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THE SOCIAL CORPORATION:

FIRMS, NETWORKS, AND POLITICS

A Dissertation Presented

By

Michael S. Kowal

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
of the requirements for the degree of

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Political Science

The Social Corporation:
Firms, Networks, and Politics

A Dissertation Presented
By
MICHAEL S. KOWAL

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DEDICATION

This work is dedicated to my Mom and Dad, Danielle, Krysta, Tiffany, Bella and James.

ACKNOWLEDGEMENTS

ABSTRACT

THE SOCIAL CORPORATION:

FIRMS, NETWORKS, AND POLITICS

MAY 2016

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Scholars have long looked at business as a source of political power, but have come to differing conclusions about how corporations behave in pursuit of interests. Building on organizational theory and conditional choice literature, I hypothesize that corporations react to the actions of those around them, leading to cooperation and coordination. While others point to the importance of social ties created through corporate board memberships, I locate an additional social tie that takes place through trade association memberships. In addition, I demonstrate that rather than fragmenting in recent years, business has in fact become more cohesive in their giving patterns.

Using data from the 1990-2012 United States House of Representatives elections and lobbying expenditure, along with a survey of corporate executives, and employing community detection and network autocorrelation, I demonstrate that corporations have become more closely aligned in their political giving, and further, that common trade association membership is a significant predictor of corporate political activity.

PREFACE

Studies on corporate political activity (CPA) have demonstrated the importance of firm-level factors on political behavior. Building upon increased interest following Citizens United and utilizing I build upon recent advances in network analysis, I demonstrate the importance of trade association networks in determining corporate political activity (CPA) including campaign contributions to candidates for Congress and lobbying in the United States House of Representatives. This project is timely because few have studied how network-level factors lead to changes in CPA, and those that have focus almost exclusively on the importance of interlocking board directorates. The effect of board interlocks on corporate political behavior have been mixed, moreover the recent evidence suggests a sharp decline in the corporate interlock network. Despite this decline in the board interlock network, companies are increasingly engaging in CPA I argue that studies of the corporate network centering on interlocks may not be measuring the complete corporate network. With the rise of extended party network, I find that trade associations are an important mechanism for fostering ties and diffusing information among firms that lead to changes in CPA.

The central finding of this project is that firms are driven more by the campaign contribution, policy and lobbying decisions of those around them in a trade association network, and less so than by the old model of board interlocks. Further, the evidence indicates this shift to trade associations as policy leaders may take corporate involvement in politics down a very different path. Since corporate boards have a very direct stake in the profits of a firm, they may have much less of a tolerance for ideological politics, and are likely prone to being more conspicuously practical with political decisions. Seeking compromise and "working across the aisle" makes sense when the goal of corporate involvement in politics is to maximize profit. On the other hand, trade associations are inherently political animals. Associations provide a venue for business executives to gain information, connections, and then transfer that into political

activity. Trade associations provide a mechanism for accountability among firms and may create direct connections, which drives corporate political behavior. I propose a theory of corporate political behavior that is conditional on the political decisions of other similarly situated firms a company is connected to through trade association membership. In an era of polarized parties, defection from the traditionally pro-business line by some members of the Republican Party, and the rise of interest group elections in electing candidates and governing, firms are in an advantageous position to advocate for their interests by working through and influencing one another via the trade association network.

In this dissertation, I approach the study of CPA in three distinct ways. Using contribution data from the 1990-2012 United States House of Representatives elections, and employing community detection algorithms and network autocorrelation, I demonstrate that corporations are indeed influenced by the firms the decisions of those around them. Similarly, using lobbying data from the United States House of Representatives in 2012-2013, I find additional evidence that lobbying decisions of other firms have an effect on those they are tied to. Finally, I employ a survey experiment of Fortune 1000 executives to better understand the causal mechanism of connections among firms on the decision to engage in political behavior.

Article 1

In the first article, I explore perhaps the most controversial aspect of business involvement in politics in recent years, campaign donations. In this paper, I attempt to answer two related questions about the nature of business involvement in elections, the question of business unity and what drives corporate participation in politics. Scholars such as Mizruchi (2013) have claimed that the American corporate network has deteriorated and that corporations no longer present a unified from on political issues. I explore this question by examining the development

viii

of corporate donor communities over the course of 11 election cycles from 1990-2012. Using bipartite community detection algorithms combining both candidates and corporations, I explore the pattern and degree of business involvement in American elections. Contrary to Mizruchi's assertion of a fracturing of the corporate elite and corporate unity, I find that firms have actually become much closer in behavior to one another during the time period of the study. The number of communities has dropped significantly, with up to a 30 percent drop from a high point in 1990. Rather than becoming fractured, firms have become more similar over time. Rather than becoming more polarized and dispersed, firms have become more similar in their behavior. The majority of firms give mostly to Republicans, but the average ideology of the candidates receiving Fortune 500 contributions are relatively moderate.

After documenting the development of these communities, I then turn to the question of what leads to a firm's decision to become involved in politics. Most studies have focused on the effect of firm level factors such as size, revenue and industry. Some studies have examined the relationship between firms, mostly through interlocking directorates as a factor in determining firm CPA (Mizruchi 1992). However, recent work as demonstrated a decline in the influence of these interlocking directorates, and a subsequent decline in corporate unity (MIzruchi 2013; Schiefeling and Mizruchi 2012). I argue that given the decrease in the number of communities, an alternate source of cooperation must have emerged. I argue that firms are more reliant on alternate networks, namely the trade association network, to help organize and coordinate firm activity. Using network autocorrelation, I determine that there is a small but significant effect from the trade association network on firm giving to similar types of candidates as well as the same candidates. The trade association network explains a noticeably larger portion of the variance in corporate donations than the interlocking directorate network.

Article 2

Lobbying has elicited strong reactions from those on both sides of the aisle, but the value of lobbying has been questioned by many in political science literature (e.g. Baumgartner, et al 2009). Despite this limited effectiveness of lobbying within the political science literature, lobbying expenses by firms have risen in recent years, with an over $1 billion rise in lobbying expenses each year between 1995 and 2005 (Richter, et al 2009). With an absence of evidence in the literature of any increase in the effectiveness of corporate lobbying during this time, what may account for the stark rise in firm lobbying? The generally accepted causes of firm lobbying include firm size, industry, and revenue (Hillman, et al 2004). When scholars have focused on factors located outside of a firm, they often focus on the role of interlocking directorates as a determinant of corporate lobbying (Mizruchi 1992). As noted above, the interlocking directorate has declined significantly in recent years (Schiefling and Mizruchi 2013; Mizruchi 2013). I argue that to understand what drives firm lobbying, it is necessary to understand the conditional nature of corporate political activity. Firms are reactive to the actions of those around them, and even small changes in lobbying expenditures can lead to significantly larger expenditures on the part of the firm. I argue that trade associations are critical to understanding firm involvement in politics, and some scholars have acknowledged that trade associations can be essential for helping to foster connections and spread information about politics among firms (Drutman 2015). I argue that the network of ties generated by firms can lead to changes in the expected firm behavior regarding lobbying.

Indeed, many of the firms most engaged in lobbying are also those that are most connected to other Fortune 500 firms via trade association ties. To test the influence of trade association network empirically, I employ two methods. In the first and most salient portion, I utilize network autocorrelation to test the influence of trade association and interlocking directorates on firm lobbying expenditures along with firm level covariates. I find that trade

association networks have a small but significant effect on the amount spent by firms on lobbying expenditures. This carries through not only on the total amount spent on lobbying, but also on the amount spent across individual issues, controlling for industry and other factors. The trade association network provides more explanation of the variance of lobbying expenditures than interlocking directorates by a fairly large margin. I also utilize network logistic regression to generally test the binary decision of whether or not to lobby. Again, I find interlocking directors to have a significant effect on lobbying behavior controlling for other factors. These suggests that trade associations have a significant, albeit limited role in determining lobbying behavior among firms.

Article 3

The previous two articles focused on observational studies of corporate political behavior. While these are valuable tools for understanding what leads firms to engage in politics, they suffer from the same issue of other observational studies, namely that causality is difficult to ascertain. In order to overcome the issues of causality inherent in these types of studies, social scientists have put renewed focus on experimental methods as a valuable tool to determine the causal relationship between the mechanism of interest. Building upon recent survey experiment research, I attempted to undertake a large-scale survey of firm executives regarding willingness to engage in campaign donations.

This study utilizes a sample of over 7,000 Fortune 1000 executive emails to conduct an online survey. To better understand the relationship between firms and their ties, I presented respondents with two questions which vary control and treatment for both incumbents and challengers as well as for partisanship. The study from others using corporate executives as a target population, namely an extremely limited response rate (e.g. Paige, et al 2013). I ultimately

find no statistically significant relationship between firm ties and corporate political behavior. This may be in part due to limited statistical power available from the sample size. In addition, the treatment may fail to capture the actual relationship and meaningful ties between firms. I present steps for using this study as a pilot and ways to improve future studies on the subject.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

SOCIAL TIES, BUSINESS UNITY, AND CORPORATE SOCIAL INFLUENCE IN CONGRESSIONAL ELECTIONS

Abstract: *Scholars have long looked at business as a source of political power, but have come to differing conclusions about how corporations behave in pursuit of interests. Building on organizational theory and conditional choice literature, I hypothesize that corporations react to the actions of those around them, leading to cooperation and coordination. While others point to the importance of social ties created through corporate board memberships, I locate an additional social tie that takes place through trade association memberships. In addition, I demonstrate that rather than fragmenting in recent years, business has in fact become more cohesive in their giving patterns.. Using data from the 1990-2012 United States House of Representatives elections, and employing community detection and network autocorrelation, I demonstrate that corporations have become more closely aligned in their political giving, and further, that common trade association is a significant but limited predictor of corporate contributions.*

A. Introduction

The role of corporations in American politics is a source of much contention and speculation. Commentators in the media often claim that corporations corrupt the political system through campaign donations to candidates (see, for example, Kirpatrick 2010). In truth, for all the public hand-wringing and considerable academic research we still know very little about corporate behavior and influence. Political scientists, for example, have not been able to identify that money buys votes in Congress and much work raises doubts about the effectiveness of political donations (Milyo, Primo, and Groseclose 2000; Grossman 2012; Baumgartner et al 2013; Hall and Wayman 1990). At a deeper level, it is not even clear to scholars whether corporations behave rationally when they choose to participate in politics. If money buys votes, then why is there so little money in politics (Ansolabehere, De Figueredo, and Snyder 2003)?

This paper also attempts to address the contention by Mizruchi (2013) that the decline of the corporate network has lead to a fracturing of business unity and political activity. The decline of interlocking directorates, the network of ties between firms that share common members of their board of directors, leads Mizruchi to argue that firms have become more fragmented in their political activity. Lacking a common voice, unity has suffered and firms have become less inclined to work together toward a common goal.

My purpose is to understand factors that cause corporations to pursue particular strategies. The dominant theory is that firms behave rationally in pursuing their self-interest. In the past, this has meant contributing money to those in power as a way to gain

access. But in a world of increasing partisan polarization, this strategy incurs its own risks as the 'moderate middle" in Congress hollows out. As moderate incumbents are replaced with extremist candidates the "access" strategy seems to make less sense because the new members of Congress appear less persuadable. I argue that the party system, along with changes in the corporate network have lead to changes in the giving patterns of firms.

There is further nuance to this argument. Like many others, I reject the notion that corporate behavior can be predicted based only on individual firm-level factors such as size, industry, or profit. Firms are embedded in a social environment that shapes behavior. Indeed, there are social pressures that often push firms in the same environment to act in similar ways. The norms, rules, and behaviors which govern business are constantly shifting into new and competing logics. Through isomorphic and social pressures, corporations modify their behaviors to conform to one of several competing logics. Mimetic isomorphism, or the tendency for organizational behavior and structure to converge based upon imitation of those around them (DiMaggio and Powell 1983). I argue that the pressures from those corporations that have ties through trade associations will have more similar giving patterns.

This analysis is timely for two reasons. First, the public has become fearful about the potential undue influence of corporations since the opinion of the Supreme Court in *Citizens United v. F.E.C.* (2010) was announced that struck prohibitions on corporate spending in politics. This study aims to shed some light on the conditions under which we can expect many corporations to exploit this new ruling. Second, this study considers corporate behavior at a time of heightened polarization between the two major parties.

The vast majority of studies were undertaken when bipartisanship was the norm in the 1970s and 1980s. But the growing distance between the parties suggests an emergent change in corporate strategy that I argue will spread in large part because of corporate social networks established through their associational memberships. This argument differs from previous theories of corporate behavior, which locate social pressures that takes place by elites sharing membership on corporate boards (Mizruchi). Others point to "isomorphism" that is generated by rational responses to to uncertainty and constraint. These can lead to a more homogenous overall structure, culture and behavior (DiMaggio and Powell 1983, 147).

In order to cement the point that corporate strategies are evolving some examples of this trend are in order. Business groups and their members are openly supporting the ouster of some incumbents, especially Tea Party Republicans, contradicting behavior which suggests that firms pursue access-oriented strategies through the support of incumbents. For instance, Justin Amash, a Michigan Tea Party Member faced a challenge from a wealthy businessman who won the full-throated support of local and national business groups (Giroux 2014). While ideologically-oriented groups (which are anti-tax and anti-regulation), like the Club for Growth and Koch-backed groups supported Amash, the U.S. Chamber of Commerce campaigned for his opponent. The Michigan Chamber of Commerce is airing ads in support of his primary opponent. Others, such as Trey Gowdy, most famous for leading the House Special Committee investigating the attacks on the American Embassy in Benghazi, Libya, have been largely shut out by business PACs. Why would business groups take such a chance on risking the ire of an already elected Member of Congress when re-election rates are over 90% (Giroux 2012).

I hypothesize that the reason is that the polarization between and within the parties has brought about new cost/benefit equations for corporations of choosing an access based strategy, and that corporate elites have transmitted this new logic through the social ties that exist among firms who belong to the same associations. My argument is that firms have responded to the new party system, and that this response has been mediated through the social networks, especially trade association networks, they share.

B. Corporations and Politics

It would be unsurprising if many Americans reported feeling bombarded at times by the media regarding the influence of corporate campaign donations upon our elections. Indeed, *Citizens United v. F.E.C.* (2010) was thought to be a watershed moment, one which would lead to an influx of corporate campaign cash. The President himself stoked fears in his 2010 State of the Union Address, directly cited corporate influence in the wake of Citizen's United. The decision "will open the floodgates for special interests – including foreign corporations – to spend without limits in our elections. I don't think American elections should be bankrolled by America's most powerful interests, or worse, by foreign entities. They should be decided by the American people" (Obama 2010). In the aftermath, citizens could hardly feel better when the spokesperson for a Fortune 500 company asserted: "Chevron exercises its fundamental right and responsibility to participate in the political process" (Froomkin 2012). This statement, however, presents an interesting paradox. While corporation like Chevron may profess a duty and responsibility to participate in American elections, surprisingly few do (Milyo, Groseclose, Primo 2000; Ansolabehere et al 2003). Why do some corporations engage

directly in American electoral politics, while others sit on the bench? Despite evidence that campaign donations (i.e. Hall and Wayman 1990) and lobbying (i.e. Baumgartner et al 2009) have little impact on policy outcomes, corporations still engage in the practices. And even if lobbying and donations had some impact, why do corporations engage when it would be very easy to simply free-ride off the work of others?

In 2012, Congressional candidates spent over $2.3 billion dollars, where over $1.28 billion was spent by PACs and Super PACs (Calvin 2012; Lioz and Bowie 2012). Despite the questions of the overall effectiveness of donations, corporations still donate millions of dollars each election cycle. These donations flow not only to Republican candidates and causes as has been traditionally been theorized. Recently released documents show major corporations such as Wal-Mart, Pepsi, and many others bankrolling the liberal Center for American Progress, a counter to the conservative leaning Heritage Foundation (Tau 2013). This echoes findings from the 2012 elections, in which President Obama received a far greater degree of contributions from big business than previously recognized (Ferguson, Jorgenson, Chen 2013).

The American public is overwhelmingly concerned about corporate political contributions, with one poll showing 80% of the public opposed to the *Citizens United* decision, and with the decision earning strong criticism from President Obama at the State of the Union (ABC News 2010). Corporate and PAC giving has been compared to an arms race, with additional donations often diluting the value of those contributions (Calvin 2012).

Smith (2000) suggests that corporate unity leads to negative outcomes for business, and others suggest the value of a bipartisan strategy among interest groups

(Grossmann and Dominguez 2009). While corporations have been given the green light toward greater participation in American politics, this comes at a time when the parties are becoming increasingly polarized. The polarization in recent years between the parties has brought about near gridlock in the House, with a Congress that passes few pieces of legislation. In addition to the divisions between parties, there is a significant intraparty rift, particularly in the Republican Party, with the rise of the Tea Party. The defeat of (relatively) moderate, and most significantly pro-business House Majority Leader Eric Cantor by a Tea Party challenger exemplifies the shifting ideological landscape in the United States Congress. More recently, the unexpected resignation of John Boehner, a classic "country club Republican" with largely pro-business views from the speakership by mostly ideological members of the House Freedom Caucus speaks volumes about the demise of traditional business-oriented Republicans in the House. Has the ideological shift in the Republican Party brought about change in the equation of corporate political decision making? I argue that scholars have corporate behavior half right. While individual factors matter, larger frameworks of operations play a role. Corporate strategy and the shifting political landscape also play a significant role in determining political behavior by firms.

C. Conditional Choice, Social Ties, and Political Behavior

It is my argument that understanding corporate behavior requires an analysis of the networks in which corporations are embedded. These networks include corporate interlocks (by this I mean common board memberships of executives), but more importantly, the network of business associations to which corporate organizations

belong. Networks are a foundational building block of social behavior. "It is axiomatic to the social sciences, and an essential part of the network perspective, that human performances are intricately linked with their social and environmental context" (Dow, Burton, and White 1982, 162). Politics is fundamentally a social activity. However, political science has often neglected the role of social ties in understanding political behavior. This paper posits that to better understand political behavior, not just with regard to individuals, but also at the organizational level, it is essential to understand the role of social ties. Corporations are in a unique situation in terms of politics. Somewhat like individuals, corporations are often in direct and meaningful conflict and cooperation amongst themselves. Corporations fight for market share and for finite resources, but also work within a shared network of suppliers, vendors, and contractors. Corporations lack the franchise, which means that alternative venues of influence must be found. Often, corporations pursue two main methods of influence, campaign contributions and lobbying.

Much work on corporate political behavior has centered on the role of firm level indicators to measure when and how much corporations donate. Scholars often utilize such measures as profit and industry to explain campaign contributions (Hansen and Mitchell 2000, Hillman et al 2004). These individual factors certainly have some influence, as larger firms with more available dollars will have more ability to put that toward political purposes. However, these firm level factors leave something to be desired because they fail to capture the environment in which business operates and the norms and informal rules governing their behavior. Firms are subject to norms and rules of behavior much like any other organization. Maintaining a reputation is often important

to business leaders, and these unwritten rules can provide a significant barrier to unilateral action. But when those rules change, significant shifts in behavior across many firms can occur.

Scholars have suggested that some social ties influence corporate political activity. As previously mentioned, Mizruchi (1992) argues that corporate interlocks have a significant influence on political activity. Organizational theory has suggested that corporate practices will tend to converge due to isomorphic pressures (DiMaggio and Powell 1982). Isomorphism, or the tendency of corporations to converge in behavior over time, is an example of social pressures in the corporate world. However, if firms are largely expected to converge on behaviors, the assertion of Mizruchi (2013) of a fracturing seems somewhat out of place.

I argue that a significant driver of the development of these corporate giving communities may be social pressure. Such pressure may be overt, but more likely they are unconscious and often unacknowledged by the individuals or groups affected. I propose a theory of corporate political action based on the complex interactions of firms in the political arena, but specifically those that occur through trade associations. Firms react, or fail to, based on the decisions of those around them. The conditional decision making model emphasizes the interdependence of the decisions made by individual actors within a network on the decisions made by others (Rolfe 2012). The probability of any one actor participating is a function of the decisions made by those around them. I propose a theory which emphasizes the conditional nature of CPA in which the decisions to participate (or not) by corporations is impacted by others around them. The decision of

other corporations to engage or not in political activity can impact the decision-making of corporations, whether they acknowledge it or not.

While it is important to understand and account for the background factors that have traditionally been thought to influence corporate political activity, it is important to note the impact of social network factors. Mizruchi notes "[t]he simultaneous importance of organizational and social network factors in understanding common political behavior between firms" (1989, 401). Mizruchi suggests that corporate political behavior is impacted by social network factors, primarily interlocking board directorates. However, I suggest that social pressures among corporations to participate in politics may be spread in other ways. I argue that potentially stronger ties, such as those that are transmitted via membership in business associations, may exert a powerful pressure on corporations.

Trade associations function as an exchange mechanism for information, aggregating and distributing information to members (Kirby 1988). As early as 1968, scholars argued that trade associations use political means to achieve objective (Assael 1968). Trade associations lobby and initiate government action. Scholars have further argued that conventions and trade association meetings allow for networking of ideas and techniques (Lynn, et al. 1998). Conventions can build ties around common interests, and could theoretically build upon ties useful in the political decision making process. For example at a risk-management trade association meeting "Brown Bag Lunch, which combines networking and education in a structured but informal atmosphere, was added to the conference schedule this year to allow attendees to participate in a wider range of group discussions"(Lynn, et al. 1998). Trade associations also sponsor activities like lobbying trips by members to Congressional offices. The American Seed Trade

Association, including Dow, Monsanto, and DuPont, holds an annual convention where "Education, debate and advocacy are on the agenda" (American Seed Trade Association 2014). Indeed, meetings such as these allow for the integration of political and policy strategy with the facilitation of social ties which can be used to build corporate political strategy.

Importantly, trade associations may be used as a mechanism to enforce collective action, applying social pressure for firms to pull their weight and eliminate the free-rider problem (Olson 1962). Associations will provide explicit reminders of the need to participate, for example one association stated about association meetings with Congress "If we see one company not able to make it for a couple of weeks, we give 'em a call and ask, how's everything going? How are you doing? What are you struggling with on government relations that we can push for you, what can we do less of?" (Drutman 2015, 103). This explicit effort to ensure firm participation may be critical in corporate political decisions.

Associations may act as forces of political cohesion, spurring companies to work together and increasing competition among firms for control of these associations (Drutman 2015). This can lead to an arms race effect, in which firms attempt to gain greater influence of associations and policy positions by participating at ever-greater levels. Indeed, almost all firms belong to trade associations, with one study of 250 large companies showing they all belong to trade associations (Wilson 1990). According to one interview by Drutman of a corporate lobbyist, "We belong to them all. They're a very, very useful and important tool in the process, just incredibly important" (2015, 98). An

essential function of trade associations is that they are legal forums for companies to share information and coordinate on issue related to the political process (Drutman, 100).

Trade associations foster relationships among corporate leaders, government affairs professionals, lobbyists, and public officials. Through conferences, seminars, and other activities, trade associations allow for the creations of ties which lead to real implications for corporate political activity. According to an interview of one corporate official "Every year we have a CEO summit. All of our CEOs come out for a meeting and talk about the issues that are pending, what we need to focus on, what are the key issues – it's all pretty much decided there" (Drutman 2015, 100). Trade associations offer an essential meeting-place for executives and corporate officials to make meaningful connections and coordinate political activity. These associations even explicitly acknowledge meeting and planning with members firms political strategy (Drutman). For example, the Retail Industry Leaders Association touts its ability for connections and networking, "RILA's educational and networking events are widely recognized for providing world-class forums for sharing ideas and expertise among peers and industry experts. Attending these events provides access to the latest industry information and unmatched networking opportunities" (RILA 2015). The RILA offers events such as the annual Leadership Forum, which is an invitation only event for retail CEOs. This event is billed as a forum for interaction, "[n]o other retail event brings more relevant CEOs together for dialogue and discussion around the critical business issues of consumer-facing companies" (RILA 2015b). Aside from more formal panels and meetings, the event may build real social connections, through such activities as a golf tournament and biking adventure at the 2015 meeting (RILA 2015c). These social interactions intersect

with panels such as "An Insider's Look at Politics 2015" where "[v]eteran journalist Chris Wallace leads a discussion between two political insiders, one Democrat and one Republican, on the state of Washington in the post-election world and the outlook for 2015. What are the issues most likely to be tackled, and how will they affect the retail industry? Is gridlock and partisan polarization here to stay? How should the business community participate in the process? These questions and more will be addressed in this candid exchange" (RILA 2015d). A sampling of attendees includes the CEOs of companies such as Coca-Cola, Walgreen, and Whole Foods. These are supplemented by annual Government Affairs Meetings.

