jumpers’ scandal (see Section 3.1), the lawyers representing the crewmen tried to approach the Senators from New York. The reason for that was that most of the crewmen and their lawyers were, if only temporarily, from New York. Senators Javits and Goodell, however would not get involved. The lawyers consulted lobbyists and had them place many of their bills. Those introducing large numbers of the Chinese crewmen bills were mostly Democrats from the Midwest or West. The names of the Senators and the number follow: Gaylord Nelson (D-Wisc) 98; Daniel Brewster (D-Md) 75; Harrison Williams (D-NJ) 70, Daniel Inouye (D-Haw) 70; Lee Metcalf (D-Mont) 35; Frank Moss (D-Utah) 35; Joseph Montoya (D-NM) 25; George McGovern (D-SD) 20; Gale McGee (D-Wyo) 18; Alan Bible (D-Nev) 18. See [28].

18. [36] argues that the reason why private bills are so susceptible to corruption is that they

are not as carefully monitored by other Congresspersons. Eleven Congressmen were indicted for misappropriation of staff and office funds. The relationship between private bills and expenditures dealing with staff and office was first considered by [26]. [4] finds that the Senators who have the most conservative ideology are the ones who spend the least on staff and office. They also report a list of the 10 Senators who spent the least and the most in 1978. Interestingly, the fourth highest spender was Donald Riegle, one of the Keating Five, while the fifth highest spender was Gary Hart, of the sex scandal. John Stennis, who spent the least, was the Chairman of the Ethics Committee and the first chairman of the Select Standard Committee on Standards and Conduct.

19. This section borrows heavily from [9].

20. See, for instance, [15]. For reasons relating to entrapment, Harrison Williams was not charged for being bribed to introduce a private immigration bill but instead for accepting shares in a titanium mine in exchange for a promise to help the enterprise get government contracts.

21. Note, the probability with which two voters approach a Congressperson are not independent of one another.

22. [48] and [49] also consider an adverse selection model of political behavior. However in these models politicians differ in their competency and not their preferences. [5] considers a model in which the cost of providing public services is random but correlated across U.S. governors. Voters do not know the cost or the preferences of the governors. However, they make inferences by observing the tax selected by all governors.

23. In particular, a is exogenous. [43] argues that over time a will decrease since when a is small, the job of Congressperson is not very appealing to honest Congresspersons and this in turn leads to lower values of a .

24. The interpretation of np is in Section 1.3. [38] gives many more examples of situations where Congress affects the demand for its services.

25. Representative Henry Helstoski sponsored 119 private immigration bills in 1969 and 1970. His opponent made this an issue in the following election. Senator Harrison Williams was attacked during his re-election campaign in 1970 for his sponsorship of bills that aided a number of Chinese immigrants [54]. The chief selling point in Representative James Howard's 1976 reelection campaign was the fact that he turned down a \$ 5000 bribe from an FBI agent during the ABSCAM operation [12]. [45] finds that bribery charges reduce the percentage of votes by 12.8 for a Republican and 17.5 for a Democrat.

26. This is consistent with majority vote by interpreting each voter as a voter type and allowing i.i.d. preference shocks among the infinite number of voters. Then, by the law of large number, maximizing the expected number of votes is the same thing as maximizing the expected probability of winning the election. Notice that, as in [17], the Congressman's vote on the public bill (which here affects the overall demand for private bills) is not assumed to directly affect the chance of reelection. The justification for this assumption in [17] is that the legislator is not likely to have much of an impact on legislative outcomes.

27. [86] provides empirical evidence that a constituent's satisfaction with casework is an

important influence in the voting decision. In a sample of 2286 voters, 78 were very satisfied with casework; 156 had friends who were very satisfied.

28. For a description of this procedure, see [23], page 978. For a description of its limitations, see [32].

29. The model makes a correct prediction in 44 out of the 54 years.

30. [3] constructs a theoretical model of the determinants of preferences towards immigration and government policies. The preferences of a voter depend on the ratio of that voter's capital endowment and labor endowment. Government implements the policy of the median voter. For an empirical discussion of the economic sources of feelings against immigration see [19].