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Short report

Term limits and the tobacco industry

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ABSTRACT

In the 1990s several American states passed term limits on legislators with the stated intention of reducing the influence of wealthy industries on career legislators. Although term limits in the United States do not have a direct relationship to public health, the tobacco industry anticipated that term limits could have indirect effects by either limiting or expanding industry influence. We detail the strategy of the tobacco industry in the wake of term limits using internal tobacco company documents and a database of campaign contributions made to legislators in term limited states between 1988 and 2002. Despite some expectations that term limits would limit tobacco industry access to state legislators, term limits appear to have had the opposite effect.

In the early 1990s, 21 American states established limits on the tenure of state legislators (National Conference of State Legislatures, 2003). These typically constrained legislators to 6–8 years of service in any office. Currently, after legal appeals through state courts, 15 states retain term limits. Advocates for term limits, many with strong links to the tobacco industry, argued that term limits would reduce corruption by creating a citizen legislature that was not beholden to moneyed interests, and generate "natural campaign finance reform" by decreasing the value of legislative seats to interest groups (Basham, 2001). We consider how term limits affected tobacco industry political influence by reviewing both the industry's expectations and how their campaign contributions to legislators changed before and after term limits took effect.

The study of interest group behavior in politics is based on theories of rational self-interest and competition for resources (Wilson, 1995; Wright, 1995). According to this research, organizations provide information, financial resources, and popular support in the hope that policy makers will respond with favorable legislation (Wright, 1985). Interest groups seek influence over policy, and make campaign contributions to gain access: the opportunity to contact and communicate with legislators (Austen-Smith, 1995; Grier, Munger, & Roberts, 1994; Hall & Wayman, 1990; Sorauf, 1992). Advocates for term limits, some of whom were tobacco industry allies, claimed that interest group power would be attenuated under term limits (Alexandar, 2011; Crane, Belz, Kaza, & Keller, 2001). Interest groups were expected to oppose legislative term limits because they threatened relationships groups had cultivated with senior members of state legislatures.

To date, however, the majority of studies on U.S. term limits have focused on term limits' other effects (Lopez, 2003). These include changes in the composition of the legislature, the behavior of officeholders, and the distribution of power within legislatures (Apollonio & La Raja, 2006; Bernstein & Chada, 2002; Carey, Niemi, & Powell, 2000, 2006; Meinke & Hasecke, 2003; Squire, 1998). Other studies suggest that term limits redistribute power away from the legislature and toward other actors such as interest groups, state executives, and the bureaucracy (Carey, Niemi, & Powell, 1998, 2000; Moncrief, Thompson, Haddon, & Hoyer, 2001; Peery & Little, 2002).

Most literature suggests that term limits remove sources of leadership power, such as seniority. Such a change could force interest groups to provide a wider distribution of resources to many members, rather than channeling funds to leaders who then deliver votes (Capell, 1996). Alternatively, interest groups could attempt to reach more legislators, but make the same average contributions to each recipient (Capell, 1996). Our research hypotheses are based on these expectations.

Hypothesis 1. *Interest groups should distribute campaign contributions to a larger percentage of state legislators after the passage of term limits.*

Hypothesis 2. *Interest group efforts to reach more legislators may require them to spend more money on campaign contributions in the wake of term limits.*

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If advocates for term limits were correct, limiting interest group influence on state legislators could have compounding effects, because many state legislators move to higher political office. If legislators are less responsive to special interests, including tobacco interests, the effects on policy and public health could be significant. Discovering that term limits decrease interest group political power would justify expanding them to other states and countries.

The role of the tobacco industry

Research on interest groups often extrapolates from the behavior of a single industry or organization (Browne, 1995; Rothenberg, 1992). Unlike many interest groups, the tobacco industry is active in state politics (Studlar, 2002). However, because the tobacco industry is geographically concentrated (Centers for Disease Control and Prevention, 2013), legislators from non-tobacco states who ally with the industry are rarely responding to local economic interests.

The tobacco industry is extraordinarily politically active (Aguinaga Bialous & Peeters, 2012). It monitors and is active on issues ranging from efforts to reduce cigarette litter (Smith & McDaniel, 2011), change package warning labels (Oswal, Pednekar, & Gupta, 2010), and design excise tax increases (Gilmore, 2012). These efforts extend to countries around the world (Charoenca et al., 2012; Croghan et al., 2011; Holden & Lee, 2011; Hurt, Ebbert, Achadi, & Croghan, 2012; Krasovsky, 2010; Shirane et al., 2012; Smith et al., 2010). In addition, tobacco firms have frequently recruited organizations that appeared unaffiliated to advocate on the industry's behalf (Apollonio & Bero, 2007; Holden, Lee, Gilmore, Fooks, & Wander, 2010; McDaniel & Malone, 2012). Although the industry's power is waning, tobacco companies continue to successfully advocate to limit the scope of regulations in the U.S. (Zajac, 2011).