Other group meetings highlight the importance of politics for business professionals. The Association of National Advertisers host an annual Advertising Law and Public Policy Conference for corporate lawyers and executives. The event features panels such as "What the New Political Reality Means for Advertisers" and "Laboratories of Democracy: State Privacy and Security Interests" (Association of National Advertisers, 2015). The Securities and Financial Markets Association's 2014 FATCA (Foreign Account Tax Compliance Act) Policy Symposium featured networking breaks and reception along with a panel titled "View from the Hill: The Future of FATCA" (SIFMA 2015). The American Bankers Association's 2015 Government Relations Summit has sessions such as "Orientation for Capitol Hill Visits", "Talking Data Breaches With Congress", and receptions for both Emerging Leaders and for Women's Leadership (ABA 2015). Other organizations, such as Business Forward, provide opportunities for business leaders to interact with high-level administration officials and political leaders, which are then able to disseminate this information to their business and

policy networks. According to Bert Kaufman, executive director of Business Forward, "[t]he idea was to invite these [executives] back in town and get a sense of what's at stake with the fiscal cliff. They go back home and talk to their colleagues, their clients and their networks. They write op-eds, talk to reporters and talk about the need for a balanced approach…The idea is to have a robust engagement here" (Bogardus 2012). These associations offer an opportunity for business leaders to gain information, connections, and then transfer that into political activity.

D. Methods and Data

This study relies on data collected from a variety of data sources, from the Federal Elections Commission, the Center for Responsive Politics, and original sources, among others. To better understand the development of corporate communities that pursue similar (or differing) paths of campaign donations among corporations, this study examines the 2012 Congressional elections. Ultimately, the primary variables of interest are donations from Fortune 500 Political Action Committees to all candidates for Congress during the 2012 election. I chose to focus on Fortune 500 corporations for several reasons in this study. First, many previous studies of CPA have focused on small subsets of the universe of corporations, such as only manufactures (Mizruchi 1992). Technical issues, such as lack of statistical and computing power, played a role in the earlier more limited studies, along with limited access to data. Since 1994, the Fortune 500 has included service companies along with manufacturers, thus presenting a much broader swath of corporations in a variety of industries and sectors and making a more

representative sample of the largest corporations. Secondly, the Fortune 500 presents a listing of the 500 largest American publicly traded corporations by revenue. As such, it is possible to measure the activity of those corporations with the largest potential for impacting politics through large donations. Third, the Fortune 500 provides a useful limiting point for an analysis of this type. While a population of all corporations may be ideal, this is unrealistic. The data for many smaller companies is simply not publicly available. The Fortune 500 represents many of the most closely watched, largest, and well-documented companies. There are some limitations to this list, as privately held firms, such as Koch Industries, are not present. However, despite this limitation, the Fortune 500 is a natural starting place for this study.

The primary dependent variables in this study are campaign contributions to candidates for Congress during the 2012 mid-term elections. Data on campaign contributions were obtained from the Center for Responsive Politics from legally required Federal Elections Commission disclosures. This data provides information on all contributions to candidates for Federal Office. For this study, data was limited only to contributions from PACs connected to firms in the Fortune 500 in 2012. In 2012, 363, or 72%, Fortune 500 companies had affiliated PACs. Of Fortune 500 companies giving to candidates, total amounts to all candidates ranged from$250 to $2,267,854. Fortune 500 connected PACs gave a total of $76,967,400 to candidates for the United States House of Representatives. Figure 1.1 shows the total dollar amount and total number of donations to candidates for Congress in the 2012 election from Fortune 500 connected PACs. The x-axis depicts the total amount of contributions by a firm in 2012, and the y-axis illustrates the total number of contributions. Many firms tend to cluster in the lower left

hand corner, while there are several outlying firms which give widely and in large

amounts.
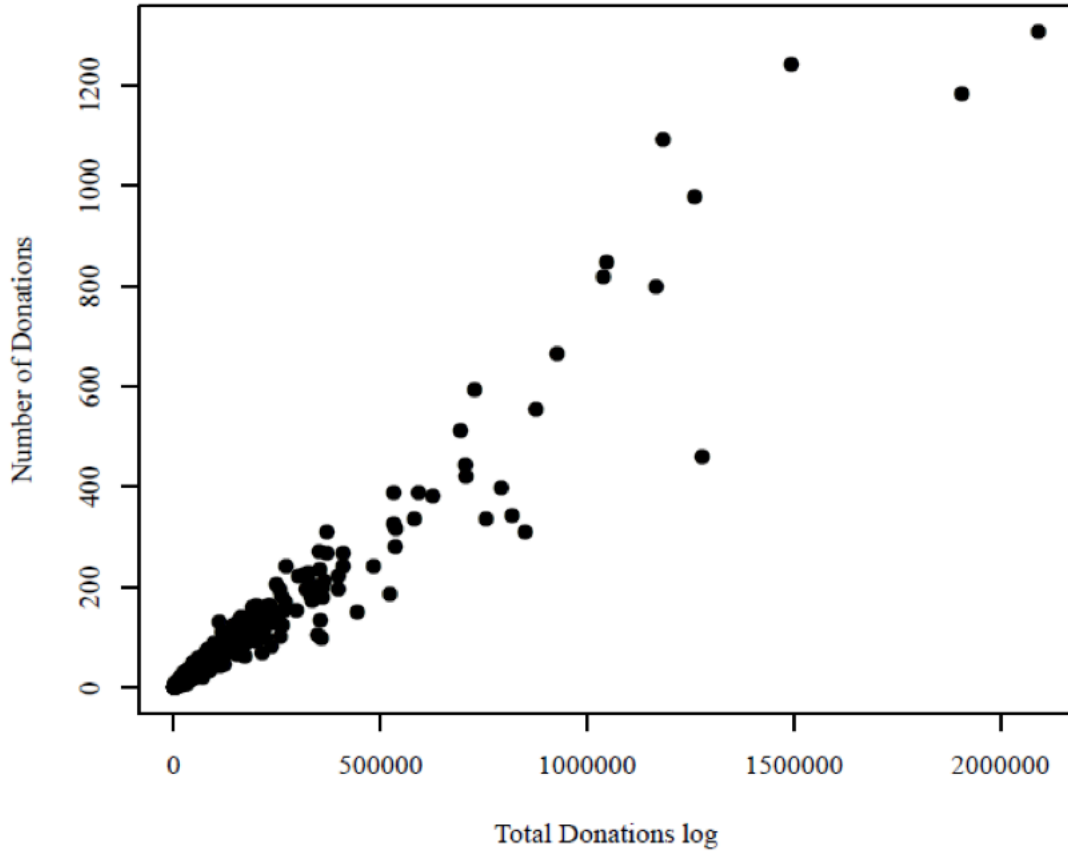
Figure 1.1. Fortune 500 Contributions in the 2012 Congressional Elections.

This study proceeds largely in two parts, in the first, I test the coherence amongst

Fortune 500 PACs donation patterns. By coherence, I mean the tendency of firms to

emerge as communities of interest, behaving in a closely related way and making similar

decisions to engage in CPA and how they go about it. To do this, I employ a bipartite

community detection algorithm combining both candidates for Congress and PACs

associated with fortune 500 firms. Community detection allows for combining groups of actors within a network based upon similar patterns of behavior (Newman 2006). However, in this study, there are two distinct groups of actors, candidates for Congress and firms. In order to combine the two groups into communities without violating the assumptions of network analysis by collapsing a two-mode network into a single mode, a bipartite network is employed[1]. In this study, I estimate the clusters for all candidates and Fortune 500 PACs in each election from 1994-2012. The resulting clusters give the most likely groupings of candidates and firms. Support from coherent coalitions of interest groups has been shown to impact electoral success (Desmarais, La Raja, Kowal 2014).

After estimating the clusters of candidates and firms, I utilize CF scaling methods (Bonica 2013) in order to determine the ideological score of each firm. CF Scores provide an ideological score similar to DW-Nominate (Poole and Rosenthal 2001), however because it relies on campaign contributions and not roll call votes, scores may be estimated for all candidates for Congress, including non-incumbents.

The second portion of this study looks at the factors that lead to political giving similarity among corporations. Using network autocorrelation to test the effects of social processes, this study examines campaign contributions from Fortune 500 companies in the 2012 United States House of Representatives elections.[2] Through the use of network autocorrelation, it is possible to test for the effect of social pressures on behavior.

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[1] A bipartite network cluster combines candidates and committees within a single network. Rather than reducing the network to only candidates or only PACs, connected
[2] Network autocorrelation allows for testing a particular outcome individual-level factors, known as covariates, and network level factors. Unlike traditional statistical techniques like Ordinary Least Squares, the ability to control for network strength provides researchers a greater ability to estimate the role of networks effects on discrete outcomes. For greater detail, see Leenders, 2002.

Network theory assumes that behavioral phenomena are often spread through the embedded relationships in social networks. "By taking into account the opinions and behaviors displayed by significant others, actors thus establish their own behavior. In the literature, this influence process has been labeled 'contagion'" (Leenders 2002, 21). Network autocorrelation offers the ability to test the role of social networks on discreet outcomes because the method allows for controlling of individual level covariates along with the ability to include network effects. Controlling for these individual covariates can help to isolate the effect of the network on the dependent variable. In this case, it allows for testing the overall outcome.

Network autocorrelation models allow for understand how the transmission of behavior can spread throughout a network (Wang, et. Al 2014). Network autocorrelation models have been used to predict the spread of campaign donations in ethnic neighborhoods (Cho 2003); student success in school (Vitale et al 2015) among other areas of research. Network autocorrelation allows for incorporating network effects along with individual level covariates (Leenders 2002). This ability to incorporate individual and social level measures provides a significant benefit to researchers.

For the purposes of this study, the network autocorrelation model takes the following following form:

$$y = \rho \boldsymbol{W} \boldsymbol{y} + \boldsymbol{X} Beta + \epsilon$$

Let **y** = a vector of responses $(n \times 1)$ matrix

Let **X** represent the $(n \times p)$ matrix of covariates for n individuals on p covariates

and let **W** be the $(n \times n)$ network weight matrix. The elements wij are a measure of the influence of actor j on actor i.

p represents the network autocorrelation parameter.

In this case, y is a n*1 vector of of logged dollar contributions or campaign contributions by each firm to a specific category of candidate (Republican, Democrat, Incumbent, Challenger). **X** is a matrix of covariates at the firm level including revenue, profit, and industry. **W** is a matrix of trade association ties between firms, operationalized as a weighted matrix based on the number of ties between firms.

In the network autocorrelation model for this study, I operationalize the dependent variable in several ways to test differing methods of giving. First, I test the aggregate donations of a PAC to Republican and Democratic candidates, as well as challengers and incumbents. In this case, the dependent variable is the total donations by PAC *i* to candidates of type *j* at time *t*.

In order to capture the determinants of these giving behaviors, network autocorrelation allows for the inclusion of covariates in estimation of the model. Unlike standard Ordinary Least Square regression models, network autocorrelation allows for including measures of network connectivity among the covariates in the model. While regression generally assumes the independence of actors, network analysis assumes the opposite, the interdependence of actors. Network autocorrelation includes as key independent variables in the model network matrices representing the linkages among nodes in the network. This ability to include these network links in the estimation of behaviors make the network autocorrelation model an ideal tool for understanding the causes of corporate political activity.

To better capture the factors associated with corporate political donations, I utilized several different networks in the models. First, corporate interlocks, or the common membership of Fortune 500 boards of directors has been suggested as a critical piece of determining corporate political behavior (Mizruchi 1992). Indeed, interlocking directorates are often the default method of thinking about corporate networks in the political context. Because of the significance of corporate interlocks on political behavior in previous work, it is essential to include them in this study. In order to do this, I obtained board of director membership from Fortune 500 members in 2012. I then created a weighted matrix in which the weights are the number of common board members shared between any two companies, depicted graphically in Figure 2. Figure 2 depicts the structure of the network of board of director ties. Firms are considered linked if they share a common member of the board of directors. This network includes a significant number of isolates, and is a fairly sparse network. Density is a measure of the overall connectedness of the network, measuring the proportion of number of ties present within the network to the total number of potential ties between all firms. The corporate board network is incredibly sparse, with a density of .006. This can be taken as only .6% of all possible ties between firms actually exist.

The second network included in this study is trade association membership, depicted in Figure 3. In order to create this network, I created a unique data set from the complete, publicly disclosed membership lists of 30 prominent business associations. These included the Business Roundtable, The Business Council, Retail Industry Leaders Association, and Consumer Banking Association. While some groups, like the U.S. Chamber of Commerce do not publicly disclose member lists, the associations in this

study represent many of the largest business groups which publicly disclose their member lists. For this network, I created a weighted matrix in which the weights are the number of common associational memberships between firm *m* and firm *n*. This network is fairly well-connected, with a density of .243. This means that 24.3% of all possible ties within the network actually exist. This density leads a significant number of firms to be connected into a single, large, and well-connected cluster. In order to give a more detailed picture, Figure 3 only depicts firms as connected if they have a minimum of 2 ties between them.

The high density of the trade association network, and the very low density of the board of directors network lead to an important conclusion. If behavior is to thread through a network, one might assume that there needs to be a critical mass where a certain level of connectedness between firms is required. For example, take the spread of the flu virus. If individuals isolated and placed in quarantine, it becomes highly unlikely or even impossible for the virus to spread. I argue that political behavior may occur in a similar way. Firms must reach at least a minimum number of ties between them for a behavior to spread. Without sufficient ties, the behavior would simply remain isolated and individualized, without a significant network effect. The board of director network may be stretching the limits of network density where we might expect the spread of a behavior to occur. The trade association network on the other hand is fairly dense, with a large number of firms connected to one another. When we think of contagion, we would assume it would spread more quickly (or even at all) only in more highly connected networks.
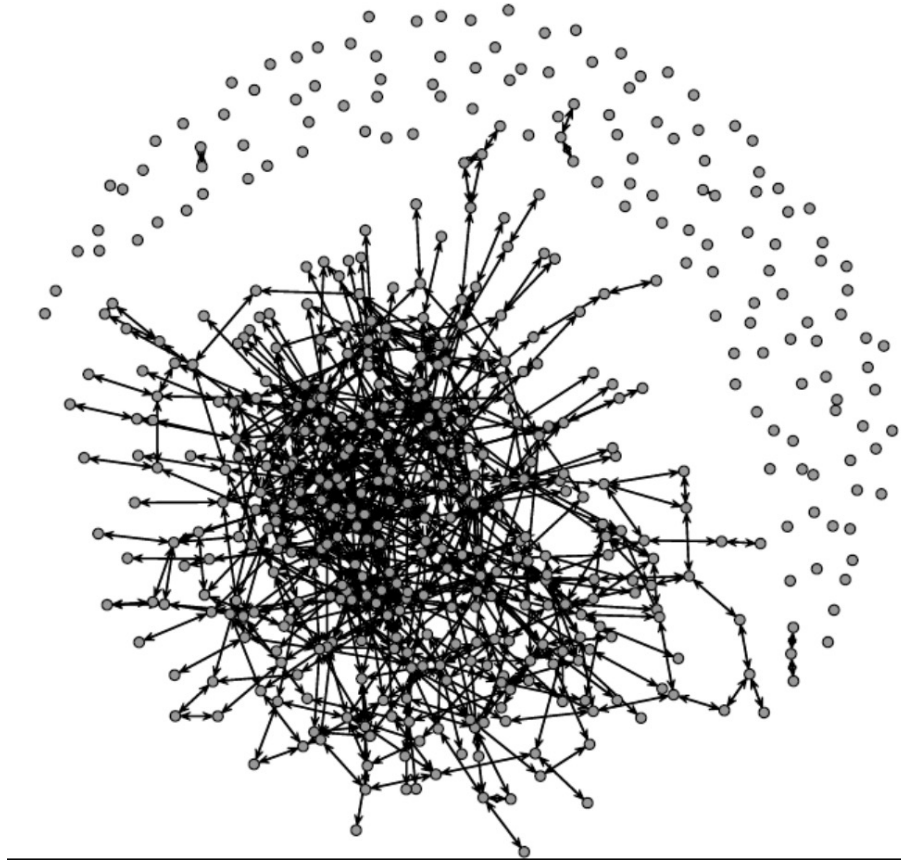
Figure 1.2 *2012 Board of Directors Network: Fortune 500.*
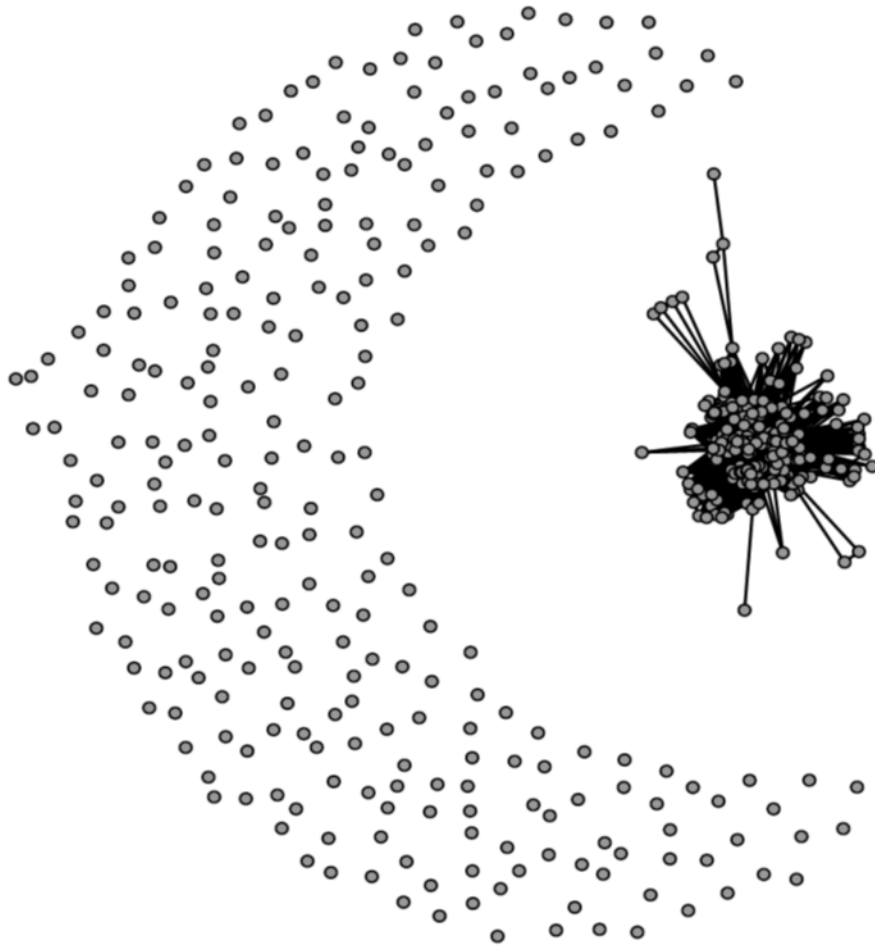
Figure 1.3 *2012 Fortune 500 Trade Association network. Minimum of 2 ties.*

In addition to the network covariates, the model also takes into account various firm level factors. I include revenue, profit, and industry because decades of research on CPA has identified these as the key factors in determining political behavior by the firm (i.e. Hillman, et al. 2004). For industry, I utilized the 2-digit NAICS code in order to create a series of dummy variables for each of 17 industry sectors, such as manufacturing and finance. For both revenue and profit, I utilized the log of the 2012 revenue and profits of each Fortune 500 firm.

I expect to see the emergence of competing strategies of corporate political donations. While previous research would suggest that corporations are best served through common strategy, I hypothesize that competing logics have emerged, with some groups seeking more ideological strategies as opposed to access. An ideological strategy would encompass a firm pursuing candidates most in-line with their ideological and company goals, and not simply those already in power and likely to stay there. Utilizing these methods will allow for testing whether or not a new logic may be emerging among Fortune 500 firms.

E. Results

The first major question this study addresses is how cohesive the corporate political giving network is. Understanding how unified the communities of donor firms are amongst the largest corporations in the United States can provide some insight into the rules and norms that govern corporate political behavior. To determine the level of cohesion among firms, I turn to several methods, including CF Scores (Bonica 2013) and bipartite clustering.

Descriptive statistics allow us to view long-term shifts in behavior from Fortune 500 firms. According to Ansolabehere, de Figueredo, and Snyder (2003), 60% of Fortune 500 firms had PACs in 2002. While this is still a majority of the Fortune 500, in 2012 363 firms (72%) in the index had PACs giving to candidates for office. Over the period of a decade, or 5 election cycles, there was a 12% increase in PAC formation among Fortune 500 firms. I argue that this is one indicator of a shift in firm political strategy, corporations are no longer largely refraining from politics. Rather than simply relying on

lobbying or other forms of influence, firms are increasingly seeing the value in playing an electoral strategy where they attempt to get their chosen candidate elected and not simply seek to influence those already in power. This behavior would seem highly unusual because most firms prefer an access strategy, which simply provides money to incumbents. But instead of waiting for whomever gains office, firms are becoming more active players in trying to help candidates win office. We see a fairly steady rise in the median Fortune 500 PAC donations over time to Republicans, as depicted in Figure 4. Interestingly, we see a similar rise over time for Democratic candidates as well but still at a lower overall level, shown in Figure 5. In the past firms often hedged their bets by giving to Democrats too. With Democratic control of the House for nearly 50 years, having allies on both sides of the aisle was essential. The switch can be attributed, in part, to the Republican takeover of Congress in 1994. But many of these candidates were not incumbents. As I will demonstrate, one cluster of well supported candidates in 1994 (cluster 6), is composed almost entirely of challengers and candidates in open races (most of them were also elected). In this instance, firms went against the norm of supporting incumbents, perhaps because they saw an opportunity to gain a favorable foothold within the Congress.
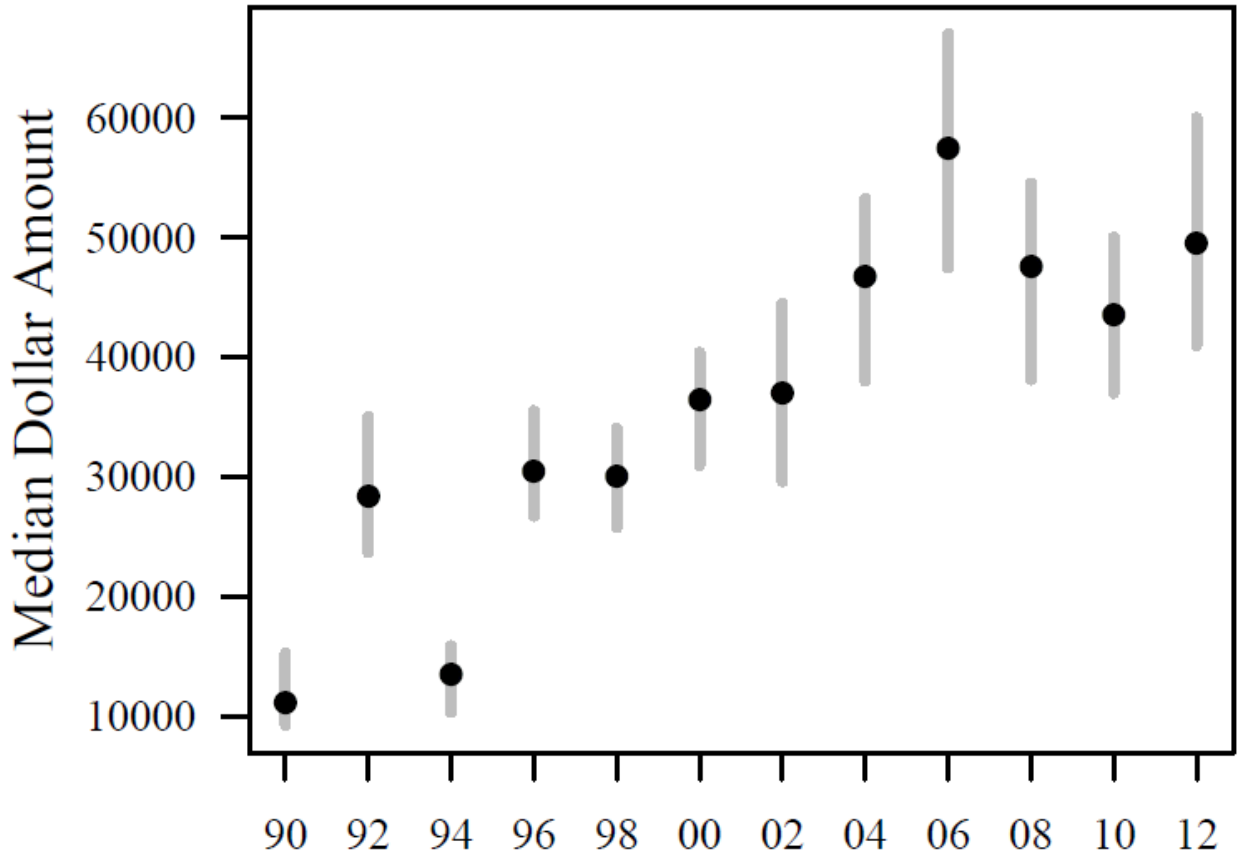
Figure 1.4 *Median Fortune 500 PAC donation to Republican candidates for Congress.*

Includes bootstrapped confidence intervals. 1990-2012.
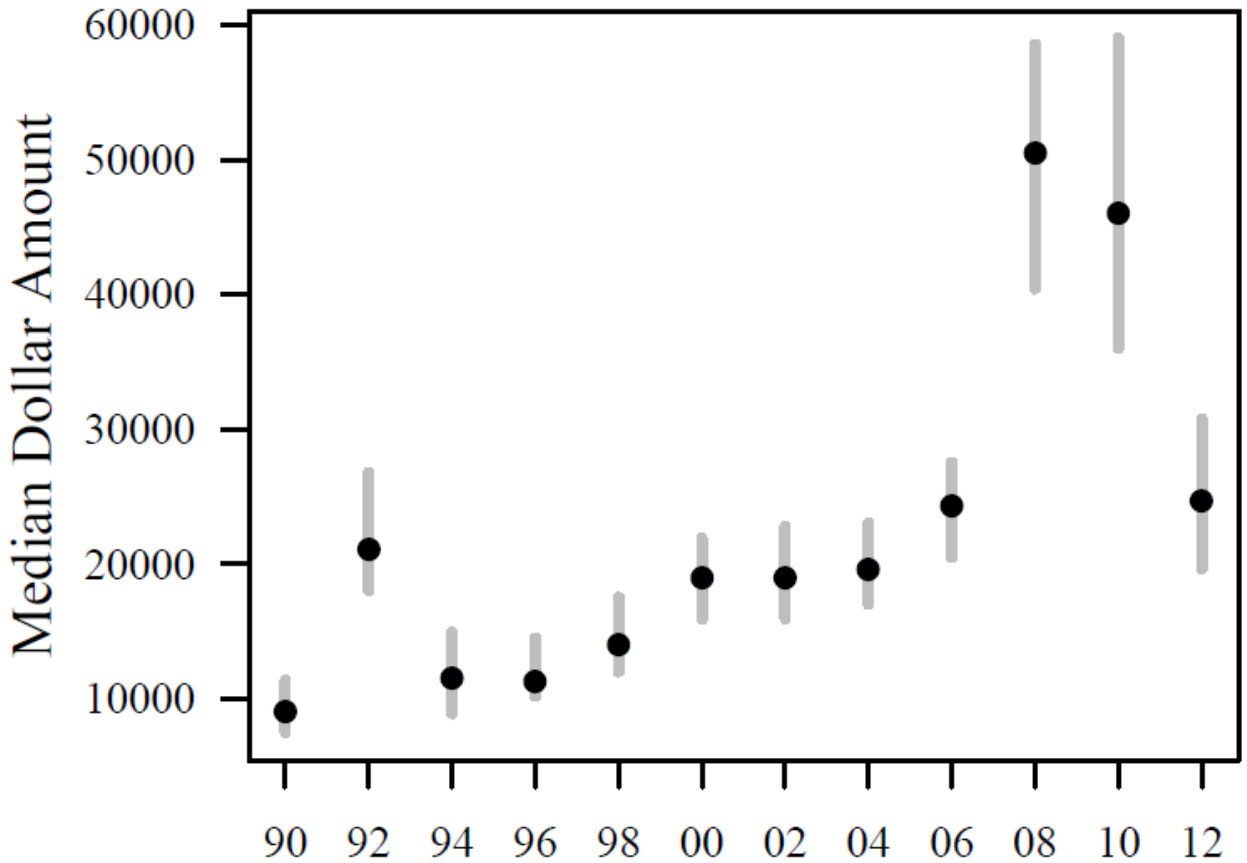
Figure 1.5 *Median Fortune 500 PAC donation to Democratic candidates for Congress. Includes bootstrapped confidence intervals. 1990-2012.*

Aside from simply looking at the communities of donors and candidates formed among firms, another measure of corporate unity may be the ideological giving patterns of firms. It is obvious from looking at the composition of the clusters that Republican candidates enjoy an outsized portion of the donations. However, exactly what type of Republican are these firms targeting for donations? With increasing division within the Republican Party between traditional, business-friendly Republicans and emergent members of the Tea Party, it may be the case that not all incumbents Republicans are equal. Examining the ideological makeup of the candidates receiving firm donations

allows for measuring the extent to which firms are seeking out ideological extremists. I

hypothesize that while most corporations will follow the conventional access-oriented,

Republican-centered strategy. On the other hand, I expect that most firms will support

giving to more moderate candidates, as an alternative to the hard-right, occasionally anti-

business Tea Party emergence. To do this, I utilize the CF-Score developed by Bonica

(2013). CF-Scores provide estimates of candidate ideology similar to DW-Nominate.

Nominate relies on legislative roll calls votes, providing for a measure of ideology of

Members of Congress. While this provides a useful and vital tool for many applications,

it does not allow researchers to test the ideology of candidates who do not win election or

have yet to be elected. CF Scores provide a solution to this problem. Through a method

of examining the roll call votes of legislators and the pattern of contributions to those

legislators, CF Scores provide ideological placements of both candidates and committees

which donate to them.
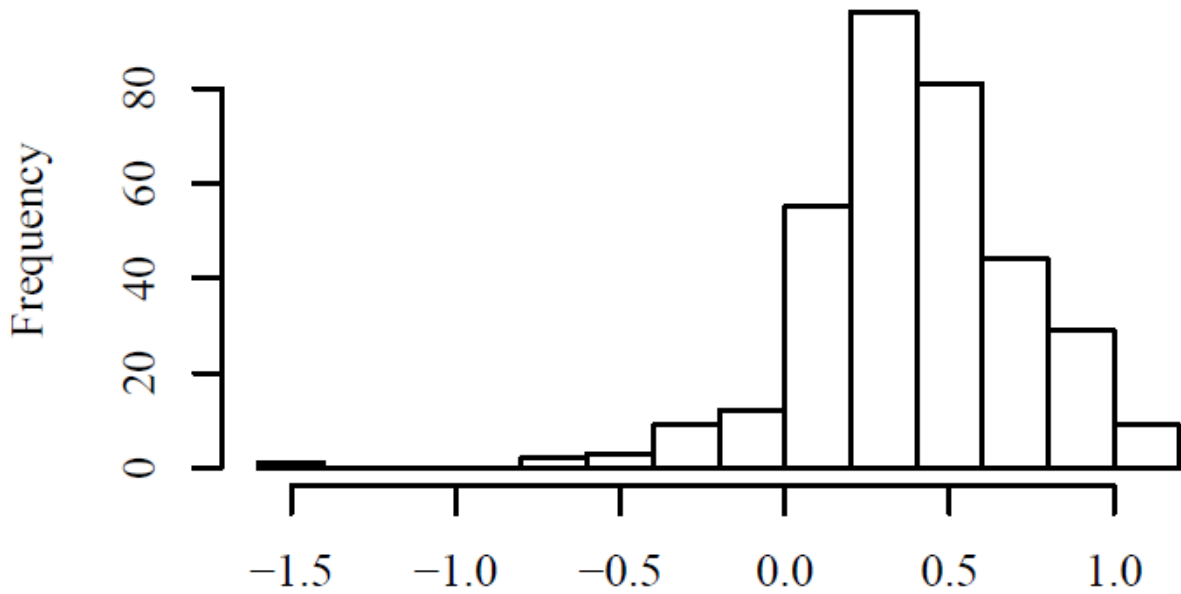
Figure 1.6 *Histogram of the median CF score of candidates. Only candidate receiving donations from Fortune 500 PACs in the 2012 Congressional election. More conservative candidates are on the right, and more liberal candidates on the left.*

In this study, I compute both the median and mean CF Scores of the candidates to which Fortune 500 PACs donated in the 2012 election. While most have positive CF scores indicating donating to more conservative candidates, many other have negative scores, indicating primarily donating to more liberal candidates. 30 firms have a negative CF mean score, and 39 have a negative CF median, depicted in Figure 7. The majority of firms do have a positive median and mean score, indicating more conservative donor tendencies. While most firms do give largely to more conservative candidates, the fact that around 10% of firms gave primarily to liberal candidates is telling. The House of Representatives was controlled in 2012 by Republicans, and therefore are expected to realize a fairly large advantage in corporate donations. I argue that some firms, contrary to conventional wisdom, do choose to give more to Democratic candidates. Perhaps most

importantly, the majority of firms have fairly moderate CF scores, between 0 an .5 on a -2 to 2 scale. This indicates that firms give largely to more moderate Republicans, refraining from engaging in giving to the most conservative Republicans.

I argue that one reason is the growing rift in the Republican Party, between Tea Party extremists and more moderate, business-friendly traditional Republicans. In 2014, business groups have been active in supporting candidates. The largest business interest group, the U.S. Chamber of Commerce, is no exception. The Chamber of Commerce has made donations to a number of candidates for Congress. In much of the business in politics literature, Republicans and incumbents should enjoy the support of this organization. However, the Chamber has taken stances in several high-profile races which challenge these assumptions. The Chamber is openly opposing incumbents and supporting challengers. In 2013, the Chamber campaigned heavily against a Tea Party nominee in a special election (Olorunnipa 2013). The Chamber continued their war against the Tea Party into the new year (Wingfield and Bykowicz 2014), strongly attacking Tea Party extremists and supporting challengers to incumbent Republicans hostile to business.

Why is this opposition to the Tea Party so important to understanding the political motivation in firm giving? Much of the literature suggests that business is access oriented, and will most often give to incumbents (Hall and Wayman 1990; Ansolabehere, et al 2003). However, in this case business seems to be anything but access seeking, at least in the passive sense. Rather than simply waiting for candidates of whom they approve to be elected and then lobby or give campaign donations to them as incumbents, the Chamber is pursuing the opposite tact. They are actively campaigning against those

whose ideological positions may be incompatible with their own. I argue that the

polarization and division within the Republican Party, and between the Republican and

Democratic Parties, has made it no longer safe for business to simply court those in

power. In order to try to create a favorable set of circumstances in which to push their

agenda, it has become increasingly necessary to implement a strategy that seeks to elect

the candidates most friendly ideologically to business. While companies may once have

been able to lobby to gain a favorable position among legislators, the steadfastness of

many current members of Congress may be leading firms to increasingly engage in a new

strategy. No longer can business sit passively in the electoral cycle, giving selectively to

incumbents as a way to curry favor and build capital. Business may be taking a

potentially risky path, opposing candidates who may win and hold a grudge.

F. Corporate Political Communities

In addition to explaining the development and existence of corporate political

communities, I show that what may in fact be driving the development of these

communities are network ties, specifically the ties formed through trade associations. I

do this by applying a bipartite community detection analysis of contributions form

Fortune 500 candidates to House candidates in each election from 1990 to 2012.

Clustering allows for understanding patterns of giving by corporations which may be

similar. Through community detection, it is possible to find the communities of

candidates and firms which may form through campaign giving. Firms that have more

similar giving patterns are considered more closely linked, and will most likely be

considered a part of the same cluster or community. A depiction of this clustering for 1994, 2000, 2006, and 2012 is presented in Figure 7a-d. Not surprisingly, Republicans get a large portion the donations from Fortune 500 firms. However, we do see several mostly Democratic clusters. Interestingly, the graphs become less blue over time, and the Republican clusters become much more prominent in the graphs. Table 1 presents descriptive statistics for a sampling of the clusters. For example, one cluster of 6 candidates was composed entirely of Republican incumbents and took home a median of $315,187. Interestingly, these are not necessarily the party leadership, but a collection of lesser known members. However, a cluster of 6 Democratic incumbents was similarly well funded, with a median of $239,375. These represent some of the more powerful committee ranking members, such as Richard Neal and Sander Levin. While these candidates enjoy coordinated support by business with respect to their reelection campaigns, we see another cluster of not well-funded candidates without a coherent pattern. In this cluster, we see 189 candidates receiving a median of only $37,000. While many of the members of the cluster are non-incumbents, interestingly this group consists of 67% incumbents. One prominent member of the cluster is Trey Gowdy, the outspoken critic of President Obama's handling of the Benghazi attacks and subsequently elected the chair of the House of Representatives commission to investigate the attacks. I suggest this is an indicator of little coordinated support among business for candidates of this type, ideologues who are not strongly pro-business. Overall, I argue this is similar to business opposition to incumbent Justin Amash (Giroux 2014) and other Tea Party Candidates.
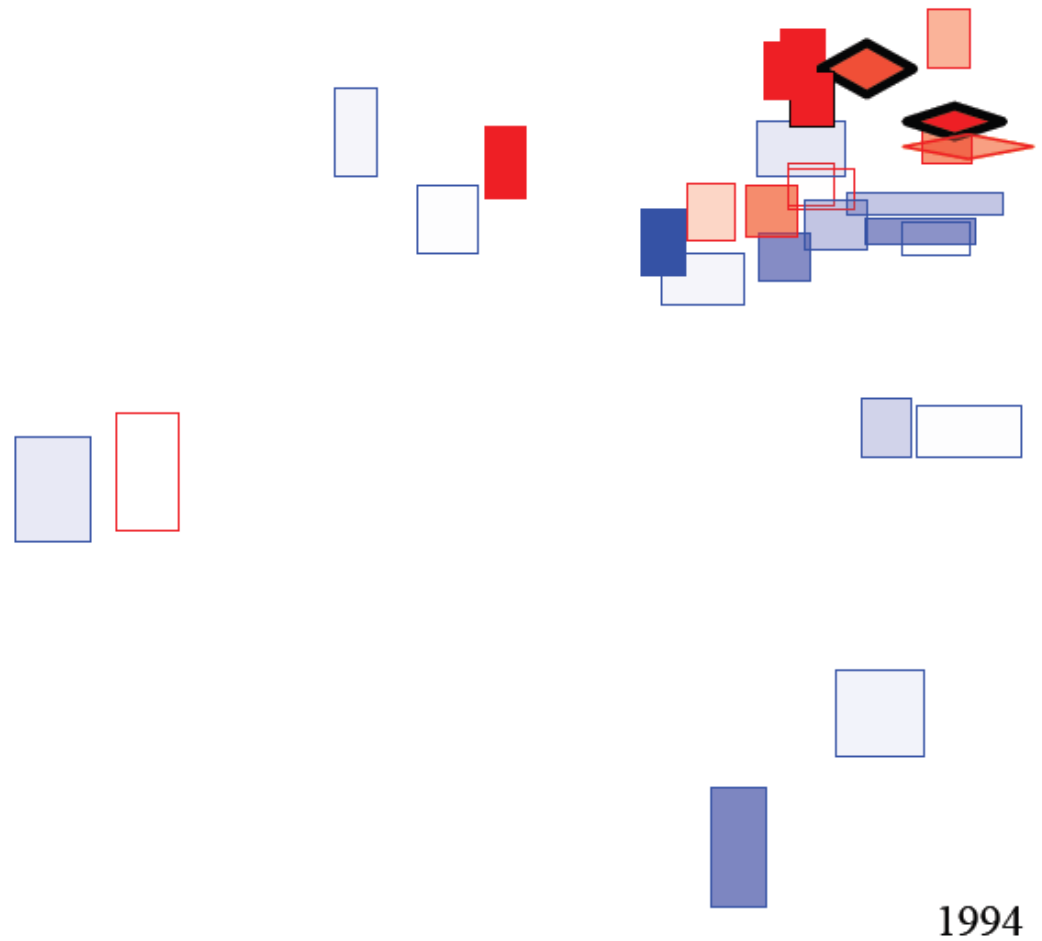
1994

Figure 1.7A *1994 Corporate Network Clustering. Clusters depict the bipartite network of firms and candidates for Congress. Primarily Republican clusters are depicted in red, and primarily Democrat clusters are in blue. Width of the cluster is based upon the number of candidates, and height is based upon median contributions to each candidate from firms within the cluster. Rectangles represent mostly incumbent clusters, and diamonds include at least 25% challenger, and bold diamonds more than 50% challengers.*
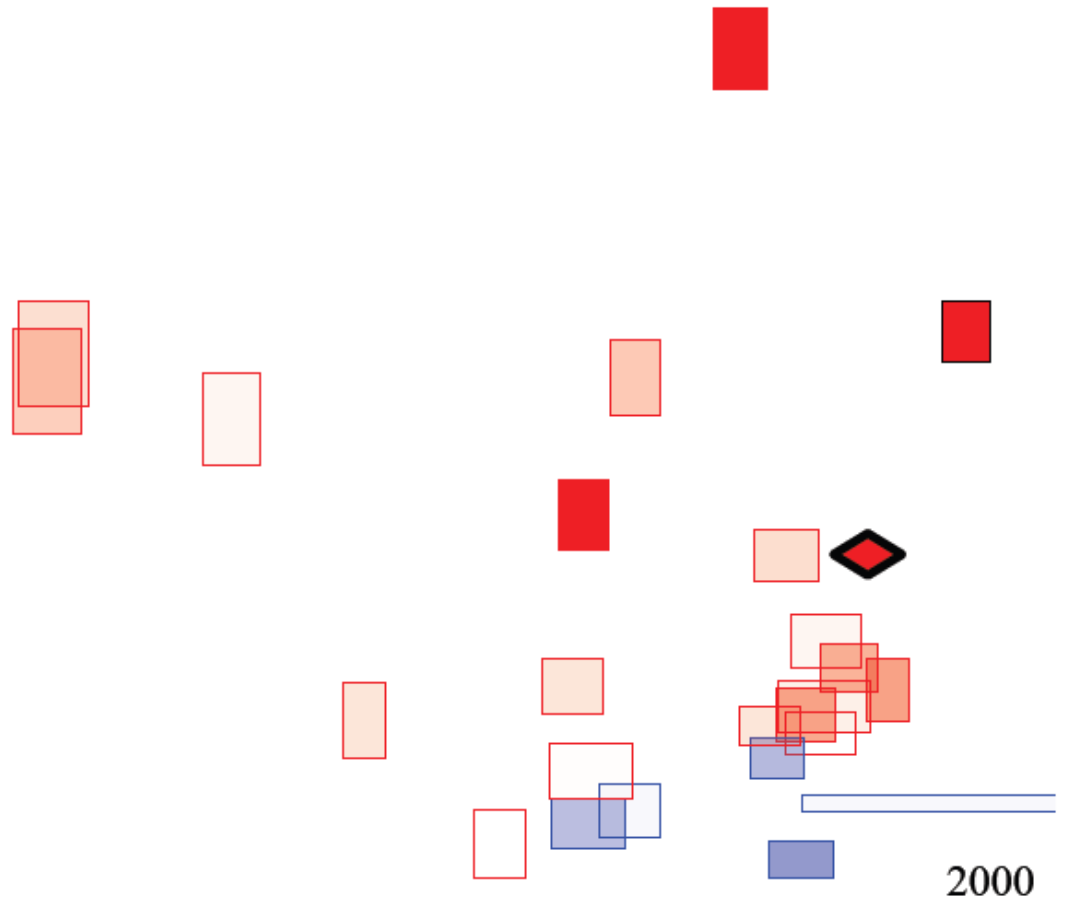
Figure 1.7B *2000 Corporate Network Clustering. Clusters depict the bipartite network of firms and candidates for Congress. Primarily Republican clusters are depicted in red, and primarily Democrat clusters are in blue. Width of the cluster is based upon the number of candidates, and height is based upon median contributions to each candidate from firms within the cluster. Rectangles represent mostly incumbent clusters, and diamonds include at least 25% challenger, and bold diamonds more than 50% challengers.*
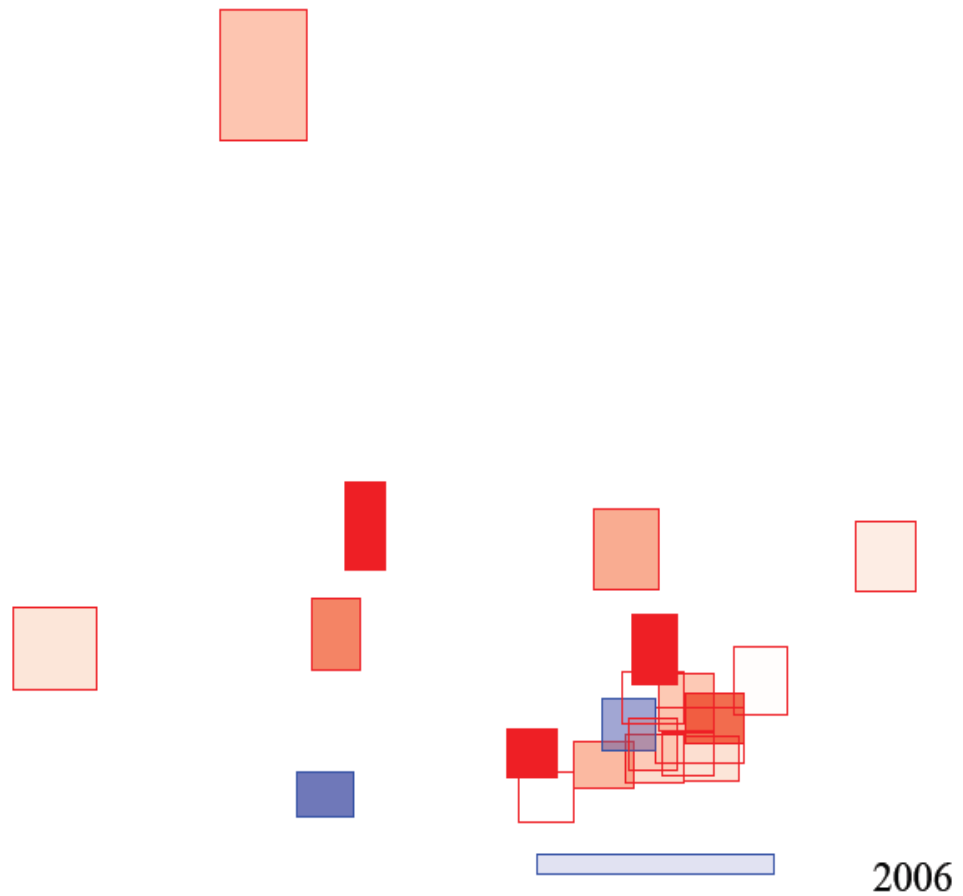
Figure 1.7C *2006 Corporate Network Clustering. Clusters depict the bipartite network of firms and candidates for Congress. Primarily Republican clusters are depicted in red, and primarily Democrat clusters are in blue. Width of the cluster is based upon the number of candidates, and height is based upon median contributions to each candidate from firms within the cluster. Rectangles represent mostly incumbent clusters, and diamonds include at least 25% challenger, and bold diamonds more than 50% challengers.*
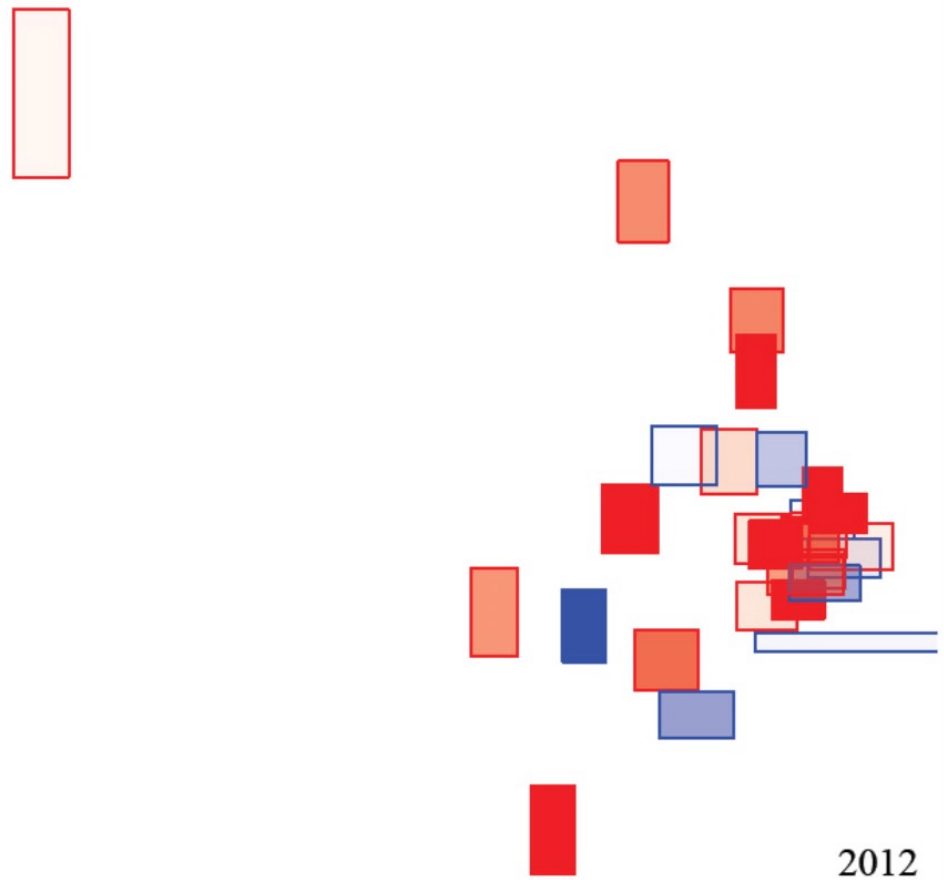
Figure 7d. *2012 Corporate Network Clustering. Clusters depict the bipartite network of firms and candidates for Congress. Primarily Republican clusters are depicted in red, and primarily Democrat clusters are in blue. Width of the cluster is based upon the number of candidates, and height is based upon median contributions to each candidate from firms within the cluster. Rectangles represent mostly incumbent clusters, and diamonds include at least 25% challenger, and bold diamonds more than 50% challengers.*