Unusually, the tobacco industry's motives and expectations can at times be assessed directly. Most research on interest group behavior has relied on interviews with interest group representatives, whose statements may be limited by conflicts of interest or confidentiality concerns. However legal settlements in U.S. required that 80 million pages of previously proprietary internal tobacco industry documents be made publicly available. As a result researchers gained access to information detailing the industry's political strategies (Malone & Balbach, 2000). Previous research has found that the strategies discussed in these documents were often carried out (Bero, Montini, Bryan-Jones, & Mangurian, 2001).

Data and methods

Our research relies on two sources of data: (1) internal tobacco industry documents, which we used to evaluate tobacco industry expectations about term limits, and (2) a database of campaign contributions made by tobacco companies between 1988 and 2002.

Documents: Millions of previously proprietary internal tobacco industry documents can be accessed by at the website of the Legacy Tobacco Documents Library (LTDL). Using established techniques for systematically searching tobacco documents archives (Malone & Balbach, 2000), we began with initial search terms on identifiers such as "term limits", and "initiatives" (term limits were passed by state initiative). Searches were expanded with a snowball strategy, using information from the initial searches to identify additional search terms, including the names of individuals and organizations, date ranges, places, and reference (Bates) numbers. We reviewed 688 internal tobacco industry documents pertaining to the tobacco industry's political strategy in the states, and 168 pertaining to term limits in particular. We excluded documents that copied news reports and listed initiatives without comment, retaining "weekly government relations reports," copies of checks written to legislators and interest groups, and memoranda detailing the search for political allies or proposed lobbying activities at the state level.

Campaign contributions: Since the mid-1980s, researchers at the University of California, San Francisco, have gathered detailed data on campaign contributions made by tobacco companies and trade associations in American states. Our analysis begins with the 1988 election cycle because it preceded the consideration or passage of term limits. Unfortunately very few states have a complete time series, and some states destroyed records for past election cycles. Two states had both a complete time series and term limits in effect and could be used in our analysis: California and Florida. In California, term limits took full effect in 1996–1998, and in Florida, term limits took full effect in 2000. Our analysis ends in 2002; although data on campaign contributions are available after 2002, due to significant changes in state campaign finance law that independently influenced industry spending, they are not included. Ideally, we would also include measures of legislators' political ideology; unfortunately, no such measures exist at the state level, and political parties differ so greatly across states that partisan identification is a poor substitute.

Because this analysis spanned from 1988 to 2002, all contributions were translated into 2002 real dollars. We used Consumer Price Index (CPI) multipliers to control for inflation.

Results

We first considered the tobacco industry's expectations about the effect of term limits on their political influence, and how these expectations informed tobacco companies' political strategies. Although tobacco companies compete among themselves for market share, during the time period when term limits were debated (roughly the late 1980s to early 1990s) the tobacco industry maintained a consistent political strategy (Glantz, Barnes, Bero, Hanauer, & Slade, 1995; Glantz, Slade, Bero, Hanauer, & Barnes, 1996). Until their dissolution in 1998 tobacco industry trade associations like the Tobacco Institute organized most of the industry's political activity in the United States (Wilson, 1999).

The tobacco industry is highly centralized. The two largest companies in the U.S., Philip Morris[1] and R.J. Reynolds, account for 76% of all cigarette sales (Philip Morris USA, 2013; RJ Reynolds, 2013). However, these companies and the industry's (now dissolved) political trade group, the Tobacco Institute, had different expectations about the effects of term limits on the industry. Philip Morris generally opposed term limits, R.J. Reynolds both supported term limits and worked actively with organizations advocating for their passage, and the Tobacco Institute was largely neutral. We found no indication that the other major tobacco companies ever specifically considered the issue, possibly because they left political advocacy to the Tobacco Institute.

Philip Morris contributed money to anti-term limits campaigns in at least two states, California and Washington. In 1992, when the *New York Times* contacted Philip Morris about its involvement in Washington, they were asked why they had made a contribution opposing term limits. The company's public relations representative considered several detailed answers, but eventually settled on, "Because we believe that voters should decide." (Han, 1991) In addition, in the 2002 election cycle, the company contributed

[1] Philip Morris Companies changed its name to Altria in January of 2003. However, for most of the time period considered in this paper, both the parent company and the tobacco company subsidiaries were named Philip Morris. As a result, we use the name Philip Morris exclusively in this paper.