Group	Amount	Incumbent	Republican	Number
16	$315,187	1	1	6
11	$37,000	.67	.4	189
22	$239,375	1	0	6

Table 1.1. *Descriptive Statistics of Sample Clusters*

16	11	22
IR Judy Biggery	IR Trey Gowdy	ID Richard E. Neal
IR Randy Neugebauer	CR Ricky Gill	ID Sander Levin
IR Jeb Hensarling	OR Jason Plummer	ID John B. Larson
IR Spencer Bachus	IR Steven King	ID Xavier Becerra
IR Ed Royce	OR Tony Strickland	ID Mike Thompson

I, C, O Denote Incumbent, Challenger, Open
R, D Republican, Democrat

Table 1.2: *Sample Cluster Membership*

Perhaps the most revealing aspect of the clustering analysis is the over-time analysis. Looking at all candidates for the House and donations from Fortune 500 PAC from 1990 until 2012, we see several striking patterns shown in Figure 1.8. First, the overall median cluster dollar amount has risen significantly for both Democrats and Republicans. Clustering allows us to take out the also-ran challengers who stand little chance of winning and who are unlikely to gain the attention of anyone seriously connected to politics. What we do find in this clustering is a stark increase in the median cluster amount. In 1990, Democrats and Republicans were both well below $40,000 in total corporate PAC contributions. By 1996, we see a significant rise that has continued nearly unabated until the present day, with a slight drop in 2012. By 2010, the median Republican cluster was over $200,000 in donations to each candidate from Fortune 500 PACs, and Democrats stood at nearly $180,000, with a slight drop in 2012. The well-

funded Democratic clusters are not terribly far off from the fundraising mark of Republican cluster members.
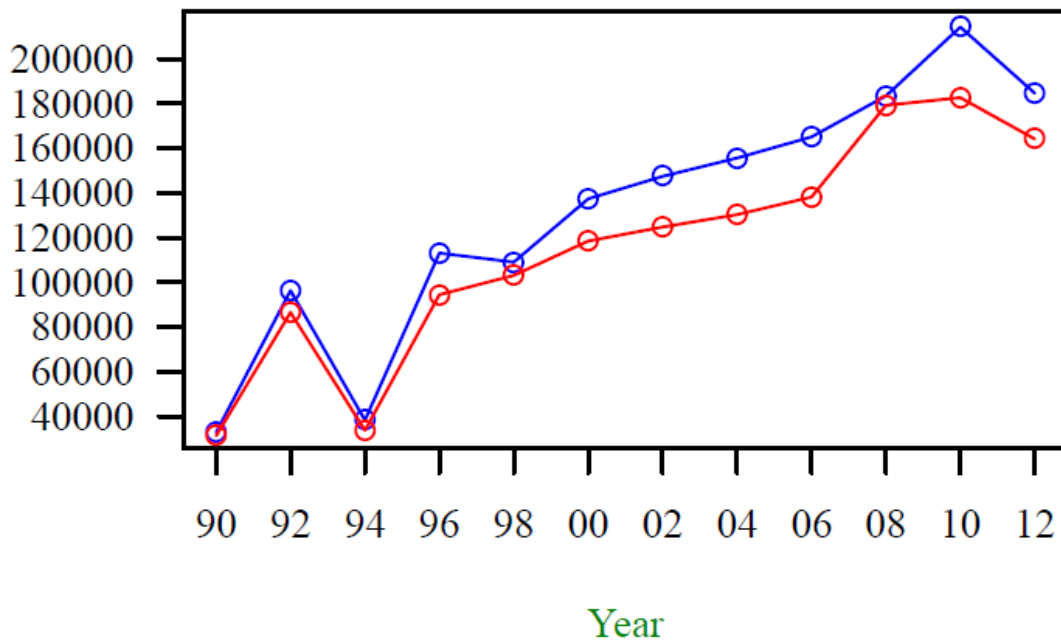
Figure 1.8 *Median donation, by cluster to individual candidates by Fortune 500 PACs, 1990-2012.*

Contrary to Mizruchi (2013), we see what appears to be a coherent shift toward additional money going to the best qualified candidates. Rather than a fracture in the corporate elite, we see what appears to be more a convergence. Indeed, overtime the spatial depiction of these clusters, indicating more similarity in giving have become noticeably converging. In 1990, the map of firms is much more spread out, while in 2012 the clusters are largely in the same spatial neighborhood, with only a single outlying cluster. This may be due in part to the increasing competitiveness of the Congress. Prior

to 1994, the House had been held by Democrats for generations. Firms may have needed to come together in order to ensure that they were backing winning candidates. This could perhaps be accomplished through sharing information about likely winners through social networks, such as trade associations. Once the non-supported candidates are taken into account through a clustering-model, we see that the most serious candidates on both sides of the aisle are better-funded than ever before. Perhaps most telling, we do not see significantly more clusters over time. In fact, we see fewer clusters depicted in Figure 9. In 1990, the cluster analysis resulted in 30 clusters. By 2006, there were only 22, a nearly 30% drop. Although there has been a slight uptick in recent elections (24 in 2008, 2010 and 27 in 2012) we do not see consistent evidence for increasing fracturing among corporations. Indeed, we do see more convergence. The fracturing that does not occur from each company going their own way, but rather two-distinct groups of corporations which give increasingly to a single party. Corporations are becoming increasingly allied with the extended party network of one party or another. Wholesale fracturing does not seem to occur.
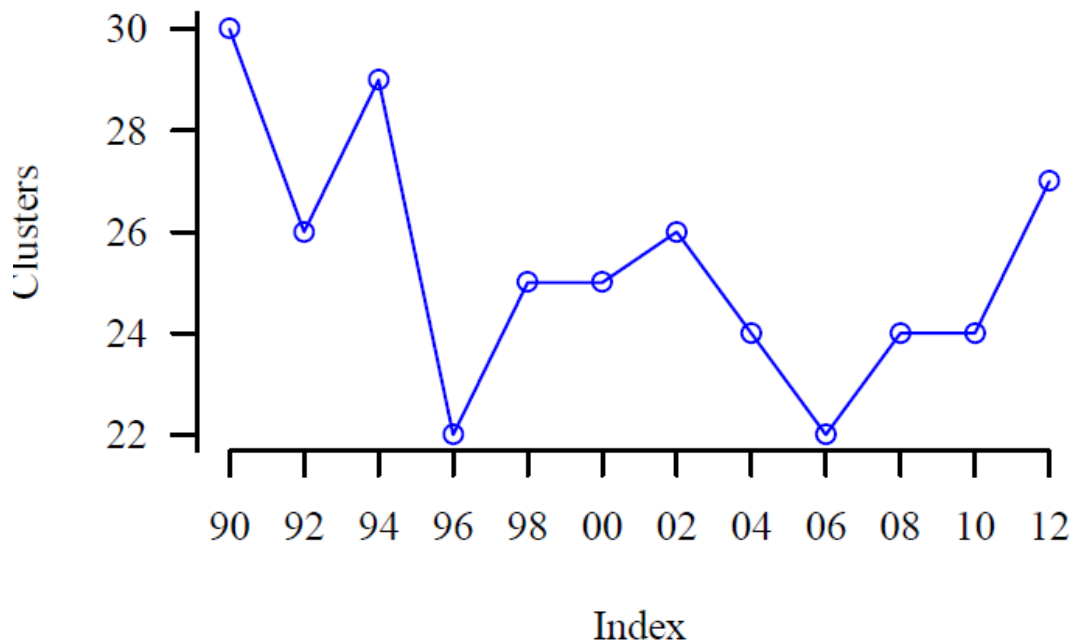
Figure 1.9. *Number of corporate-candidate clusters, 1990-2012.*

I conclude that, although slight, there does appear to be a shift in the ways in which firms engage in political activity. Rather than simply reacting passively and simply attempting to buy access to sitting legislators, firms are increasingly engaging in a higher degree of political giving, and that the firms that engage in politics are doing so at a higher level. Contrary to the fracturing and disintegration of the corporate political network, firms have actually become more cohesive in their giving from 1990-2012, with a noticeable drop in the number of clusters over time. Rather than more clusters, signifying a fracturing of corporate giving patterns, the number of communities have dropped. The majority of the communities are also clustered close together spatially, suggesting a similarity in giving. The simple fact more Fortune 500 companies are creating PACs and donating to candidates says a great deal. But perhaps more telling are

those firms which give to more liberal candidates. Logic would suggest that corporations should not be ideological but rather seek influence. But I argue that shifts in the social fabric and guiding principles firms demonstrate and impose on each other are leading to new ways of participating. Business is actively seeking to toss out of office incumbents who do not fit within their ideological and policy goals, regardless of incumbency status. The Chamber of Commerce was previously a non-ideological group, uninterested in social legislation. What leads them to shift tactics was the possibility of an opportunity to change policy (Hacker 2002). Perhaps this is an early development in a trend which will be borne out in later elections. With increased competitiveness in Congress, firms may see an opportunity for policy change, and attempt to take advantage of this through coordinating policy strategy to support their goals.

But what leads to firms acting the way they do with respect to campaign donations? Along with some exogenous shifts in the party landscape, I argue that changes within the social network of corporations has led to a shift in terms of what sort of behavior is deemed acceptable and what sort is rendered unacceptable. After studying the cohesion of the corporate giving community, an examination of the underlying factors driving the presence of these shifts in corporate giving was undertaken. In order to do this, I estimated network autocorrelation models for total donations to Republicans, Democrats, incumbents, and challengers. The results of these models are presented in Table 3. While some traditional covariates are significant predictors in some models, such as revenue and being in the manufacturing sector, these are not the sole predictors of corporate behavior. Rather I find that, although to a modest degree, common trade association membership is a significant predictor of the amount of money donated by a

firm to a particular type of candidate in each model. In fact, other than revenue, trade association membership is the only variable to remain statistically significant throughout the model. The standard measure of corporate networks, board interlocks, is significant for each type of candidate with the exclusion of challengers.

The results presented in Table 3a and 3b present a picture of campaign contributions which are dependent upon network level effects. The key independent variables in this study, board interlocks and trade association networks are also taken into account in the model. The findings are intriguing. Board interlocks remain statistically significant, but the coefficient for the network parameter is rather small ranging from .037 (Republican, Incumbent) to .045(Democrat). This effect of p can be understood as:

$p'=$ the number of standard deviation by which the dependent variable (campaign contributions in log dollars) will increase when WY increases by one standard deviation (Wang, et al 2014).

Practically speaking, this can be interpreted as for each one standard deviation increase in influence of *firm_i* on *firm j,* the expenditures of *firm j* will increase by .037 of a standard deviation of log dollars spent for a one standard deviation from the mean in influence. This small but significant finding means that board interlocks should not be ignored, but their overall size is limited since firms have very few connected firms. The most important variable for this study, trade association membership is also strongly significant. Again, this variable has a small coefficient size, only .001. In other words, for a one standard deviation increase in log dollars spent by *firm_i* on contributions, *firm_j* is expected to spend an additional .001 log dollars on contributions for that type of

candidate for each standard deviation increase in influence of *firm_i* on *firm_j*. Given the overall density of the trade association network, firms more connected to other firms that donate will see a significant increase in their overall campaign donation levels.

The *p* coefficient is fairly small, but the to truly understand the impact of these network effects an example is in order. For example, American Express is a large American financial firm, and is relatively well connected within the trade association network, but not especially so.

The *p* coefficient is fairly small, but the to truly understand the impact of these network effects an example is in order. For example, American Express is a large American financial firm, and is relatively well connected within the trade association network, but not especially so. However, their lobbying expenses in 2012 were very close to the standard deviation, so it makes a worthy starting point. To calculate the marginal effect of the trade association network, I begin first by calculating the standard deviation of the logged amount of total campaign expenditures for each type of candidate by each firm, expressed by σ.

After calculating the standard deviation for campaign donations for each candidate type among Fortune 500 firms, I then multiply the standard deviation by the estimated effect size, expressed as ***s*** and calculated by the equation:

$$s = \sigma \times \rho$$

This represents the amount of an expected increase of firm *j* for each tie between firm *i* and firm *j*.

To calculate influence of firm i on firm j, I define influence as the number of connections between the firms in the trade association network:

$I=\Sigma$ ties Firm$_{ij}$

The effect of firm i (American Express) on each of its alters is calculated separately and expressed as:

$F_{ij}=I$ x s

I then convert the spending totals back to actual dollars by taking the exponential value of e by the value expected effect of firm i on firm j when :

$T=e\char`^\ F_{ij}$ if $F_{ij} \neq 0$

Finally, I take the sum of the expected increases for a total net increase in spending among American Express's alters::

Total Effect= ΣT

I find that a single firm making an independent decision to increase the level of contributions to each candidate type can have a significant increase on the expenditures of other firms they are tied to, in both the trade association and board interlock networks. For example for incumbents, one standard deviation of the logged amount is equal to 5.363 (or \$213.31 actual dollars). If American Express were to increase their expenditures on incumbents by this amount, we would expect to see a total increase of \$308.48 for their alters in the trade associations networks. Essentially, for a 1 standard deviation increase of the logged total spending by American Express, it would spur an increase of nearly 150% increase in the spending total by its neighbors in the network.

Conversely, the same contribution would elicit only an additional $7.19 in additional spending throughout the system due to board interlock ties. Therefore, a single decision to engage in lobbying at a higher level can have dramatic effect across the network. This carries across other candidate types with $153.08 in additional spending on Democratic candidates would equate to an additional $308.26, with only $8.78 for board interlocks, and $184.07 turning into $308.38 for Republicans with only $8.49 from board interlocks. This indicates that trade associations have a greater capacity for spreading shifts in behavior across the corporate network.

Covariate	Republicans						Democrats	
	Board		Trade		Board		Trade	
	Coef.	(SE)	Coef.	(SE)	Coef.	(SE)	Coef.	(SE)
Revenue (log)	.861	(.246)***	.527	(.238)*	1.009	(.235)***	683	(.228)**
Profit (log)	.152	(.084)	.058	(.080)	.111	(.080)	.024	(.077)
Manufacture	-4.006	(2.437)	-.821	(2.356)	-6.164	(2.332)***	-3.937	(2.257)
Retail	-6.751	(2.502)**	-3.025	(2.433)	-8.386	(2.394)***	-4.726	(2.330)*
Utility	-.348	(2.533)	3.011	(2.453)	-2.384	(2.423)	1.050	(2.351)
Information	-2.398	(2.574)	-.132	(2.470)	-3.120	(2.465)	-1.012	(2.365)
Real Estate	-5.844	(3.274)	-2.844	(3.141)	-7.578	(3.132)*	-4.684	(3.009)
Arts, Enter.	.878	(5.238)	1.787	(4.997)	-2.653	(5.011)	.139	(4.785)
Mining	-.666	(2.632)	2.557	(2.542)	-3.919	(2.520)	.800	(2.435)
Construction	-.841	(3.305)* -4.956	(3.178)		-10.153	(3.161)**	-6.713	(3.044)*
Transport	-2.132	(2.646)	1.856	(2.570)	-4.692	(2.531)	-.721	(2.452)
Health	-.528	(2.742)	3.103	(2.655)	-2.785	(2.623)	-2.268	(2.612)
Food	-2.664	(2.831)	.576	(2.727)	-5.450	(2.709)*	.757	(2.612)
Wholesale	-6.723	(2.555)**	-3.328	(2.474)	-9.031	(2.445)***	-5.715	(2.37)*
Finance	-2.497	(2.486)	-.030	(2.389)	-4.372	(2.378)	-1.963	(2.289)
Science	-5.104	(2.662)	-1.652	(2.575)	-6.455	(2.547)*	-3.064	(2.466)
Admin	-1.702	(2.970)	2.831	(2.879)	.278	(2.841)*	-1.700	(2.758)
Management	-3.028	(2.507)	.278	(2.424)	-5.093	(2.398)*	-1.808	(2.321)
Public Admin	-8.910	(5.179)	-6.41	(4.938)	-10.448	(4.954)*	-8.170	(4.728)
Net. Effect	.037	(.007)***	.001	(<.001)	***.045	(.008)***	.001	(<.001)***
Adj R^2	.160		.258		.171			.270

Table 1.3A *Results of Network Autocorrelation, Campaign Donations*

| | Challengers | | | | Incumbents | | | |
| | Board | | Trade | | Board | | Trade | |
	Coef.	(SE)	Coef.	(SE)	Coef.	(SE)	Coef.	(SE)
Revenue (log)	.382	(.120)**	.322	(.122)**	.897	(.254)***	.547	(.248)*
Profit (log)	-.012	(.040)	.030	(.041)	.125	(.086)	.027	(.083)
Manufacture	-3.182	(1.196)**	-2.667	(1.210)*	-3.890	(2.516)	-.547	(2.429)
Retail	-3.525	(1.225)**	-2.632	(1.248)*	-6.587	(2.583)*	-2.675	(2.507)
Utility	-2.366	(1.242)	1.823	(1.257)	-.084	(2.615)	3.550	(2.529)
Information	-.3.523	(1.262)**	-3.071	(1.269)*	-1.952	(2.660)	.427	(2.546)
Real Estate	-3.647	(1.609)*	-3.150	(1.613)	-5.825	(3.381)	-2.685	(3.237)
Arts, Enter.	-3.935	(2.579)	-3.630	(2.566)	-.570	(5.407)	2.285	(5.148)
Mining	1.737	(1.291)	-1.189	(1.305)	-8.530	(2.717)	2.663	(2.619)
Construction	-3.718	(1.624)*	-3.186	(1.631)	-8.530	(3.412)*	4.908	(3.275)
Transport	-2.889	(1.299)*	-2.437	(2.038)	-2.126	(2.731)	2.051	(2.649)
Health	-3.070	(1.342)*	-2.270	(1.361)	-.463	(2.831)	3.346	(2.736)
Food	2.753	(1.391)**	-3.257	(1.399)*	-2.622	(2.923)	.767	(2.810)
Wholesale	-3.202	(1.252)*	-2.629	(1.269)*	-6.781	(2.638)*	-3.218	(2.549)
Finance	-2.368	(1.219)	-1.952	(1.224)	-2.310	(2.567)	.285	(2.462)
Science	-2.829	(1.305)*	-2.259	(1.320)	-4.997	(2.748)	-1.368	(2.653)
Admin	.449	(1.461)	1.092	(1.478)	-1.646	(3.066)	3.137	(2.967)
Management	-3.264	(1.231)**	-2.759	(1.243)*	-2.902	(2.588)	.561	(2.498)
Public Admin	-3.730	(2.547)	-3.325	(2.528)	-9.283	(5.346)	-6.888	(5.088)
Net. Effect	.005	(.015)	.001	(<.001)*	.037	(.007)***	.001	(<.001)***
Adj. R^2	.040		.049		.154		.256	

Table 1.3B *Results of Network Autocorrelation, Campaign Donations*

Looking at the adjusted R^2 of each model, we see a significant difference in this measure for each model except challengers. The adjusted R^2 of each of these models is roughly .1 higher in each category. In other words, substituting the trade association network for board interlocks explains an additional 10% of the overall variance in campaign contributions. While this model explains a fairly small portion of the overall variance in campaign contributions, this generally larger adjusted R^2 suggests that trade association networks are better at explaining campaign donations by Fortune 500 firms than board interlocks.

Once I estimated the models for each type of candidate, I then estimated individual models for each of the 788 candidates for Congress in 2012. By estimating a network

autocorrelation model in which the dependent variable is the logged amount of any

donation from a corporation to the candidate, it is possible to test for how network effects

shape the giving behavior of corporations and who they give to. Figure 1.10 depicts the

coefficients of the associational membership network. As demonstrated, the vast majority

of coefficients fall within the positive range (greater than 90%). This signifies that we can

be confident that associational membership ties, accounting for other factors including

board interlocks, are positive for the decision to donate to any particular candidate.

Network Effect Strength
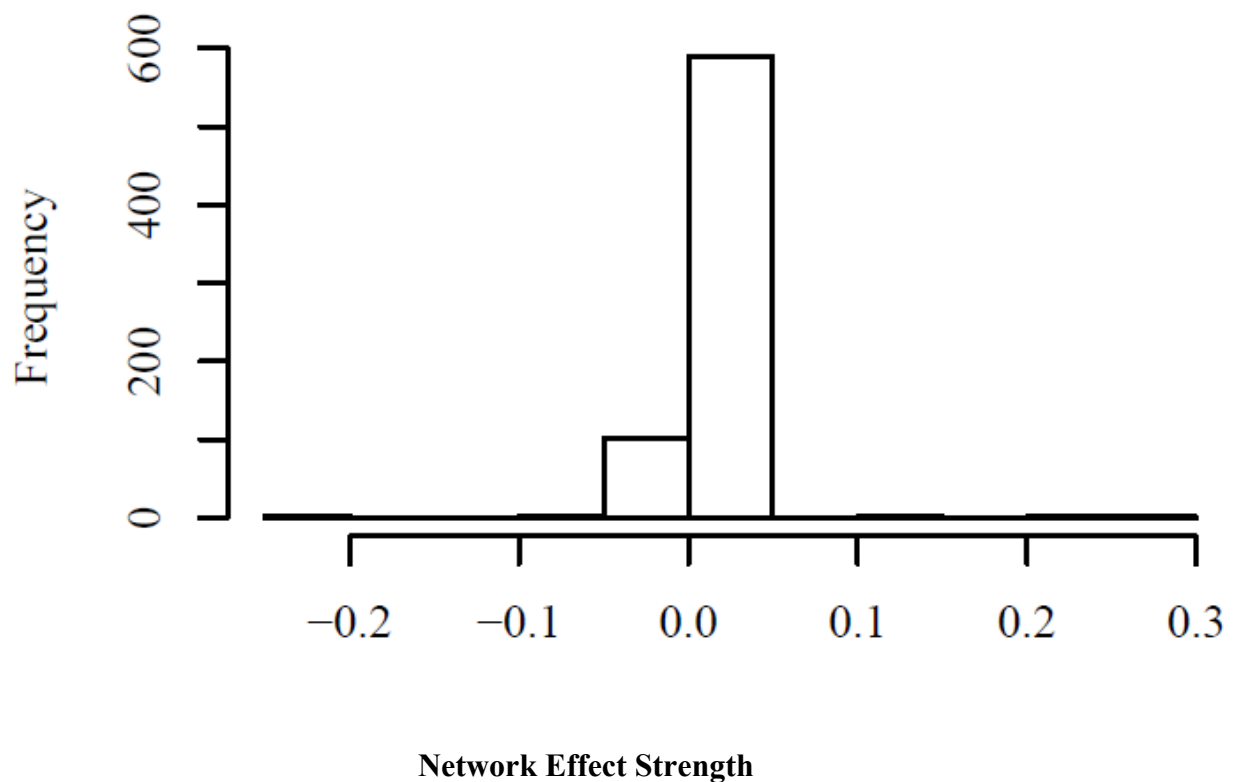
Figure 1.10 *Histogram depicting the coefficients for associational ties in network*

autocorrelation models for each candidate for Congress in 2012.

G. Conclusion

Through the mechanism of business associations, corporations are increasingly changing their behavior based on the actions of those around them. While scholars such as Rolfe (2012) and Sinclair (2012) have demonstrated the impact of the behavior of social circles on individuals, I demonstrate the impact of social ties on firms. Social ties allow for the transmission of information, desires, and pressures between corporations. These associations provide a forum for the expression of new ideas and logics. Organizations such as the Business Roundtable[3] build the connections between business leaders which then may be tapped, perhaps unconsciously, when firms decide to engage in a particular political strategy. I argue that these represent strong ties, where executives come together and interact. Weak ties, like corporate interlocks, provide a limited source of information from which to draw upon based on smaller social networks. Corporate boards are less involved in the day-to-day operations of firms. Corporate managers, CEOs and government affairs officials are the most likely to be involved in corporate strategy, including in politics. The ties they form through trade associations represent strong ties that allow for the incorporation of new information and strategies for a larger, collective goal. Indeed, the presence of trade associations as a mechanism for mobilization of constituencies by the extended party network can be a key area for future research.

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[3] The Chamber of Commerce may be a likely force of business unity, however, I would argue that the overall size (more than 200,000 members) of the organization prevents the development of meaningful connections. Coordinating and enforcing any type of social discipline in an organization of this size would be incredibly difficult. The principal-agent problem may come into play with may firms unaware of the activities of the Chamber and the Chamber unaware of most of the policy desires of many members.

Firms are motivated by those around them. In both trade association and board of director networks, we can expect significant increases among other firms when those they are tied to increase their level of campaign finance spending. The effect size on each firm is fairly limited, but taken in the aggregate these effects can lead to significant shifts in political expenditures. I find that firm contributions have a multiplier effect, with each firm they are connected to helping to increase the total. When discussing the potential impact of regulatory changes such as *Citizens United* which may free corporations from spending limits, it is important to consider these networks. Even if firms have been reluctant to increase engagement in campaign contributions in the wake of the decision, even one or two defections to increased spending could have dramatic effects on the overall totals, potentially having a cascade effect on corporate spending totals.

While corporations are far from unified in their decisions of which candidates to support, they are more cohesive than some may suggest. Understanding what drives this cohesion or division is an important point of contention, and bears further examination. Some scholars have begun to argue that business is becoming increasingly fractured. According to Mizruchi (2013, 264), "The American corporate elite, since the early 1990s, has become fragmented, without an organized group of pragmatic leaders capable of addressing the major issues which the group has been confronted." I argue that instead of fracturing, firms may actually be more similar in political activity than in previous years. While most firms are generally pursuing access-seeking strategies, the anecdotal and quantitative analyses presented here show that corporations are not entirely fractured and that in fact firms may be coming together. With increasing polarization of Congress, if firms wish to continue to give to candidates with more moderate ideological leanings, an

electoral strategy may make some sense. The hollowing out of moderates within the parties may drive a situation where extremists on either end of the spectrum, whether progressive or Tea Party, may be increasingly hostile toward business. When firms do donate, they are increasingly likely to give larger amounts. I find that a significant predictor of a firms engagement is related to the social ties between corporations, such as membership in common business associations. After revenue, this is the one constant and significant predictor of behavior across all types of candidates. Indeed, the increase in Fortune 500 PACs may signal an even greater convergence among corporation, the willingness to engage in politics to an even greater degree. While Ansolabehere,et al (2003) may have asked why there was so little money in politics a decade ago, it seems that the equation may be changing, and I argue that the behavior of those firms to which corporations are connected represent a significant driver of changes in corporate political behavior

CHAPTER 2

LOBBYING WITH YOUR FRIENDS: TRADE ASSOCIATIONS, CORPORATIONS, AND POLITICS

Recent trends in American politics have brought about renewed concern with how corporations engage in politics. Studies on corporate political activity (CPA) have demonstrated the importance of firm-level factors on political behavior. Building upon increased interest following Citizens United *and recent advances in network analysis, I demonstrate the importance of trade association networks in determining corporate lobbying activity. Few have studied how network-level factors lead to changes in CPA, and those that have focus on the importance of interlocking board directorates. Board interlocks have received mixed support for encouraging political behavior, and the recent evidence has suggested a decline in the corporate interlock network. Despite this decline in the board interlock network, companies are increasingly engaging in lobbying. I argue that studies of the corporate network centering on interlocks may not be measuring the complete corporate network. Given the importance of extended party networks (EPN), interest groups have taken on a new importance in the American politics literature. I suggest that interest groups, a key constituency of the EPN, are an important mechanism for fostering ties and diffusing information among firms that lead to changes in CPA. In this study, I examine lobbying spending among Fortune 500 firms in 2012. I find that the trade association network is highly important in determining lobbying spending.*

While the general public and media lament the role of corporate lobbyists in Washington politics, scholars remain more divided on the role they play. With research showing debatable success from lobbying (Baumgartner, et al 2009) scholars may ask why companies would devote resources to lobbying. According to Baumgartner, et al (2009), trade associations make up 21% of lobbying organizations, and corporations a further 14%. From 2008 until 2014, the 144 trade associations in the U.S. spent $682.2 million on lobbying (Quinn and Young 2015).The question of what leads companies to participate in political activities has been examined from a number of areas, with various findings about what causes a firm to lobby. While most studies have found internal factors such as firm size and industry to be predictive of lobbying success (Hill, et al 2014), scholars have also examined how the broader context determines corporate behavior. In the past several years, network analysis has provided a fruitful tool for examining how links to other entities shapes corporate behavior (e.g. Brown and Drake 2013; Dreilling and Darves 2011). Scholars have noted that far too often studies have failed to examine how other firms actions may affect a corporation's lobbying (Kanol 2014).

I argue that firms may be driven more by the policy and lobbying decisions of those around them, and less so than by the old model of board interlocks. I argue that this shift to trade associations as policy leaders may take corporate involvement in politics down a very different path. Since corporate boards have a very direct stake in the profits of a firm, they may have much less of a tolerance for ideological politics, and may simply be more practical with political decisions. Seeking compromise and working across the

aisle makes sense when the goal of corporate involvement in politics is to maximize profit. On the other hand, trade associations are inherently political animals. Associations provide a venue for business leaders to gain information, connections, and then transfer that into political activity. I propose a theory of corporate political behavior that is conditional on the political decisions of the firms which a company is connected to through trade association membership. Trade associations provide a mechanism for accountability among firms and may create direct connections, which drives corporate political behavior. In an era of polarized parties, defection from the traditionally pro-business line by some members of the Republican Party, and the rise of interest group elections in electing candidates and governing, firms are in an advantageous position to advocate for their interests by working through and influencing one another through the trade association network.

While a few studies have examined the influence of social networks on corporate political activity (CPA) (Mizruchi 1992) the explanations have focused on the role of corporate board interlocks. Interlocks are the network of ties formed between corporations which share a common member of their boards of directors. While these may be a useful measure, the puzzle in contemporary American politics is that board interlocks have declined significantly in American corporate life (Mizruchi and Hyman 2014; Schifeling and Mizruchi 2013; Mizruchi 2013). Since the 1970s, significant declines in the American corporate board network have brought about a fragmentation of corporate political action, according to the authors. While this conclusion may lead one to argue that corporations would fragment and go it alone when it comes to politics, another possibility exists. Perhaps another actor may have replaced the interlock in terms of

influence. While interest groups have become more central to American politics, it may make sense to examine how the interest groups for corporations, trade associations, may lead to shifts in behavior in corporate lobbying. Increases in corporate spending on lobbying may not be due to a fracturing of the corporate network, but rather a restructuring of the driving forces. I argue that trade associations have replaced the board interlock as the motivating force behind corporate lobbying. Corporate boards have been replaced as key drivers of behavior. Several theories for the decline of this network have been put forth. Theories about the reasons for the decline of the board network include neutralization of those opposing business in the 1970s, the decline in importance of banking interests as the center of the corporate network, and a resurrection of corporate shareholders in corporate governance (Schifeling and Mizruchi 2013). I argue that this network decline is real, but disagree that the network has become more fractured. Board networks have been replaced by trade association ties. The decline in density of board networks I argue has been countered by trade association networks as the center of the corporate network. The high density facilitates diffusion of a variety of behaviors through Fortune 500 firms.

I argue that to understand corporate lobbying spending it is necessary to account for other network measures because the underlying forces behind corporate behavior have changed. No longer do interlocks serve as the uniting actors in corporate affairs, rather trade associations have come to take that role as business leaders. While interlocks may be a source of behavioral influence among corporations, I propose a measure of corporate networks through trade association membership.   This new measure of firm ties advances our understanding of CPA by providing a measure of trade association

influence on firm behavior. Firms that are tied together by trade associations are more integrated into a network of accountability. Trade associations provide a means of overcoming the free-rider problem (Olson 1962) through encouraging and holding firms accountable through social pressure to participate in the policy process. Trade associations, unlike corporate boards have less incentive overall for maximizing individual firm profit. Board members have a direct tie to corporate profit, and stand to benefit most by seeking the most practical solution available to achieving this goal. This highly rational decision could be responsible for corporate leaders' willingness to work with incumbents as a means to seek access regardless of party. Trade association leaders on the other hand lack this direct connection to firm profits. They do not gain members or additional dues by increasing profit, but by advocating for the industry they represent. This may provide significant leverage for policy entrepreneurs. Rather than seeking the most practical solution, trade associations may be more likely to pursue highly ideological policies, which may appeal to members, but in reality, stand little chance of success. Given that lobbying is so often unsuccessful (Baumgartner, et al 2009), advocating for these more ambitious policies may be seen as fighting the good fight, even if they stand little chance of success. This activism may appeal to certain elements, even if it may limit the benefits of any individual firm if they had chosen more calculated policy options that stand a greater chance of success. With a fracturing party system within Congress and a widening rift between the two parties, firms may see a greater urgency to advocating for their interests. With the shifting of the Democratic party left, and some elements of the Republican Party resurrecting a form or populism that is antagonistic toward business, business may need to work together to bring greater

resources to protect their interests. Coupled with the fact that the polarization of members of Congress has brought in more ideologically hardline members who are more interested in policy change than simply being re-elected as a professional politician (Mayhew 1974), business may in fact see an opportunity to drive home policies favorable to their interests. The increasing importance of interest groups in nominating, electing, and then influencing members of Congress in an era of decentralized parties has opened the door for corporations to become more active and influential. The decline of corporate boards being replaced with trade associations as the center of the corporate network may have happened at a fortuitous time, one in which Congress has become increasingly competitive and receptive to ideological arguments.

Since the early 2000s, spending on lobbying by American corporations has increased substantially. This spending has risen from $1.44 billion in 1998 to $2.5 billion in 2005(Richter et al., 2009). Adjusting for inflation, that $1.44 billion would be worth only $1.73 billion in 2005, still nearly $800 million less than the total. By 2009, corporations were spending $3.5 billion (Jaffe and Tankserley 2013). With dollars spent on lobbying rising faster than inflation, a significant question remains. Why? This trend has caused significant concern among some politicians and much of the public. A 2011 Gallup Poll demonstrated that 71% of Americans felt that lobbyists had too much power, and 67% felt the same about major corporations (Saad 2011). Corporations have been a focal point of American politics, but academic literature has struggled to come up with a definitive theory of corporate political activity. While some have argued that corporate political spending has resulted in little gain (deFiguered, et al 2000), others have puzzled as to why firms have not been more active in politics (Ansolabehere, et al 2003). Recent

literature on the Extended Party Network (Koger, Masket, and Noel 2009), which emphasizes the multiple constituencies of political parties rarely tend to think of business as a key component to party coalitions. Much of the literature on corporations and politics came from an earlier era when pluralist scholars wondered about the influence of the upper class (Schattsneider 1960; Olson 1964). Recent events such as the 2008 financial crisis and the growing economic inequality in America (Bartels 2009; Gilens 2014; Pierson and Hacker 2010) and shifts to campaign finance laws after *Citizens United v. Federal Elections Commission* (2010) has served to focus renewed interest on the role of corporations in American politics (i.e. Spulak 2010; Hollis-Brusy 2015).

What leads to the increasing involvement of corporations in politics, and perhaps even more fundamentally, what leads corporations to engage in politics? Evidence suggests that firm size, revenue, and industry are all important for determining corporate lobbying expenditures. These individual level factors are undoubtedly important, but mounting evidence from political science, sociology, and other fields has demonstrated that decisions are not made in a vacuum, and that social networks that link individuals, groups, and even nations play a role in shaping behavior. Social networks can affect whether an individual votes (Sinclair 2012; Rolfe 2012), which candidates for Congress PACs (Political Action Committees) support (Desmarais, La Raja, Kowal 2015) or even how the network ties lead to alliances between nations (Cranmer, Desmarais, Kirkland 2012). This literature on social networks is often overlooked in studying corporate political activity. Scholars such as Mizruchi (2007) have noted that social network analysis and the study of corporate political activity have often been disparate fields, and the potential to unite the two may yield significant dividends in the understanding of

political economy. Despite significant recent research in political science on how social networks influence political behavior, there is a dearth of literature examining the ways in which networks impact corporate political behavior. Mizruchi (1992) is perhaps the best-cited example of social networks in CPA. Mizruchi examines interlocking directorates, but finds mixed results in support of this theory. Mizruchi finds no evidence to support direct interlocks, but finds some evidence in support of indirect interlocks. That is to say, Mizruchi finds not first-degree ties (firms directly connected to one another through interlocks), but ties further out (second and third degree) yield influence. This lack of direct influence is puzzling.

Recent work by Scott (2013) suggests that lobbying may be conditional upon the choices made by others in the policy environment (608). We know that legislators leverage social ties and work over time to build coalitions to achieve legislative success (Kirkland 2011; Ringe, Victor, Gross 2013; Desmaras, Schaffner, Moscardelli, and Kowal 2015). Much like legislators, I argue that businesses build and utilize network ties in helping to decide when and to what degree to engage in political activity. I propose a theory of corporate political behavior which is conditional on the political decisions of the firms which a company is connected to through trade association membership.

Lobbying, and politics in general, is a social activity. Decisions to engage in politics are not undertaken in a vacuum, but are based on decisions made by human actors that are keenly aware and cognizant of the actions of others involved in the process. This includes not only Members of Congress and the Executive Branch, but also those around them. Interest groups, lobbyists, and others take notice of how those around them act in regards to politics. Indeed, Baumgartner, et al. (2009) note "people inside and

outside government are constantly monitoring their peers" (p.252). Baumgartner and

Leech (1998) state, "the social nature of lobbying with its sensitivity to context, can

therefore be characterized by mimicry, cue-taking, and bandwagon effects" (p.140).

Others build upon this, saying "processes like bandwagon and influence can only occur in

a social environment. That is, these effects can only occur if people know each other and

can communicate with each other" (Scott 2013, p. 614). I argue that this is in fact the

case, and demonstrate empirically that firms engage in similar behavior in their decisions

of when and on what issues to lobby. Firms do have a mechanism for interacting with one

another, trade associations. Previous research has focused on corporate board of director

interlocks as the standard measure of social ties between firms (for an example, see

Mizruchi 1992). These trade associations, through meetings, conferences, and shared

interaction allow for the creation of social ties, and perhaps even social capital among

those involved in corporate government affairs. While some have examined how

lobbying is a social activity where lobbyists pay attention and gain information from one

another (i.e. Scott 2013), no studies to my knowledge have demonstrated across a wide

cross section of firms and issues how firms decide to lobby. Scott examines connections

between lobbyists, not their clients.

A. Why lobby?

The outcomes of lobbying are uncertain in the political science literature (i.e.

Baumgartner, et al 2009; Saad 2011). Lobbying is often unsuccessful, and most often the

status quo prevails. However, Baumgartner, et al. find that in rare cases when lobbying

prevails, change can be significant. Despite that, most lobbying dollars end up with little to show (Saad 2011). Relatively speaking, corporations spend a fairly small amount on lobbying (Ansolabehere, et al 2003). But for good reason perhaps, as less than 40% of lobbying campaigns have any success, and most often come away with significantly minor victories. Resources spent on lobbying account for less than 5% of the overall success rate. With only 5% of the outcome determined by lobbying resources, it suggests that firms have very little agency in determining the outcome of a policy debate through lobbying. When it does succeed, results may be significant. With lobbying success being so unpredictable, a valid question may be asked of why anyone would invest in such an uncertain proposition. With policy change so unlikely, scholars have sought to address why corporations, or any interest group, would engage in lobbying behavior.

Why anyone lobbies has been debated given the relative lack of success. Some argue it is a legislative subsidy, providing a supplement in time and information to congressional staff that may be limited in time and resources. Members of Congress and congressional staff are often overworked and stretched thin (Drutman 2010). Through this subsidy, interest groups may provide assistance to legislators to which they are already allied, allowing for them to assist the legislators to push the agenda and policy changes they may seek. Hansen (1991) argues that lobbying may provide information as well as persuasion. Lobbying may be successful through the flow of information from lobbyists to legislators (Wright 1996).

Lobbying may provide some benefits to firms, resulting in modestly reduced taxes (Richter, et al 2009), or it may provide favorable regulation for businesses (Yu and Yu 2010). It may provide access to information that firms may leverage in the marketplace

(Gao and Huang 2011). Alternatively, it can increase firm financial performance (Lux, et al 2011).

Others have argued that previous research on lobbying is lacking. Small sample sizes may beset these studies (Cooper, et al 2010). Contradictory findings are not uncommon. For example, some studies show a negative correlation between lobbying and firm performance, meaning that placing a former political figure on a corporate board lowers performance (Hadani and Shulern 2013). However, these results are far from conclusive, and certainly do not reflect the alarm expressed in the media, and among activists, of the impact of corporate cash. With such mixed results of research on the effectiveness of CPA, it may be asked why firms engage in politics and lobbying at all.

Business power has long been debated in American politics. Pluralists argued that while business interest played a role in determining politics and policy, the diverse nature of political interests meant that their desires were kept in check by the pluralist masses (Dahl 1961; Lowi 1969; Truman 1951). Some have wondered if elites drive politics to a much greater degree. Sociologists questioned the role of elites and argued for an elitist interpretation of economic and political power (Mills 1956; Domhoff 1967). Interest groups, especially producers, have an incentive to cooperate, but how best to overcome the natural inclination to free-ride off of others is uncertain (Olson 1962). More recently, scholars have noted that corporations are thought to be fairly inactive in politics, arguing that firms are nowhere near as active or influential in campaign donations as the American public believes (Milyo, Primo, and Groseclose 2000). Others argue that the amount spent on lobbying is significantly less than what might be expected (Ansolabehere, et al 2003).

Far too often, firms are taken in a vacuum, one in which their actions are isolated and dependent upon individual factors. Scholars have begun to shake this notion and are attempting to understand the ways in which social context and social networks may influence CPA. Scholars often overlook or ignore the role that other firms actions may play in determining lobbying, and "[t]his is quite problematic as firms are parts of networks comprising of other firms and it is very unlikely that their lobbying behavior is not influenced by other firms" (Kanol 2015, 2). The decision to lobby may be dependent upon how CEOs view the influence of other firms on politics and policy. Understanding the ways firms operate in this social context should be considered a crucial part of how we view the firms and its' political world. Kanol argues primarily for a competitive worldview of the corporation, one in which the competition between firms embedded in a social environment is the determining factor of whether or not to lobby. Scholars have often overlooked networks. When networks are taken into account they may be looking at only a single issue, or at a comparatively minor issue (Carpenter, et al 1998).

Interlocks have long been considered the standard measure of corporate networks. Louis Brandeis was perhaps the first to recognize the importance of interlocking directorates, when in 1914 he argued that a small group of bankers were able to exert influence through their service on the boards of other companies, leading to a chain of connected firms. More recent scholars have echoed this claim (Mizruchi 1992). Mizruchi's study is perhaps the primary example of the concept with his study of 57 large manufacturing firms in the United States. Board of director interlocks, or the ties between two firms which share a common member on their board of directors, has been hypothesized as a mechanism of diffusion of political activity among firms. Others argue

that board interlocks have been central to the understanding of corporate behavior since the turn of the 20th Century (Schifeling and Mizruchi 2013). Corporations were banded together in a very dense network of interlocking board of director ties, with banks often at the center.

But the role of interlocks has been in question in recent years. The corporate elite has become less unified (Mizruchi 2013) and the corporate network is in decline (Schifelin and Mizruchi 2013). Corporate interlocks, once prevalent in the American business community, have declined and with it has come a fracturing of the American business network, a trend that began in the 1970s and 1980s. Indeed, the decline of corporate interlocks should be noted, and is significant. Some claim that the decline in the interlock network was due to a shift in recruiting practices, in which less emphasis was placed on recruiting those already serving on corporate boards (Chu and Davis 2013) but overall the cause is not clear.

While Schifeling and Mizruchi (2013) find that the American corporate network, or the system of interlocking directorates between corporate boards has declined, I argue that this may not in fact be the case. While interlocks may have become less common, I argue that the corporate network is alive and well. Rather than becoming segmented, American corporations have become more closely intertwined with the trade associations. Rather than declining, the corporate network may have shifted from profit-driven corporate board interlocks to relationships based in trade associations. These ideological groups may be actively attempting to seize an opportunity provided by the polarization and decentralization within the contemporary party system, particularly the Republican party being split in two directions.

B. Conditional Choice, Lobbying and Trade Associations

In recent work, Scott (2013) makes a case that lobbying by interest groups is dependent upon the lobbying decisions of others within the policy environment. Examining U.S. retirement policy, Scott concludes this process results in a "bandwagon" effect in which firms begin to mimic the behavior of others, converging on bills which already enjoy support. This bandwagon effect is reminiscent of the organizational theory concept of *mimetic isomorphism* (Dimaggio and Powell, 1983) or the tendency for interest group behavior to converge and become more alike over time as they imitate the behavior of those around them. However, these applications of mimetic isomorphism or conditional behavior are fairly new concepts when applied to political behavior.

Scott (2013) argues that lobbying is a social process. Lobbyists, like others, have bounded rationality, with a finite capacity to examine and weigh potential policy choices (Baumgartner and Jones, 1993; Kingdon 1995). Scott (2013) argues that looking at the behavior of credible actors in the policy process offers a shortcut for lobbyists, lowering search and information costs on which issues are of importance and worthy of lobbying attention. Groups choose bills which are already popular, and more crucially, which allow social processes influence the choice to lobby on an issue. "Policy agendas develop not so much through elite consensus or through aggregation of independent choices but rather through social processes based on trust among lobbyists who work in close-kit communities" (609). Scott provides an excellent example of social ties influencing lobbying. However, the study has some limitations. First, it does not have quantitative evidence of social ties on the outcomes of lobbyists. There is no measure of how much clients pay the lobbyist or upon which issues they lobby. The dependent variable is not

the outcome, but the network itself. This is an important contribution to the literature, but for the purposes of this study, it fails to provide information on how the actual behavior is influenced. Second, the study examines lobbyists, not the clients. My study focuses on the client, in this case the firm. This is an important distinction, as firms are engaged in lobbying. Lobbyists have some leeway on which issues to lobby upon, but firms are the ultimate arbiter of which issues are most critical to their success. Third, this study is limited to only one fairly narrow area, retirement policy. This study takes a broader view and looks at lobbying in all major areas of policy.

Conditional choice theory emphasizes the role of the decisions of *others* in determining the actions of actors within a network. In this way, seemingly isolated and individual actions or decisions become in some ways dependent upon the collective decisions of others. Rolfe (2012) demonstrates that voter turnout is a conditional process. The decision of any individual to turnout to vote is dependent in part upon the actions of others. Others, such as Sinclair (2012), demonstrate social influence in determining whether to donate to a political campaign. I argue that corporate lobbying is a conditional process, and the trade associations play a key role in determining and creating the policy and social network of corporations and lobbyists.

Some research has suggested that trade association membership is a factor in determining lobbying activity in a comparative context. Research regarding trade associations have either taken the association as the unit of analysis, or scholars have looked at the decision to lobby alone or through the association (Bombardini and Trebbi 2009). These studies do not examine the association as a source of influence or as a conduit for collaboration among members. Indeed, the majority of lobbying by firms is

done independently (Bombardini and Trebbi 2009). Others examine the incentives to lobby jointly (Gordon and Hafer 2008). Weymouth (2012) has suggested that firms that belong to trade associations are more likely to engage in lobbying. The reasons for this may be threefold. First, firms that belong to trade associations have access to more *information* on the costs and benefits of specific policies, and second, firms may be held accountable through these associations. Perhaps most importantly, trade associations have direct input on *when, how and on what* bills and issues firms should be lobbying on. Trade associations provide the leadership for members to maximize and coordinate collective response for maximum outcomes. Having better information allows firms to assess the stakes of legislation and act accordingly. On the second point, Young, et al (2006) argues that associations may hold members accountable through the use of sanctions against their members for failure to act in the interest of the group, leading to self-policing of the industry. Industries such as chemical, textile, pulp and paper industries use self-enforcement of norms as a method of holding members accountable (Lenox and Nash 2003). Many in the public and within the public policy community tie together the reputation of an industry in its entirety, not simply members (King, et al 2001). Because this collective reputation is at stake, associations as well as individual members have a stake in ensuring compliance with dominant industry standards and norms. I argue that this can also include holding the line on public policy and contributing to lobbying on public policies, which will promote the common good for association members. This ability to sanction is a key factor in helping to overcome collective action problems among firms.

Previous research regarding the role of trade associations on lobbying and political activity can be advanced in several significant ways. First, my work improves on measures of association. Weymouth (2012) uses a very coarse measure of trade association membership by employing a dummy variable indicating whether a firm is a member of any business association. In contrast, I employ a measure based on a weighted-network of the ties between firms based upon these associations. This weighted-network of ties includes the number of ties existing between any two firms through trade associations. Firms with a greater number of ties between them are considered to have a greater weight to their ties, also known as edges, and therefore there is more to be more connected. Second, I apply this measure to the United States, as opposed to an international context.

Trade associations provide the ability to foster relationships among corporate leaders, government affairs professionals, lobbyists, and public officials. They do this through hosting conferences, seminars, and other activities, which foster ties among individuals. These ties, in turn, promote the exchange of information and the kind of social pressure that leads to common political activity. Associations, in fact, tout these very characteristics to their members. The Retail Industry Leaders Association, for example, touts its ability to help members connect, claiming on their website that "RILA's educational and networking events are widely recognized for providing world-class forums for sharing ideas and expertise among peers and industry experts. Attending these events provides access to the latest industry information and unmatched networking opportunities" (RILA 2015). The RILA offers events such as the annual Leadership Forum, which is an invitation only event for retail CEOs. This event is billed on their

website as a forum for interaction, as "[n]o other retail event brings more relevant CEOs together for dialogue and discussion around the critical business issues of consumer-facing companies" (RILA 2015b). Aside from more formal panels and meetings, the event may build real social connections, through such activities as a golf tournament and a biking adventure at the 2015 meeting (RILA 2015c). These social interactions intersect with panels such as "An Insider's Look at Politics 2015" where "[v]eteran journalist Chris Wallace leads a discussion between two political insiders, one Democrat and one Republican, on the state of Washington in the post-election world and the outlook for 2015. What are the issues most likely to be tackled, and how will they affect the retail industry? Is gridlock and partisan polarization here to stay? How should the business community participate in the process? These questions and more will be addressed in this candid exchange" (RILA 2015d). A sampling of attendees includes the CEOs of companies such as Coca-Cola, Walgreen, and Whole Foods. These are supplemented by annual Government Affairs Meetings. Aspects of this billing, such as how businesses should participate in politics, indicates the concept that associations are driving member behavior in this arena, providing advice about what is and is not important, and how to best to achieve the desired results.

Other group meetings highlight the importance of politics for business professionals. The Association of National Advertisers hosts an annual Advertising Law and Public Policy Conference for corporate lawyers and executives. The event features panels such as "What the New Political Reality Means for Advertisers" and "Laboratories of Democracy: State Privacy and Security Interests" (Association of National Advertisers, 2015). The Securities and Financial Markets Association's 2014 FATCA

(Foreign Account Tax Compliance Act) Policy Symposium featured networking breaks and a reception along with a panel titled "View from the Hill: The Future of FATCA" (SIFMA 2015). The American Bankers Association's 2015 Government Relations Summit has sessions such as "Orientation for Capitol Hill Visits", "Talking Data Breaches With Congress", and receptions for Emerging Leaders and Women's Leadership (ABA 2015). Other organizations, such as Business Forward, provide opportunities for business leaders to interact with high-level administration officials and political leaders, which are then able to diffuse this information to their business and policy networks. According to Bert Kaufman, executive director of Business Forward, "[t]he idea was to invite these [executives] back in town and get a sense of what's at stake with the fiscal cliff. They go back home and talk to their colleagues, their clients and their networks. They write op-eds, talk to reporters and talk about the need for a balanced approach…The idea is to have a robust engagement here" (Bogardus 2012). These associations offer an opportunity for business leaders to gain information and connections, and then transfer that into political activity. Other groups, such as the National Gas Association offer more regular and intimate meetings. The Natural Gas Roundtable sponsors a monthly lunch for industry executives at the University Club in Washington, D.C. with invited speakers such as members of Congress, cabinet members, and agency heads (Natural Gas Association 2015).

These trade associations offer something that is perhaps the most critical component of lobbying, information. Indeed, information has long been seen as the currency of lobbying and provides the most value to officials (Loomis 2012; Hall and Deardorf 2006). This information may be spread through the network of lobbyists, trade

association, officials, corporate executives, and elected officials. With the decentralization of party organizations in American politics, officials may rely upon the information passed to them by allied interest groups perhaps more than ever (along with the possibility of campaign contributions from these groups and companies).

Trade associations have been observed as cultural producers that can shape economic activity (Spillman 2012). Some have argued that trade associations may bridge the gap between the firm and the collective good (Clawson, et al 1992), while others argue that trade associations are inherently political. I argue that trade associations provide a mechanism for the diffusion of political information through the creation of ties among members that may be used for seeking information about politics, but also as a mechanism of holding members accountable through social pressure.

Trade associations function as an exchange mechanism for information (Kirby 1988). Trade associations aggregate and distribute information to members. As early as 1968, scholars have argued that trade associations use political means to achieve objectives (Assael 1968). Trade associations lobby and initiate government action. Scholars have argued that conventions and trade association meetings allow for networking of ideas and techniques (Lynn, et al. 1998). Conventions can build ties around common interests, and could theoretically build upon ties useful in political decisions. For example, at a risk-management trade association meeting, "Brown Bag Lunch, which combines networking and education in a structured but informal atmosphere, was added to the conference schedule this year to allow attendees to participate in a wider range of group discussions"(Lynn, et al. 1998). Trade associations also sponsor activities like lobbying trips by members to Congressional offices. The

American Seed Trade Association, including Dow, Monsanto, and DuPont holds an annual convention where "Education, debate and advocacy are on the agenda" (American Seed Trade Association 2014). Indeed, meetings such as these allow for the integration of political and policy strategy with the facilitation of social ties, which can be used to build corporate political strategy.

C. Data and Methods

This study examines the spending of Fortune 500 firms on lobbyists in 2012 and 2013 (Fortune 2012; 2013). Lobbying spending must be disclosed each year. Lobbyists must register and disclose their clients on a regular basis. Any person with at least one client, who spends at least 20% of their time engaged in lobbying activity and services is required to register as a lobbyist. Lobbying disclosures must be filed with the Clerk of the House of Representatives and the Secretary of the Senate, with a fine of up to $50,000 for failure to comply. This data is publicly available from the websites of both the House and Senate, and are usually filed on an annual and semi-annual basis. In this study, I obtained data on all registered lobbyist disclosures from the Sunlight Foundation. This data contains information on the lobbying firm, the client and the parent company, or a group of those hiring the firm. In addition, this data includes information about the amount of any contract between the lobbyist and client, as well as information on the issues and bills on which they are lobbying.

I chose to focus on Fortune 500 corporations in this study for several reasons. First, many previous studies of CPA have focused on small subsets of the universe of

corporations, such as only manufactures (Mizruchi 1992) or the retirement industry (Scott 2012), while others concentrate on the largest firms (Burris 2005). Since 1994, the Fortune 500 has included service companies along with manufacturers, thus presenting a much broader swath of corporations in a variety of industries and sectors, making a more representative sample of the largest corporations. Secondly, the Fortune 500 presents a listing of the 500 largest American corporations by revenue. As such, it is possible to measure the activity of those corporations with the largest potential for impacting politics through large donations. Third, the Fortune 500 provides a useful limiting point for an analysis of this type. While a sample of all corporations may be ideal, much of the data for many smaller companies is simply not publicly available. The Fortune 500 represents many of the most looked upon, largest, and well-documented companies in the world. The Fortune 500 is a natural starting place for this study. All lobbying expenditures must be reported to the clerks of the U.S. House of Representatives and the U.S. Senate on a quarterly basis. This information is available publicly, and in easily downloadable form from several sources. Lobbying data for this study was obtained from the Sunlight Foundation. I then went through all the records of lobbying in 2012 and 2013 and subset this to Fortune 500 firms in each year. This was then merged in with the individual level and network data I obtained.

For each Fortune 500 firm in 2012 and 2013, I gathered a number of covariates. First, I gathered information on industry sector, revenue and profit, and number of employees. I obtained revenue and profit directly from the Fortune rankings, while industry and number of employees were obtained from the database *Corporate Affiliations*. This allows for accounting for factors that have been associated with firm

spending on lobbying (Hill, et al 2014). These individual level factors have been

demonstrated to determine lobbying spending. However, these do not account for

external, network level measures. These include revenue, profit, industry, and number of

employees. Revenue, profit, and employees were all transformed into natural log

measures. For industry, a series of dummy variables were created from the two-digit

NAICS code were created, resulting in 19 industry dummy variables.

Network autocorrelation models allow for understanding how the transmission of

behavior can spread throughout a network (Wang, et. Al 2014). Among other areas of

research, network autocorrelation models have been used to predict the spread of

campaign donations in ethnic neighborhoods (Cho 2003) and student success in school

(Vitale et al 2015). Network autocorrelation allows for incorporating network effects

along with individual level covariates (Leenders 2002). This ability to incorporate

individual and social level measures provides a significant benefit to researchers.

For the purposes of this study, the network autocorrelation model takes the

following form:

$$y = \rho \mathbf{W} \mathbf{y} + \mathbf{X} Beta + \epsilon$$

Let y= a vector of responses (n x 1) matrix

Let **X** represent the (n x p) matrix of covariates for n individuals on p covariates

and let **W** be the (n x n) network weight matrix. The elements w_{ij} are a measure of the influence of actor j on actor i.

p represents the network autocorrelation parameter.

In this case, y is an n*1 vector of logged dollar contributions or lobbying

expenditures. **X** is a matrix of covariates at the firm level including revenue, profit, and industry. **W** is a matrix of trade association ties between firms, operationalized as a weighted matrix based on the number of ties between firms.

Through the usage of network autocorrelation, it is possible to test for the effect of social pressures on behavior. Some interpretations of network theory suggest behavioral phenomena are often spread through the embedded relationships in social networks. "By taking into account the opinions and behaviors displayed by significant others, actors thus establish their own behavior. In the literature, this influence process has been labeled 'contagion'" (Leenders 2002, 21). Network autocorrelation offers the ability to test the role of social networks on discreet outcomes. For many models of network analysis, such as Exponential Random Graph Models, the network is the dependent variable, and the analysis attempts to explain the variations within the network. Network autocorrelation takes the network as an independent variable, a covariate that is responsible for an observed outcome. In this case, it allows for testing the overall lobbying expenditures and spending issue. Network autocorrelation has been noted in the literature to be biased toward null results. Wang, et al. (2014) notes that standard network autocorrelation models often miss out on the statistical significance of network covariates and can bias downward network effects within the model. Because of this, any network effect picked up by the model is likely biased in a downward direction, causing the model to underestimate the effect.

In order to capture the determinants of lobbying spending, network autocorrelation allows for the inclusion of covariates in the model estimation. Unlike standard Ordinary Least Square regression models, network autocorrelation allows for

including among the covariates in the model measures of network connectivity. While regression generally assumes the independence of actors, network analysis assumes the opposite, the interdependence of actors. Network autocorrelation includes network matrices as key independent variables in the model representing the linkages between nodes in the network. This ability to include these network links in estimating behavior make the network autocorrelation model an ideal tool for understanding the causes of corporate political activity. After estimating the network effects through network autocorrelation, I estimated network logistic regressions on the decision of a firm to lobby along with a network OLS regression on the amount spent by a firm on lobbying.

To better capture the factors associated with lobbying spending, I utilized several different networks in the models. First, corporate interlocks, or the common membership of Fortune 500 boards of directors, has been suggested as a critical piece of determining corporate political behavior (Mizruchi 1992). Indeed, interlocking directorates are often the default method of thinking about corporate networks in the political context. Because of the significance of corporate interlocks on political behavior in previous work, it is essential to include this in this study. In order to do this, I obtained board of director membership from Fortune 500 members from the *Corporate Affiliations* database. I then created a weighted matrix in which the weights are the number of common board members shared between any two companies. In this way, a single-mode, weighted matrix was created connecting firms with one another.

The second network included in this study is trade association membership. In order to create this network, I developed a unique data set from the complete, publicly disclosed membership lists of 31 prominent business associations. This list was chosen

from many of the largest and most heavily involved groups of lobbying spending which publicly disclose their membership lists. Appendix A includes a full listing of the 31 associations included in the network. Notable associations included the Business Roundtable, The Business Council, Retail Industry Leaders Association, and Consumer Banking Association. While some groups, like the U.S. Chamber of Commerce do not publicly disclose member lists, the associations in this study represent many of the largest business groups which publicly disclose their member lists. For this network, I created a weighted matrix in which the weights are the number of common associational memberships between firm m and n.

The trade association network is fairly dense. Fortune 500 firms have an average number of ties via trade associations of 224.47, with a median number of ties of 170. By contrast, the average number of board interlocks is 2.94, with a median of 3. This is a significantly less dense network of ties than is present within the trade association network. Figure 2.4 presents the distribution of ties among firms by trade association, while Figure 2.5 presents the distribution of ties via corporate interlocks. One thing is quite clear from the distribution of ties. Firms within the trade association network have significantly more ties than within the board network. While the majority of firms have no connections through the board interlock network, the vast majority have at least a few ties, and many have more than 100. The density of the networks also speak to the nature of the ties, with the trade association network having a density of .243. Essentially, this means that 24% of all ties that could theoretically be present in fact exist. This is a highly dense network. Compared to a density of .005, or only .5% of possible ties being present between firms in the interlock network, the trade association provides a significantly

more hospitable environment for the spread of behavior through the network. With such a

miniscule density, the interlock network is so sparse as to stifle almost any possible

transmission between the members of the network.

Fortune 500 Trade Association Ties
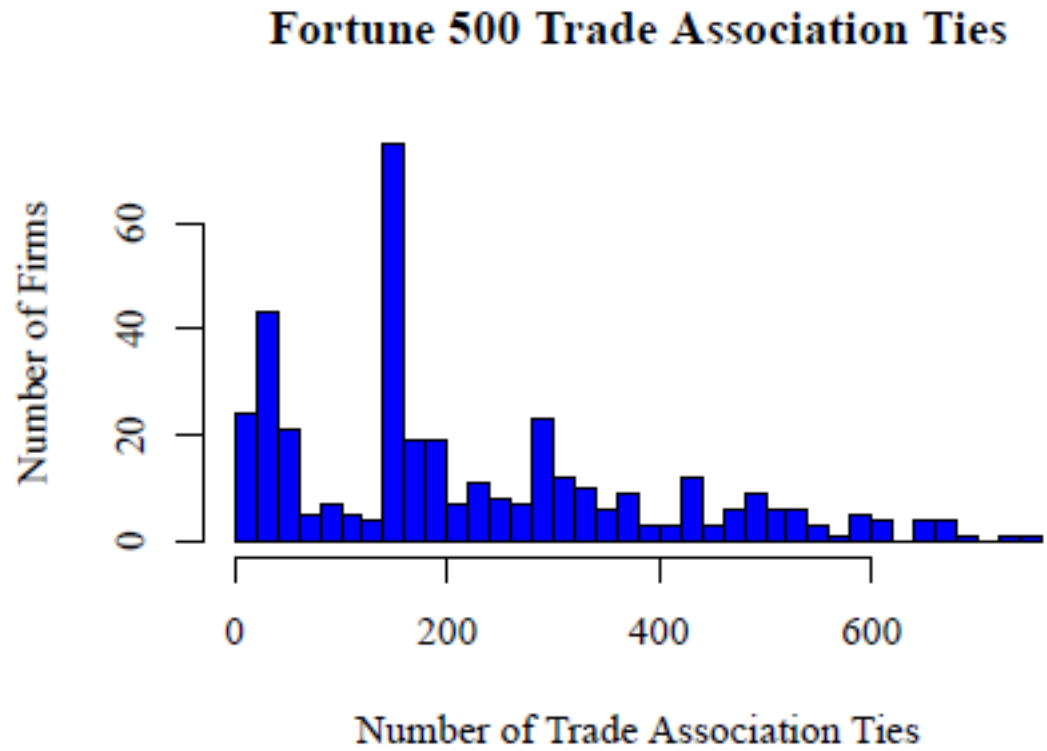
Figure 2.1 *Distribution of ties for Fortune 500 firms via trade association membership*

Fortune 500 Board Interlock Ties
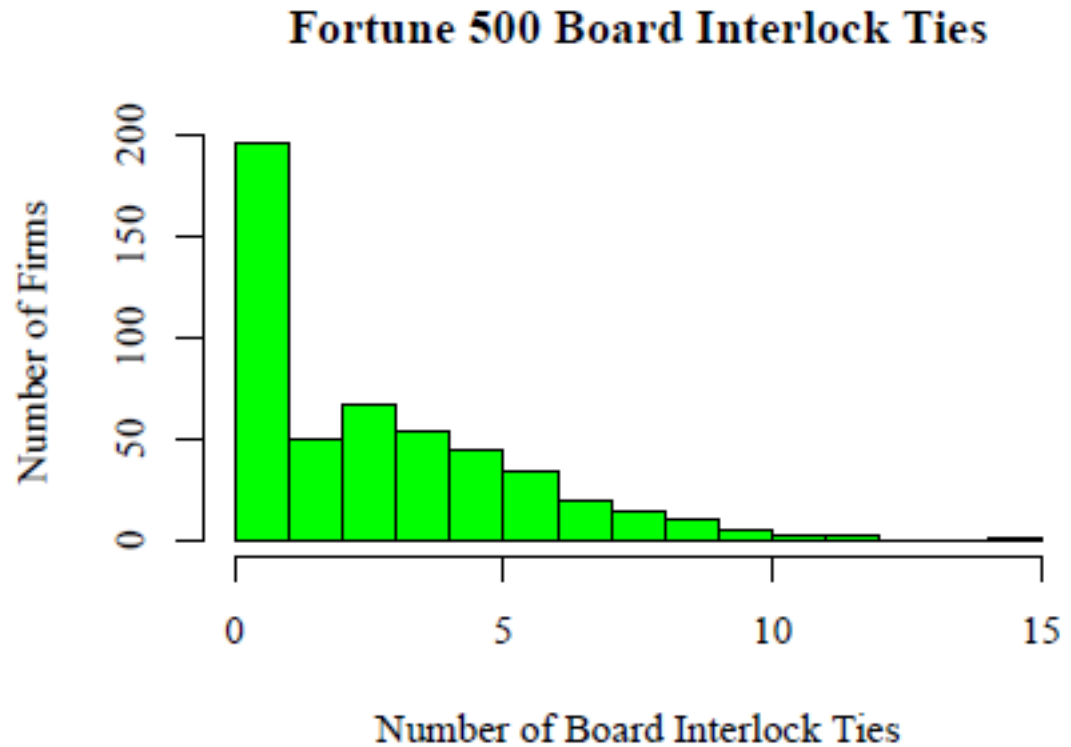
Figure 2.2 *Distribution of ties for Fortune 500 firms via corporate interlocks.*

As noted above, there is a significant difference in the number of ties in the trade association and interlock networks. Table 1 presents a list of the top 10 firms with the most ties in each of the networks. In the board interlock network, IBM comes in first with 15 ties. Several other firms trail behind at 12, and the lowest number of ties in the top 10 are 10. By contrast, the trade association network has J.P.Morgan Chase in the first spot, with 747 ties, nearly 50 times the number of ties of the top firm in the board interlock network. AT&T follows up with 738, and Microsoft with the last spot in the top 10 has 644. This is a significant difference in the density of the network, with the trade

association network significantly more dense than the board interlock. The mean number of ties in the trade association network is 76 times larger than that of the board network, and the median number of ties is 56 times greater.

Top 10 Most Connected Firms

Board	Ties	Trade	Ties
IBM	15	J.P Morgan Chase	747
Boeing	12	AT&T	738
Alcoa	12	Visa	690
3M	12	Target	680
Procter & Gamble	11	Johnson & Johnson	677
Marathon Oil	11	Chevron	673
Wells Fargo	10	General Electric	667
United Technologies	10	Citigroup	649
Public Service Enterprise Group	10	Exxon Mobil	647
John Deere	10	Microsoft	644
Median Ties	2.94		224.47
Average Ties	3		170

Table 2.1. *Top 10 most connected firms. Table includes firrms with the most number of ties in the board interlock and trade association network. Also includes the median and mean number of ties for each network.*

In addition to the network covariates, the model also takes into account various firm level factors. These factors include revenue, profit, and industry. For industry, I utilized the 2-digit NAICS code in order to create a series of dummy variables for each industry sector, such as manufacturing and finance. For both revenue and profit, I utilized the log of the 2012 revenue and profits of each Fortune 500 firm. Because there is such a wide variance in the range of values of lobbying expenditures ($0-$31 million), I use a logged value of lobby expenditures by firm.

After estimating the model for all lobbying expenditures by Fortune 500 firms, I then estimated models for each general issue on which firms lobby. Within the lobbying

disclosure data, there are 73 general issue codes. These range from defense to tariffs to education. Appendix B presents all 73 issues for which models were estimated. Many previous studies of corporate lobbying have focused on only a single issue or small subset of issues. These 73 issues encompass all of the general issues that were disclosed in Congressional lobbying forms. Some of these issues contain hundreds of observations, such as labor and defense, while others contain only a few observations, such as tariffs, which only contained 12. This presents some difficulties in measuring some models with a large number of zeros. Because firms often list several issues on a disclosure form, it is difficult to ascertain exactly how much was dedicated to each issue. For example a firm might lobby on 5 separate issues and disclose spending $1,000,000. This figure is not broken down by each issue. To address this problem, I took the total dollar amount for each disclosure and then divided by the number of issues on the disclosure form. Therefore, for the issue models the dependent variable is the dollar amount obtained from this average. Figure 2.6 provides a depiction of overall lobbying spending, with most firms on the lower end, but a small number of firms spending more than $25,000,000, dwarfing the overall campaign expenditures of even the biggest corporate donor, Honeywell International, that only gave around $3,000,000 in 2012. Table 2 depicts the top 10 firms by lobbying expenditures, with General Electric topping $31million in lobbying dollars.
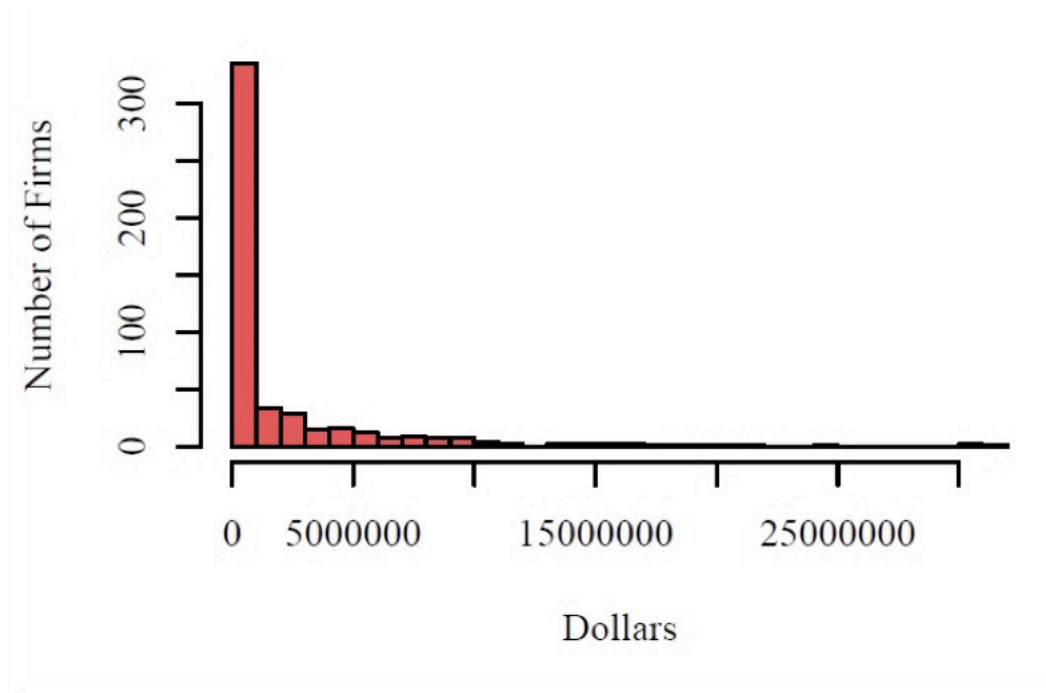
Figure 2.3. *Distribution of total lobbying expenditures by firms in 2012.*

Rank	Name	Amount
1	General Electric	$31,810,000
2	AT&T	$30,679,250
3	Lockheed Martin	$30,116,650
4	Google	$24,295,000
5	Verizon Communications	$20,100,000
6	Northrup Grumman	$19,425,000
7	Comcast	$21,955,000
8	Boeing	$18,180,000
9	Southern	$17,820,000
10	Pfizer	$16,560,000

Table 2.2. *Top 10 firms by lobbying spending, 2012*

Results

To determine the effect of social networks on the determinants of lobbying

expenditures, this study utilizes network autocorrelation. The results presented in Table

2.3 present a picture of lobbying which is dependent upon network level effects. The key independent variables in this study, board interlocks and trade association networks, are also taken into account in the model. The findings are intriguing. The network effect is signified by p, the autocorrelation parameter. This effect of p can be understood as:

$p' =$ the number of standard deviations by which the dependent variable (campaign contributions in log dollars) will increase when WY increases by one standard deviation (Wang, et al 2014).

Board interlocks remain statistically significant, but the coefficient for the variable is rather small at .06. This can be interpreted as for each 1 standard deviation increase in spending by *firm_i, firm_j* is expected to spend an additional .06 standard deviation increase on lobbying spending for each one standard deviation increase in influence between *firm_i* and *firm_j*. This small but significant finding means that board interlocks should not be ignored, but their relative size is limited. Given the much smaller number of ties between firms and significantly lower density in the interlock network, the relative effect is quite small. The most important variable for this study, trade association membership is also strongly significant. Again, this variable has a small coefficient size, only .002. In other words, for each one standard deviation increase in spending by *firm_i* on lobbying, *firm_j* is expected to spend an additional .002 standard deviations of log dollars on lobbying for each tie between *firm_i* and *firm_j*. Given the overall much higher density and number of ties held by firms in the trade association network, firms connected to other firms that lobby will see a significant increase in their overall lobbying expenditure levels.

The p coefficient is fairly small, but the to truly understand the impact of these network effects an example is in order. For example, American Express is a large American financial firm, and is relatively well connected within the trade association network, but not especially so. However, their lobbying expenses in 2012 were very close to the standard deviation, so it makes a worthy starting point. To calculate the marginal effect of the trade association network, I begin first by calculating the standard deviation of the logged amount of total lobbying expednitures for each firm, expressed by σ.

After calculating the standard deviation for lobbying expenditures among Fortune 500 firms, I then multiply the standard deviation by the estimated effect size, expressed as s and calculated by the equation:

$$s = \sigma \times \rho$$

This represents the amount of an expected increase of firm j for each tie between firm i and firm j.

To calculate influence of firm i on firm j, I define influence as the number of connections between the firms in the trade association network:

$$I = \Sigma \text{ ties Firm}_{ij}$$

The effect of firm i (American Express) on each of its alters is calculated separately and expressed as:

$$F_{ij} = I \times s$$

I then convert the spending totals back to actual dollars by taking the exponential value of e by the value expected effect of firm i on firm j when :

T=e^ F_{ij} if $F_{ij} \neq 0$

Finally, I take the sum of the expected increases for a total net increase in spending among American Express's alters::

Total Effect= ΣT

I find that a single firm making an independent decision to increase the level of lobbying expenditures can have a significant increase on the expenditures of other firms they are tied to, in both the trade association and board interlock networks. For example, one standard deviation of the logged amount is equal to 7.314 (or $1501.24 actual dollars). If American Express were to increase their expenditures on incumbents by this amount, we would expect to see a total increase of 9.406 log dollars ($314.61 actual dollars) for their alters in the trade associations networks. Essentially, for a 1 standard deviation increase of the logged total spending by American Express, it would spur an additional 20% increase in the the total by its neighbors in the network. Conversely, the same contribution would elicit only an additional $10.86 in additional spending throughout the system due to board interlock ties. Therefore, a single decision to engage in lobbying at a higher level can have dramatic effect across the network. Perhaps most importantly, trade associations offer significantly more capacity than board interlocks to spread new behaviors across the corporate network.

Industry level covariates are significant for all dummy variables, excluding those in the arts industry. Industry has long been considered a significant predictor of firm engagement in CPA (Hillman, et al. 2004). Industries such as energy tend to be more active in political affairs given their high exposure to governmental regulation. However,

all industry level variables are strongly negative. In addition, while revenue is significant profit is not. These confirm the earlier research suggesting that these are important for understanding lobbying expenditures. Perhaps most importantly, because of the strong negative correlations between industry and lobbying expenditures, these are unlikely to lead to an increase in the amount spent on lobbying.

For the issue models, the results are mixed but encouraging. Figure 2.7 presents the distribution of trade association coefficients for all 73 issues. Overall, of the 73 issues modeled, the coefficient for trade association membership is positive for 45 issues, or 62%. This is an encouraging finding, although it may be necessary to investigate this further. Because of the limited number of observations for some issues, it is difficult to be completely certain of these coefficients. For the majority of issues, the coefficient is positive. This suggests that for most issues, it is important to account for trade association membership.

After estimating these models, I also estimated the overall likelihood of a firm engaging in lobbying behavior using a network logistic regression utilizing the quadratic assignment procedure. In this instance, I find that for each firm_i which lobbies, firm_j will have an additional .08 log odds likelihood of engaging in lobbying controlling for individual and industry covariates. In this instance, firms are much more likely to lobby when many of their network ties in the trade association network also lobby.

Finally, the adjusted R^2 for the interlock directorate is .207, meaning about 20.7% of the variance is accounted for by the model. On the other side, the trade association network accounts for an adjusted R^2 of .280. This suggests that simply

substituting the trade association network for the board interlock network accounts for an additional 7% of the variance in lobbying expenditures. This suggests that while the model only explains about ¼ of the variance, network ties are significant and should be incorporated in future models.

	Trade Association		Interlock	
	Coefficient	SE	Coefficient	SE
Manufacturing	-18.778	3.228***	-9.639	1.418***
Retail	-19.917	3.331***	-10.356	1.457***
Utilities	-17.392	3.365***	-9.141	1.476***
Information	-18.405	3.383***	-8.882	1.499***
Real Estate	-24.338	4.305***	-11.857	1.905***
Arts	-13.295	6.848	-6.682	3.047***
Mining	-17.179	3.482***	-8.907	1.532***
Construction	-21.620	4.305***	-11.058	1.922***
Transportation	-16.099	3.522***	-8.954	1.539***
Health	-20.652	20.652***	-10.561	1.597***
Food	-23.635	3.737***	-11.819	1.647***
Wholesale	-21.590	3.390***	-10.892	1.489***
Finance	-20.251	3.275***	-9,761	1.449***
Science	-20.224	3.528***	-10.265	1.551***
Administration	-18.428	3.945***	-10.262	1.728***
Management	-17.370	3.322***	-9.066	1.460***
Public Administration	-18.428	3.945**	-11.328	3.007***
log(Revenue)	2.064	.327***	1.052	.148***
log(Profit)	.216	.111	.135	.049**
Network Effect	.002	>.001***	.060	.008***
R^2	.280		.207	

Table 2.3 *Results of network autocorrelation for log lobbying expenditures in 2012.*
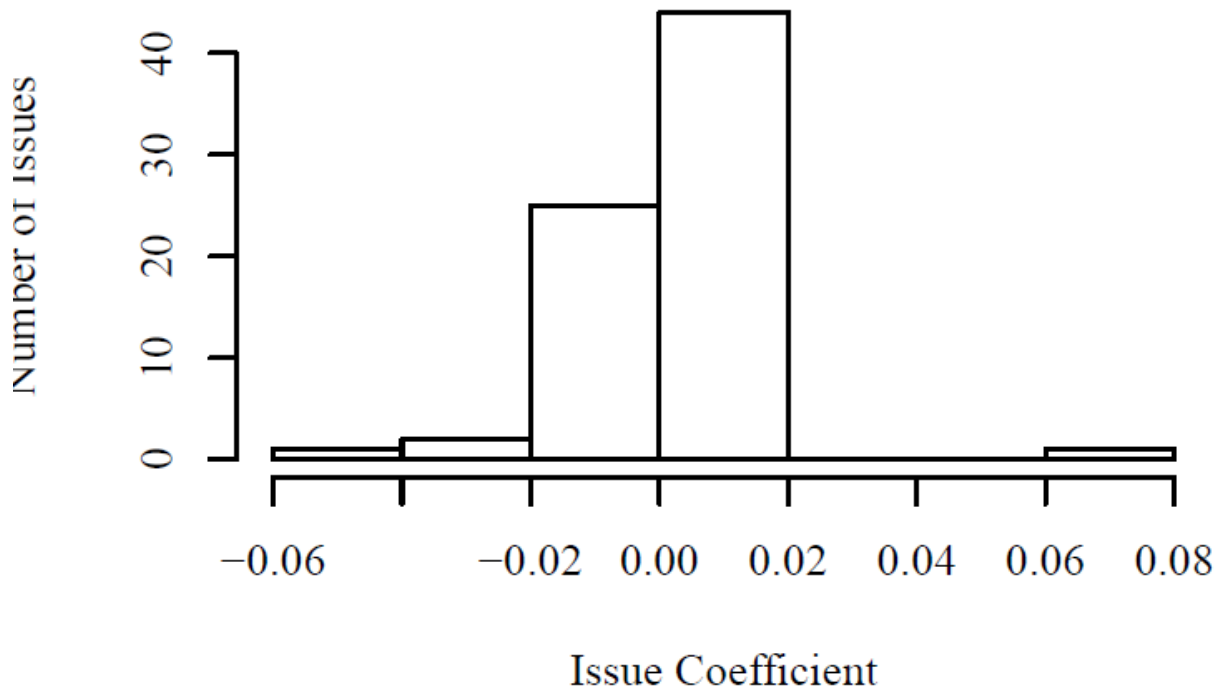
Figure 2.4 *Frequency of trade association coefficients for network autocorrelation models by issue, 2013.*

D. Discussion

This study provides a view of lobbying expenditures which is very different from the ones provided by many examples of recent scholarship (Hill, et al 2004). While firm level factors are the most often examined in political science and finance literature, this study demonstrates the importance of network level factors in understanding CPA. This study finds that each additional tie by a firm has a very small impact on the decision of a firm to lobby. However, cumulatively across an entire network, firms can expect a significant increase the in the amount spent and likelihood of engaging in lobbying by a firm when they are connected to others that do so. Despite the small parameter size of the

network autocorrelation model, the cumulative effect of even a single firm increasing their expenditures independently can be multiplied by the network.

Although the network effect is small, it may in fact be underestimated. First, there is a systematic bias for network autocorrelation to underestimate the network effect (Neuman and Mizruchi, 2010; Mizruchi and Neuman 2008, Wang, et al 2014). This is especially prominent as the size of the network increases. Network autocorrelation is prone to two types of error, Type II where a significant effect is missed, and also a systematic negative bias in estimating the network effect. Wang, et al. suggests an optimal network size of 40-80 and a p of .3. The larger the network is, the greater the chance of missing significance, or significantly underestimating the size of p (Mizruchi and Neuman 2008). This is increased with network density, as in this case density is around .25, suggesting a fairly dense network. Given the density and extremely large size of the networks in this study (500), there is reason to believe that these coefficients may be negatively biased and therefore considered conservative. Combined with the significant marginal effects of the network, it is likely that this effect may even be understated.

This study offers several improvements upon earlier studies on CPA. Those studies that have considered the effect of network level factors have considered mainly the role of corporate interlocks (Mizruchi 1992). While this study demonstrates that this network is important, the effect of these network ties are small by comparison to those of the trade association network.. This suggests that it is highly important to consider the role of trade association membership in determining CPA. Secondly, few studies have examined the role of network ties in determining lobbying expenditures across a broad

context. Most studies examining social networks and CPA examine activities like donations to congressional candidates, or testimony to congressional hearings. This study offers an important contribution through applying corporate interlocks and trade association networks to the study of lobbying.

In terms of theoretical implications, this study shows that it is important to consider the role of trade associations in determining lobbying expenditures. While studies of the extended party network have theorized that interest groups are important to the party coalition (Koger, Masket Noel 2009, 2010; Bawn, et al. 2012; Desmarais, La Raja, Kowal 2015), few have examined and thought of how the rise of the extended party network may play a role in determining how businesses engage in politics. I suggest that the extended party network can be crucial for determining CPA among Fortune 500 firms. As interest groups increase in importance in the election of candidates and how they govern, it makes sense that those allied interest groups grow in importance in determining how firms will engage in politics, rather than relying upon the information diffused through board ties, which have declined in recent decades (Schifeling and Mizruchi 2013). Through the ties fostered between firms by membership in trade associations, firms receive information and react to the activities of those they are connected to. Through the mechanism of trade associations, firms will begin to engage in behavior that is more similar. What may emerge is an arms race in which firms are encouraged to spend more on lobbying. This would help to account for the increase in the spending on lobbying over the first decade of the 21st Century (Drutman 2015).

I argue this behavior is not entirely new, but has become heightened in recent years. Firms are faced each year with an increasingly unfriendly political environment.

Parties have become further from each other ideologically over the last few decades. The ouster of former Speaker John Boehner, by highly ideological Republicans from the House Freedom Caucus (essentially the Tea Party) represents the stark shift in the ideological landscape. These Republicans are not the traditional pro-business, non-ideological politicians of the past. Instead, they have essentially been replaced by outsiders that are closer to ideological activists. Tea Party-affiliated Republicans are not afraid to potentially devastate the economy for the pursuit of ideological goals. A stark example is the fierce battle over the debt-ceiling, a non-issue for decades but a rallying cry for these ideological extremists (Dreier 2011). Business would be disproportionately hurt by the effects on the economy of a U.S. default. Perhaps unsurprisingly, Justin Amash, a Republican who was openly opposed in his re-election campaign, was a leader in overthrowing John Boehner as part of the Freedom Caucus (Sherman, 2015). From the left, firms are faced with a resurgence of populist activists such as Senator Elizabeth Warren who openly works advocates against the interests of big business. Unlike decades past where firms could reliably count on those in power to represent their interests, these corporations must seek to take a more active role in politics. The nature disinclination of the Democrats toward business makes it highly likely that firms are in fact more likely to support traditionally pro-business Republicans. The rise of anti-business factions within the Republican Party has lead business to become more involved with lobbying and campaigns, even to the point of support non-incumbents if they oppose anti-business Republican incumbents. This requires a unification of business strategies to influence policy in a highly polarized era. Trade associations are a natural place to strategize for American business seeking influence in Washington. These groups provide

the means of overcoming the collective action problem, inducing firms to cooperate and play an active role in political issues.

This study provides evidence to support the role of the trade association network in determining lobbying spending. Understanding how the extended party network may impact CPA is critical, as it can bring into focus how business is both responsive to, and a part of the extended party network. While previous studies suggesting the importance of interlocks (Mizruchi 1992) should not be discounted, it is important to take into account the ways in which corporations relate to one another through associations. While individual firm level factor leads to changes in political behavior, associations foster ties between firms that should not be dismissed.

CHAPTER 3

EXPERIMENTING WITH POLITICS: A SURVEY OF CORPORATE EXECUTIVES

A resurgence of interest over the role of corporations in politics has occurred in the United States following the 2010 decision in Citizens United v. F.E.C. *Given the new power to participate, would corporations take advantage of the right? To understand this question, it is essential to understand what drives firms to engage in politics. In this pilot study, I employ an experimental design to test what effect peer firm influence has on the giving patterns of corporations. Testing corporate executives, members of the board of directors, and government affairs professionals, I explore how information regarding donations from other firms may or may not lead to changes in behavior. This theory challenges generations of scholarship which are centered upon the role of individual, as opposed to social factors that lead to firms engaging in politics. I then explore the results of the pilot and explore ways in which to push forward to a full-scale survey which may better test the question of how firms react to political activity from their peers.*

Business takes place in an environment where no firm is an island. Companies public and private are constantly engaging in negotiations, cooperation, and competition with one another. Complicating matters, firms must deal with an at times hostile public, and an increasingly hostile Congress with factions of both parties opposing business interests, for example over inter-party disagreements over trade policy (Wong and Needham 2015). One significant way in which business interacts within the larger business environment is through Corporate political activity (CPA), including lobbying and campaign contributions. Business may be an active player as opposed to a passive bystander, attempting to influence policy through contributions to candidates and through the usage of lobbying. This activity has been severely criticized by public figures, such as Bernie Sanders in the 2016 Presidential race. Business enjoys significant advantages in campaign and lobbying expenditures by an estimated 6-1 margin over labor unions, spending $384 million on donations compared to only about $64 million from labor (Opensecrets 2015). This cascade of contributions has brought about questions about when and why corporations give to politicians, with most research focused on individual, firm level factors (Hill, et al 2004). I argue that some of the driving mechanisms behind the observed growth are network level factors, the ties between firms that have relationships based upon significant contact.

Given the significant advances with respect to understanding the many ways social networks affect political behavior (e.g Sinclar 2012; Rolfe 2012; Desmarais, La Raja, Kowal 2015), I argue that the time is ripe for undertaking new research on the firm and political activity that makes efforts to account for the ways that ties between and among firms may induce other firms to engage in similar behavior (in this case whether

or not to donate to a particular candidate). These induced effects have the potential to create further ripples in overall spending on lobbying and campaign donations. In this paper I present test the theory that corporate decisions to engage in CPA are conditional upon the actions of those around them. In previous research I have demonstrated that the network of ties among firms play a role in the overall spending among corporations in campaign contributions (Kowal 2015a) and lobbying (Kowal 2015b). Building upon this research and theoretical contributions from conditional choice literature (Rolfe 2012; Rolfe 2009), I employ an experimental design to test how the political decisions of other firms impact the decision by corporations to donate to a political candidate. Experiments offer the capacity for political scientists to think about causal inference (Druckman, Green, Kuklinsi, and Lupia 2006). This study attempts to understand the causal nature of corporate political giving, it is hoped that the results will hope other researchers to better understand what influences the decision to give.

A. The Conditional Nature of Corporate Political Activity

The conditional choice framework offers a view of behavior in which individual behavior is dependent upon the actions or beliefs of those around them (Rolfe 2012). Scholars have demonstrated these effects increase the likelihood of a subject's willingness to donate to a busker (Cialdini 2005) or to agree with an obviously false statement (Ascher 1955) if others around them also do so. I argue that much like individuals, corporations may be subject to this same pressure, but in this circumstance rather than being within a crowd of people as with those conformity experiments, firms

are embedded within networks with certain expectations of behavior. I argue this pressure can induce firms to engage in behavior in which they might not otherwise. Understanding the complexities of the economy is a difficult task (Waldrop 1993), and firms may be seeking heuristics to make sense of the best course of action. Sometimes, that may simply be doing what the other company is doing. Mimetic isomorphism (DiMaggio and Powell 1983), the tendency of firm behavior and organizational forms to converge, may be considered a similar phenomenon. Firms may engage in political behavior because they mimic others within their network. An example of this type of behavior includes the adoption of the poison pill defense against hostile takeovers in the 1980s. A discrete network of corporations encouraged this harmful reduction of share value (Davis 1991). Corporate campaign contributions may present a similar paradox. Scholars have found that the actual return on investment from corporate campaign contributions may be far lower than is widely believed (Hall and Wayman 1990; Ansolabehere, Snyder, and De Figueredo 2003), and lobbying may rarely result in policy change (Baumgartner, et al 2009). What exactly firms gain from CPA is questionable, however I argue that these firms may often be engaging in these behavior not for sound business reasons but simply because "everyone else is doing it".

I address the conditional nature of campaign donations through a pilot study of corporate leaders assessing their willingness to support various types of candidates for Congress. Experimental methods offer the capacity to understand causal mechanisms behind corporate giving. I test the conditional nature of corporate giving will lead to a greater willingness to support a candidate when confronted with information about the donation patterns of other firms.

B. Elite Research and Experiments

Observational study has been the backbone of political science for generations, with early scholars lamenting the impossibility of experimental methods (Lowell 1910). Recent trends have helped to shift this research paradigm to one in which an experimental political science is a reality. Answering the question of causality has been a critical component of social science, and causal inference techniques such as matching have provided a partially satisfying approach. However, experimentation along the lines of "hard" sciences is becoming a reality within political science. These experimental techniques have brought some to question the foundations of our political knowledge. As scholars move in the direction of ascertaining causality, experiments will become of ever-greater importance as scholars attempt to correct for the underuse of the technique in the past. (Druckman, et al 2011; Green and Gerber 2003).

Experiments have helped scholars move beyond the black box of political decisionmaking (Imai, et al 2011). Experiments have demonstrated, inter alia, the effectiveness of get out the vote efforts (Gerber and Green 2000), media coverage and issue saliency (Iyengar, et al 1982) and how social networks influence turnout (Nickerson 2008). Many of these experiments have focused on non-elite subjects (Druckman, et al 2011). The general public tends to be less knowledgeable about politics(Converse 1964; Delli Carpini and Keeter 1996), potentially making them more susceptible to experimental treatments. Elites tend to be more informed, presenting a considerable difficulty for experimental researchers. Some recent efforts have attempted to overcome

this difficulty, with experiments on the ability of "donors" to gain access to members of Congress (Kalla and Broockman 2015) or the effectiveness of lobbying efforts (LaPira 2011). Employing allied interest groups to attempt to set up meetings for constituents with members of Congress (Kalla and Broockman) or process tracing experiments (LaPira) it has been possible to begin experimentation with elite subjects.

In the past, to test theories of elite behavior, scholars have attempted to use convenience samples and experiments may present challenges to external validity (Sears 1986). It is considered a best practice to attempt to test the target population of interest as closely as possible. In this case, I attempt to study corporate executives and lobbyists. These populations present unique challenges. Scholars have tried to overcome this through large scale mailed surveys to lobbyists (Lucas and Hyde 2012) and in-person interviews (Heaney 2006). These approaches suffer from prohibitively costly and time-consuming design factors that make large scale research challenging. Other studies of corporate executives have relied on small-*n* approaches (Nownes (1999). One way to overcome these various limitations may be through employing online surveys. Platforms such as Qualtrics have made designing and implementing survey experiments accessible to a significant number of researchers. Nevertheless, in this particular case even this method suffers from disadvantages. Corporate executive time and access is often closely guarded, when "even the gatekeepers have gatekeepers" (Page, et al 2013, 53). These intermediaries can present a roadblock for researchers. Simply making contact with corporate elites can be next to impossible, with months of efforts needed even to get a small sample size (83) (Page, at al.).

C. Methods and Data

For this study, I employed an online survey experiment of corporate leaders in the United States testing a conditional choice theory of corporate campaign donations. To recruit respondents to be a part of the survey panel, it was necessary to obtain the email addresses of a large enough pool of potential respondents to achieve a sufficiently large panel. In order to do this, I assembled an email list of over 7,700 corporate executives. Email addresses for many corporate executives are obtainable through commercially available databases readily accessible to academic researchers. I used Corporate Affiliations, a database from Lexis Nexis that includes information on the largest firms in the United States and internationally. This data set provides background data on firm size, industry and competitors among other areas. In addition, it furnishes a listing of contact information for corporate executives from these firms.

For this survey, I compiled a listing of corporate executives and board members from the 1,000 largest publicly traded firms in the United States. I chose to focus on the Fortune 1000 for several reasons. First, the Fortune 1,000 represents the 1,000 largest publicly held firms in the United States by revenue. It would be logical to expect that these firms are the ones most likely to politically active in lobbying and political contributions and the ones most able, through a large pool of resources, to be able to have the most pronounced effect on American elections, with the largest expenditures coming from firms like Goldman Sachs, Bank of America, and AT&T (Sunlight Foundation 2014). The Sunlight Foundation highlights the 200 most active companies, and a high degree of overlap with Fortune 500 and Fortune 1000 firms. Among the exceptions to this are Koch Industries, one of the top 25 spenders, who are privately held and therefore

not represented in the Fortune 1000. Due to the fact that the Fortune 1000 firms are publicly traded, it is comparatively easy to gain access to information through required disclosures to the Securities and Exchange Commission. The Fortune 1000 also offers the advantage of being a large, diverse grouping of firms from a broad range of both industries and regions. This regional and industry diversity provides the potential to reasonably ensure a wide and representative sample of American business in the early 21st Century.

While the Fortune 1000 represent the largest firms in the United States, they may not be representative of business as a whole. These firms possess the resources to hire professional lobbying staff and government relations officials. They may also be more likely to act strategically than smaller firms. However, they may still be pressured by the same social forces. Mizruchi (1992) demonstrated that contributions were influenced by the corporate board interlock network. These may be strategic based, however they may also be conditional on the donations by those firms to which they are tied. My previous work has led me to a focus on trade associations and has led me to the conclusion that these groups play an outsized role in inducing firms to overcome collective action programs and engage in behavior and support causes which they may not do otherwise.

I targeted corporate executives, government affairs officers, and board members for this study. I chose these groups for several reasons. Given the importance of board members in previous work on CPA (Mizruchi 1992) I felt it important they be included in the study. Executives, government affairs officials are the most likely to be responsible for the policymaking decisions dealing with political contributions for the corporation. Board members and corporate executives are in the best position and have the power

vested in their jobs to be empowered to think broadly about the impact of the corporation on the larger political sphere. Rather than performing a narrow, specific task, it is necessary for a business executive to think about the broader environment business is a part of, including the political climate. In addition, executives at this level are also more likely to have higher levels of education, many with undergraduate degrees from Ivy League universities and MBA or law degrees and an average of 17.26 years of education (Cappelli and Hamoria 2005). Socioeconomic status, including education and income also tends to correlate with political knowledge (Delli Carpini and Keeter, 1997). Because of this, corporate executives should be well-versed in the workings of politics, making them ideal subjects to test corporate political decision-making. In order to capture a broad swath of the corporate elite, I drew upon an email list, which included presidents, vice-presidents, general counsel, public and government affairs officials, policy and regulatory affairs officers, and corporate board members to create the final email distribution list of 7,707 individuals from these Fortune 1000 companies[4].

Once the list was created, a survey experiment was created using the online survey tool Qualtrics and distributed to members of the list inviting them to take part in this study. Qualtrics is an online survey tool commercially available and widely used by commercial, academic, and non-profit entities and researchers.

The study was very brief, and contained two substantive questions designed to test the impact of partisanship and social ties on the willingness of firms to contribute to candidates. Appendix C includes the questions included in each treatment and control.

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[4] This list and research design received approval from the University of Massachusetts Institutional Review Board.

Each question included a control and two treatment conditions. In the first question, survey respondents were randomly presented with either a control scenario or one of the treatments. In this question, respondents were given a hypothetical scenario describing a challenger for a seat in Congress. The control contains no reference to donations by other firms or party of the candidate. In the treatment, the message and scenario are the same except they include a reference to the party of the challenger and include that the candidate has already received donations from other firms. This treatment includes a party of either Democrat or Republican. After being present with the scenario, respondents were asked to rate how likely, on a scale of 1-5, their firm would be to donate to this candidate. The second question is presented similarly, with the challenger being replaced by an incumbent.

I chose this research design for several reasons. First, an online survey provides the ability to distribute a survey widely, to a large number of potential respondents in an economical and expeditious fashion. Email distribution allows for sending follow-up emails to remind potential participants to take the survey, helping to encourage greater response rates. Online surveys have been used in political science in significant numbers in recent years, including over thirty published by the American Journal of Political Science, American Political Science Review, and the Journal of Politics between 2006 and 2011 (Ansolabehere and Schaffner 2014).

In order to distinguish how firms make decisions of which candidates to support, this study employs a multi-pronged research design. The questions revolve around the willingness of a firm to support a hypothetical candidate for Congress. Respondents were randomly distributed to one of three categories. A control group, receiving no political

affiliation of the candidate and no message of support by other firms, was used a baseline. Along with this, a summary of hypothetical support by leading companies was presented. Those firms represented in this message were chosen due to representation of several industries and their significant stature as leading firms. Respondents were tracked based upon their responses to several background questions.

The study includes a two part treatment for each question. These treatments test both partisan as well as conditional choice influences. This research design can be viewed as an efficient and parsimonious one, testing both relevant hypotheses by comparing difference between treatment and control group both individual and combined (Gerber and Green 2011). By combining the two partisan label treatments, it is possible to test the influence versus the control by essentially cancelling out the partisan cue. This then allows for discerning the effect of the conditional choice cue present in both treatments but not in the control. Untangling the causal mechanism of this process can lend a deeper meaning to studies such as Kowal (2015a; 2015b).

D. Results

This pilot study has yielded several important points that are necessary to address within future research. The survey was fielded in July 2015, and was sent to a total of 7,701 email addresses for executives at the Fortune 1000. Of these emails, 1,915 were immediately bounded back as undeliverable. This could be due to outdated information (i.e. individual no longer is with the company) or inaccurate information (respondent email was incorrect in the Corporate Affiliations database). This reduced the potential

subject pool to 5,786. Out of that pool, only 50 began the survey, as response rate of less than 1%. is problematic. A response rate this small limits the ability to gather a sample size with enough statistical power to detect a treatment effect. In addition, there may be a systematic bias in the respondents that may hinder the generalizability of the study. Furthermore, of that 50, 35 dropped out of the survey without completing it. A follow-up email was sent a week later. This yielded a further 55 surveys started, but this group only resulted in 9 additional completed surveys. A total 42 individuals took the survey with 24 completing. Several individuals dropout out of the survey before completing any of the experimental questions.

Once the survey was completed, I then analyzed the results. The experiment included two questions with different scenarios with differing incumbency status for the hypothetical candidate (challenger or incumbent). Each of these had a control along with two treatments which tested two effects, the first whether or not Republicans were more likely to be supported than Democratic candidates. The second tested the conditional nature of being exposed to contribution information from other firms to the candidate.

Table 3.1 presents a breakdown of the positions of the respondents to the survey. The majority, a total of 20 respondents, were classified as either CEOs or other executives. The survey also had 8 respondents identified as "Other", meaning they did not fit the description of three classifications. This may include occupations such as legal counsel or other that may not be involved regularly in political activity such as donation like lobbying, but may be involved from time to time. A total of 6 respondents were identified as government affairs officials. This group is perhaps of the most interest, as they are the ones mostly likely to be involved in the day-to-day dealing of corporate

political activity. The fourth and final group represented in the survey are members of

corporate board of directors. Three individuals participating in the survey identified as

board members. Given the research on board interlocks and the role of board of directors

in directing CPA, this group may be of particular interest (Mizruchi 1992).

No. Resp.	%Resp.	%Sample		
Board of Directors	3	8.2	19.1	
CEO or Other Executive	20	54	25.7	
Government Affairs	6	16.2	3.1	
Other	8	21.6	52.1	

Table 3.1 *Position of Respondents*

Interestingly, government affairs appears to be overrepresented in the

respondents, with 16.2% of respondents compared to only 3.% of the total sample. This

makes sense due to the fact that these are the individuals who would have the most

interaction with government and political issues. The "Other" category, a broad category

that encompasses a number of positions, is underrepresented in the sample, along with

members of the board of directors. This is interesting, but perhaps not surprising. Most

board members are incredibly powerful and influential, and may not be willing to

respond to such surveys without significant prodding or connections in order to get

through the gatekeepers which control access. CEOs and other executives are

overrepresented as well. This is interesting, but may have several reasons. CEOs are

highly ranked and are tasked with making company policy so may not be as constrained

by company policy restricting engaging in political issues. However, such a high

response rate (comparatively) from this group was not expected given the heavy demands on CEO and executive time.

Table 3.2 presents the results of the average treatment effect of Question 1 comparing Democrat and Republican treatments as compared to a generic control for a challenger. The average treatment effect in a randomized control trial presents the effect of a single treatment compared to a baseline, or control group. As presented in Table 3, I find no significant difference between the control and treatment. Due to the small sample size of respondents completing this portion of the survey (27), the power of the sample was insufficient to achieve a statistically significant finding The treatment is compared to a mean rating for the control group of 2.7 on the 5-point scale. Given that the results fall almost in the middle of the scale (3), the results of the control group would suggest uncertainty more than any particular preference for a candidate. The average score for those presented with the Republican treatment was -.7 less on the 5-point scale, and -.3 for Democrats below the control.

	Coef	SE	P-Value
ATE Versus Control			
Democrat	-.7	.622	.260
Republican	-.3	.515	.560
N=27			

Table 3.2 *Question 1: Challenger Partisan Reference*

I next turn to the conditional choice treatment at the heart of the study. Because the treatment is embedded within the treatments referencing party, it is necessary to compare not the individual treatments, but the combined treatment for Democrat and

Republican. Combining the treatments allows for a comparison with the generic control. Table 3.3 presents the results of this question. Again, I find no statistically significant difference between the control and the treatment. The coefficient for the treatment is actually in the negative direction, with the mean respondent exposed to the treatment scoring -.465 points below the control mean. This may suggest the exact opposite of the hypothesized effect, with executives less likely to support a candidate if that candidate is supported by other firms. Given the low power available from the sample size, it is difficult to make any definitive conclusion about the direction of the treatment. However, it is possible that exposure to information about other firm giving may make it less likely a firm will give. One possible explaination is that rather than testing firm ties, these are simply a random group of firms. This may not activate respondents social conditioning, and therefore lead to results tending toward the negative. Those respondents may also see these extremely large and prominent firms as having taken care of the interests of business, and therefore feel comfortable freeriding in this situation. This is an issue which must be cleared up in future research.

	Coef	SE	P-Value
ATE Versus Control Treatment	-.465	.457	.309
N=27			

Table 3.3 *Question 1: Challenger Conditional Firm Reference*

I next turn to Question two, which asks about support for an incumbent member of Congress. Table 3.4 presents the results for Democrat and Republican prompts. Again, I find no statistically significant result to support or overturn the hypothesis that

Republicans would receive more support than Democrats. The limited statistical power of

the sample means that definitive conclusions in either direction are not possible.

Similarly, I find no significant results pitting the combined treatments against the control.

This prevents any conclusion on the conditional nature of the corporate support for

political candidates.

	Coef	SE	P-Value
ATE			
Versus Control			
Democrat	-.607	.672	.366
Republican	.159	.595	.789
Mean	2.75	.385	<.001
N=26			

Table 3.4 *Question 2: Incumbent Partisan Reference*

	Coef	SE	P-Value
ATE			
Versus Control			
Treatment	-.139	.528	.793
Mean	2.75	.318	<.001
N=26			

Table 3.5 *Question 2: Incumbent Conditional Firm Reference*

E. Directions for Future Research

This study may be taken as a pilot for a future, larger scale study. In order for this

future study to yield significant, meaningful results, it will be necessary to address

several issues. These include sample size, mode of contact, and overall question design.

Despite the earlier studies in which I demonstrate the influence of corporate ties on CPA, in both lobbying (Kowal 2015b) and campaign donations to candidates for the United States House of Representatives by Fortune 500 firms (Kowal 2015a), this study was unable to find any definitive results. Because of this, the issue of causality of corporate political contributions and lobbying is unsettled. This study was meant to test that causality, testing how exposure to the giving preferences and behavior of fellow corporations influenced corporate decision-making. In this section, I will discuss the issues with this study, and present potential fixes for further research which will potentially allow for uncovering causality in corporate networks and giving behavior.

Most pressing would appear to be the difficulties I encountered in obtaining the sample. This data was compiled from a very large, commercial database. Corporate Affiliations is a Lexis Nexis subsidiary. I relied on this database due to the reputation of Lexis Nexis as well as the claimed comprehensiveness of the database. With over 1.9 million company profiles and profiles and contact information for 3.1 million executives (Corporate Affiliations 2015), this suggested that it would be an ideal source for assembling email contact information. Unlike other databases such as Lobbyists.info, Corporate Affiliations allows for unlimited downloads. This was an attractive feature, as subscriptions to Lobbyists.info only allows for 1,000 download credits. In retrospect, given the small response rate 1,000 contacts would have been woefully inadequate. Lobbyists.info also offers an email list of corporate public affairs officials. Access to the list cost $.20 per email, limiting the survey due to a $1,000 research budget. Each follow up email would have multiplied the cost. Utilizing lobbyist.info would likely have had a

sample of only about 1,000-2,000 individuals. However, perhaps a higher quality

database would have led to a higher response rate.

	Number	Total	Rate
Sent	15391	15391	100%
Bounced Back	3798	15391	25%
Opened	1241	15391	8%
Started	106	1242	8%
Completed	25	106	23%

Table 3.6 *Email response rates. Number is the total number for that category. Totals represent the initial email along with a reminder.*

Sample size is a crucial issue in survey research. In order to reliably (95% confidence) detect an experimental effect, it is necessary to estimate the necessary sample size. A standard method for estimating the necessary sample size is through the usage of a power calculator with a two-sided sample t-test. These calculators are typically available through standard statistical software, such as R. Table 7 presents the necessary sample size for *each group* in order to detect an effect of the expected magnitude within the observed groups. In order to detect an effect of .25 (5%), it would be necessary to obtain a sample of 1,251 respondents. It may be possible to detect a fairly large treatment effect (20%) with a much smaller sample size, but given the relatively small effects within previous research, this may be unrealistic. In reality, the current study, with an extremely small sample size (26 in most questions) it is highly unlikely a discernible effect could be found. A sample size of 26, even divided into two groups (treatment and control) would be able to detect an effect of .25 only 8% of the time. Given the woefully inadequate ability to detect an effect, it is clear that sample size is of critical importance.

Effect Size	Sample Size Per Group	Total
.25	417	1,251
.5	165	495
1	28	81

Table 3.7 *Sample size necessary to determine an effect within the experiment. Total based upon three groups, the control and two treatment groups (Republican and Democrat)*

The corporate affiliations database was most likely not the best choice for creating the email database. Given the high number of email bouncebacks and the low number of emails opened (or even seen), the validity of this email list is questionable. This could be due to lack of updating the database. It could also be because many of these are not emails which are regularly checked by the target individuals, but rather public emails which are not monitored. Given the low number of emails opened and sent, a more accurate and complete database would be necessary for future studies. Other potential causes for low open rates could be that spam filtering software may have targeted this study as spam. Overcoming such software for future studies would be critical.

Another issue encountered in the study was corporate policies preventing participation in studies of this type. Several individuals declined to take the survey, citing corporate policy against such participation. This is an issue which is difficult to work around. First, many companies may prevent certain employees from commenting or discussing corporate policy or political behavior. Overcoming this could only be achieved in part by identifying and contacting the correct individuals able to comment on these issues. Identifying these individuals could be extremely difficult and time consuming,

and even these individuals may not be able or willing to comment or partake in such a survey. Many companies may be hesitant to participate in studies of this kind for fear of public backlash against political positions. Some firms have deliberately attempted to maintain a non-partisan public persona. Any potential communication which would jeopardize this perceived impartiality might be unwelcome. With the onset of some new mechanisms of campaign fundraising (such as 501(c) 4 groups) it is possible for campaign organization to circumvent disclosure requirements, potentially keeping corporate donations secret. Firms could potentially hide their contributions through using these channels.

A further problem encountered in this study include a high number of dropouts in the survey. Over the course of the study, nearly half of respondents dropped out or failed to complete the study. Many of those that dropped out of the survey did so at the very beginning, and never got beyond the required IRB disclosure. Such a significant loss of participants is unusual. Understanding this requires some guesswork. Several potential causes may be at work. Respondents may realize that this study on political attitudes and support may be against company policy. Such individuals may be difficult or impossible to retain. If these respondents realize that they may be violating company policy, convincing them to remain may be impossible or even unethical on the part of the researcher. Other possible reasons include potentially improperly specifying in the solicitation email the nature of the study. It is possible that respondents did not understand the political nature of the study. It is also possible that respondents were confused by the questions, which may have been poorly designed or perhaps too complex for respondents to easily respond to. Or perhaps respondents simply did not see the value

in continuing the study. Such dropouts would be the fault of researcher, requiring a careful scrutinizing of each aspect of the survey design, from solicitation emails to each question.

The survey also had flaws embedded within the design. Two stand out. First, the response scales were inverted in the control questions. This created a situation where initial results were improperly reported due to lack of recoding for consistency across questions. This led to a situation where statistically significant results were improperly reported in initial drafts of this work. These types of errors can be reduced by carefully cross-checking survey questions to ensure valid results and ease of analysis. This can prevent future situations were similar results occur. Additionally, the scale of the responses for each question are probably confusing. The 5-choice scale may not be intuitive and may have brought about confusion among some respondents. The scale ranged from "Very Unlikely" to support to "Very Likely". The middle ground however was "Unsure", leading perhaps to some ambiguity and biasing the results toward the null of no results. A better scale would have simply been a 1-5 scale in which responses on the low end indicate no support to those on the high support indicating very likely or high levels of support. Taking out the "Unsure" may have helped to create a more accurate depiction of support.

A final crucial detail that should be addressed in future research is that perhaps this survey did not in fact test the mechanism of interest. The fact that the same three firms were presented to each respondent is significantly different than what previous chapters of this dissertation examined. In those, firms were most responsive to the firms they are most closely tied to. Firms were reactive to the behavior of those around them

within the network. It could be argued that the design employed does not actually test that. Due to the fact that the reference companies were fixed, the treatment is actually specific to those firms. Not every firm is tied to those firms, and their level of ties to those firms will differ. For a more accurate study, it would be perhaps best to alter the research design. To do that, the three generic reference firms should be substituted with the firms that are most closely tied to the firm of the respondent. This would most accurately reflect the actual theory of interest. The treatment from this study may in fact best be a control in a future study, in which random firms are presented. Comparison of the random firms to the firms that are most closely tied would be a better approximation of the trade association network effect that has been established in previous research.

E. Conclusion

This paper has explored the research design of the survey of corporate executives and explored methods for taking the lessons from this study to be used for a future survey or field experiment which better approximates the treatment of interest. The study suffered most obviously from a very low response rate, one in which it would be nearly impossible to uncover a significant effect from the experiment. Observationally, firms have been found to be influence in their campaign contribution behavior by the networks in which they are embedded. However, this survey failed to establish any causal relationship between CPA and corporate networks. This study could be pushed forward in several ways in future research. Shifting the experimental treatment to one that better approximates the ties from trade association networks would perhaps yield more fruitful

results. Better targeting the individuals most likely to respond to the survey and those that are most likely to work on political issues could also yield a more accurate picture of the effect of firm ties on political activity. This study, taken as a pilot, paves a way for a better targeted, more useful experiment in future iterations.

APPENDIX A

LIST OF TRADE ASSOCIATIONS

1   Biotechnology Industry Organization
2   American Beverage Association
3   Association of National Advertisers
4   American Chemistry Council
5   Business Roundtable
6   American Petroleum Institute
7   Coalition of Service Industries
8   Consumer Bankers Association
9   Consumer Electronics Association
10 Consumer Healthcare Products Association
11 Financial Services Forum
12 Financial Services Roundtable
13 Food Marketing Institute
14 National Aeronautic Association
15 Healthcare Leadership Council
16 National Association of Chain Drug Stores
17 National Cable and Telecommunications Association
18 National Defense Industrial Association
19 National Electrical Manufacturers Association
    Pharmaceutical Research and Manufacturers of
20 America
21 Public Affairs Council
22 Retail Industry Leaders Association
23 Securities and Financial Markets Association
24 Silicon Valley Leadership Group
25 United States Council for International Business
26 The Business Council
27 Airlines for America
28 Alliance of Automobile Manufacturers
29 Compete America
30 American Gas Association
31 National Mining Association

APPENDIX B

GENERAL ISSUE CODES

1 Labor, Antitrust & Workplace
2 Tariffs
3 Defense
4 Immigration
5 Consumer Product Safety
6 Chemical Industry
7 Roads & Highways
8 Transportation
9 Copyright, Patent & Trademark
10 Medicare & Medicaid
11 Foreign Relations
12 Finance
13 Fed Budget & Appropriations
14 Health Issues
15 Taxes
16 Education
17 Trade
18 Homeland Security
19 Environment & Superfund
20 Energy & Nuclear Power
21 Manufacturing
22 Medical Research & Clin Labs
23 Food Industry
24 Agriculture
25 Pharmacy
26 Telecommunications
28 Clean Air & Water
29 Insurance
30 Government Issues
31 Banking
32 Indian/Native American Affairs
33 Natural Resources
34 Disaster & Emergency Planning
35 Housing
36 Torts
37 Tobacco
38 Computers & Information Tech

39   Science & Technology

40   Beverage Industry

41   Intelligence

42   Postal

43   Aviation, Airlines & Airports

44   Marine, Boats & Fisheries

45   Retirement

46   Bankruptcy

47   Veterans Affairs

48   Law Enforcement & Crime

Media Information &
49   Publishing

50   Accounting

51   Radio & TV Broadcasting

52   Utilities

53   Commodities

54   Railroads

55   Real Estate & Land Use

56   Aerospace

57   Fuel, Gas & Oil

Minting, Money & Gold
58   Standard

Economics & Econ
59   Development

60   Constitution

61   Sports & Athletics

62   Advertising

63   Firearms, Guns & Ammunition

64   Urban Development

65   Trucking & Shipping

66   Small Business

67   Animals

68   Travel & Tourism

69   Hazardous & Solid Waste

70   Arts & Entertainment

71   Automotive Industry

72   Apparel, Clothing, & Textiles

73   Alcohol & Drug Abuse

APPENDIX C.

QUESTIONAIRRE

Disclosure

You are being invited to participate in a research study titled "A Survey of Registered Lobbyists". This study is being done by Michael Kowal from the University of Massachusetts Amherst. You were selected to participate in this study because you are a federally registered lobbyist.

The purpose of this research study is to get information on lobbyists and their activities. If you agree to take part in this study, you will be asked to complete an online survey/questionnaire. This survey/questionnaire will ask about your lobbying background, basic information on clients, and how you would respond in certain lobbying and campaign situations and it will take you approximately 5-10 minutes to complete.

You may not directly benefit from this research; however, we hope that your participation in the study may lead to more effective lobbying and advocacy strategies.

We believe there are no known risks associated with this research study; however, as with any online related activity the risk of a breach of confidentiality is always possible. The following procedures will be used to protect the confidentiality of your study records. The researchers will keep all study records, including any codes to your data, in a secure location at the University of Massachusetts. Research records will be labeled with a code. A master key that links names and codes will be maintained in a separate and secure location. All electronic files containing identifiable information will be password protected. Any computer hosting such files will also have password protection to prevent access by unauthorized users. Only the members of the research staff will have access to the passwords. At the conclusion of this study, the researchers may publish their findings. Information will be presented in summary format and you will not be identified in any publications or presentations.

Your participation in this study is completely voluntary and you can withdraw at any time. You are free to skip any question that you choose. Any data collected and released through the ICPSR Dataverse will be de-identified and contain no identifying information.

If you have questions about this project or if you have a research-related problem, you may contact the researcher(s), Michael Kowal at (774)452-3384, or you may contact Prof. Brian Schaffner, Faculty Sponsor at (413)545-2438. If you have any questions concerning your rights as a research subject, you may contact the University of Massachusetts Amherst Human Research Protection Office (HRPO) at (413)545-3428 or humansubjects@ora.umass.edu.

By clicking "I agree" below you are indicating that you are at least 18 years old, have read and understood this consent form and agree to participate in this research study. Please print a copy of this page for your records.

◯ I Agree

◯ I Do Not Agree

Background Questions

Please answer two question below about your firm.

Please select your company from the list below

21st Century Insurance Group	⌄

Please select the option which best describes your position

○ Member of the Board of Directors

○ CEO or other Executive

○ Government Affairs

○ Other

Survey Prompt

Next, you will be asked two questions related to your firm's engagement in politics. You will be presented with two hypothetical scenarios regarding candidates for the United States House of Representatives. After reading each scenario, please take a moment to answer a question about how willing your firm would be to support the candidate.

Control 1.

Samantha Jackson is running to defeat Congressman Jameson in a highly competitive House race this fall.

Samantha has years of experience working for her community as a local official, state legislator and small business owner. Her years of dedication has given her the ability to fight for the needs of the district in Washington.

If elected, Ms. Jackson pledges to work tirelessly on behalf of her constituents to bring more jobs and local aid to the district, and to help complete projects vital to the citizens, small businesses, and communities in the region.

How likely would you be to ask your company to support this candidate with a campaign contribution?

○ Very Likely

○ Somewhat Likely

○ Unsure

○ Somewhat Unlikely

○ Very Unlikely

Treatment 1a.

Samantha Jackson is a Democrat running to defeat Congressman Jameson in a highly competitive House race this fall.

Samantha has years of experience working for her community as a local official, state legislator and small business owner. Her years of dedication has given her the ability to fight for the needs of the district in Washington.

If elected, Ms. Jackson pledges to work tirelessly on behalf of her constituents to bring more jobs and local aid to the district, and to help complete projects vital to the citizens, small businesses, and communities in the region.

In the current election cycle, Samantha has received campaign contributions from General Motors, Berkshire Hathaway, and AT&T.

How likely would you be to ask your clients to support this candidate with a campaign contribution?

○ Very Unlikely

○ Somewhat Unlikely

○ Unsure

○ Somewhat Likely

○ Very Likely

Treatment 1b.

Samantha Jackson is a Republican running to defeat Congressman Jameson in a highly competitive House race this fall.

Samantha has years of experience working for her community as a local official, state legislator and small business owner. Her years of dedication has given her the ability to fight for the needs of the district in Washington.

If elected, Ms. Jackson pledges to work tirelessly on behalf of her constituents to bring more jobs and local aid to the district, and to help complete projects vital to the citizens, small businesses, and communities in the region.

In the current election cycle, Samantha has received campaign contributions from General Motors, Berkshire Hathaway, and AT&T.

How likely would you be to ask your clients to support this candidate with a campaign contribution?

○ Very Unlikely

○ Somewhat Unlikely

○ Unsure

○ Somewhat Likely

○ Very Likely

Control 2.

Congressman Jim Thompson is embroiled in a hard-fought challenge to keep his House seat this fall.

Since his election in 1998, Congressman Thompson has demonstrated his support as an advocate for the people businesses, and communities of his district. In his time in office, he has helped to push forward the needs of his district and the nation as a whole.

During his time in office, Congressman Thompson has brought millions of dollars back to his district for jobs, small businesses, crucial local projects, regional transportation, and helped thousands of constituents.

How likely would you be to ask your company to support this candidate with a campaign contribution?

○ Very Likely

○ Somewhat likely

○ Unsure

○ Somewhat likely

○ Not very likely

Treatment 2a.

Congressman Jim Thompson is a Republican embroiled in a hard-fought challenge to keep his House seat this fall.

Since his election in 1998, Congressman Thompson has demonstrated his support as an advocate for the people businesses, and communities of his district. In his time in office, he has helped to push forward the needs of his district and the nation as a whole.

During his time in office, Congressman Thompson has brought millions of dollars back to his district for jobs, small businesses, crucial local projects, regional transportation, and helped thousands of constituents.

In the current election cycle, Congressman Thompson has received campaign contributions from General Motors, Berkshire Hathaway, and AT&T.

How likely would you be to ask your clients to support this candidate with a campaign contribution?

○ Very Unlikely

○ Somewhat Unlikely

○ Unsure

○ Somewhat Likely

○ Very Likely

Treatment 2b.

Congressman Jim Thompson is a Democrat embroiled in a hard-fought challenge to keep his House seat this fall.

Since his election in 1998, Congressman Thompson has demonstrated his support as an advocate for the people businesses, and communities of his district. In his time in office, he has helped to push forward the needs of his district and the nation as a whole.

During his time in office, Congressman Thompson has brought millions of dollars back to his district for jobs, small businesses, crucial local projects, regional transportation, and helped thousands of constituents.

In the current election cycle, Congressman Thompson has received campaign contributions from General Motors, Berkshire Hathaway, and AT&T.

How likely would you be to ask your clients to support this candidate with a campaign contribution?

○ Very Unlikely

○ Somewhat Unlikely

○ Unsure

○ Somewhat Likely

○ Very Likely

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