

## Who Governs the Business Association?

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## **Abstract**

Business associations play an important role transmitting elite opinion to policymakers. But which members do these groups represent and why? The authors examine these questions in the US context through extensive data collection and the use of qualitative and quantitative methods. They document important variation in the voting rules of these groups. Most appear to have recognizably democratic franchises, but some use resource-proportional voting or have self-selecting boards. Associations often depend on large firms for resources. Unsurprisingly, larger and politically active firms are over-represented in leadership. Representation on association boards has consequences for lobbying behavior that vary depending on aspects of governance. While members on some association boards is sticky, after four years most associations lose a majority of their board. These findings demonstrate that organized business interests have variable governance arrangements which influence their political behavior. Two case studies illustrate the downstream consequences for politics and policymaking.

In December 2017, one of the most important U.S. financial industry associations, the Financial Services Roundtable, purged nearly half its members (Guida 2018). Among financial industry groups, the Roundtable had long represented the elite of the elite (Whiting and Williams 2008). Yet some members believed the organization had lost focus by including more diverse firms, for example large regional banks, asset managers, and insurance companies. With roughly two months' notice, the Board approved a bylaw amendment limiting membership to banks with at least \$25 billion in assets and two payment networks, Visa and Mastercard. Thirty-seven firms and their CEOs were forced out, including chairman-elect Michael Tipsord, CEO of State Farm Insurance (Guida 2018). Soon after, the Roundtable merged with the Clearing House Association to form the Bank Policy Institute. Tim Pawlenty, the Roundtable's CEO and a former Republican governor, was replaced by Greg Baer, who had led the Clearing House Association and regulatory policy at JP Morgan. The new name, leadership, and membership signaled a strategic shift toward "a more analytical approach to dealing with lawmakers, emphasizing detailed research over simplified talking points and campaign donations" (Blackwell 2018).

Such dramas are plainly political, yet political science has had relatively little to say about them. This is unfortunate because conflicts inside business associations may determine who political actors are, what they want, and how they pursue it. Organized business interests provide crucial channels through which elite opinion reaches policymakers. By reputation and observable metrics, they are among the most influential groups in American politics (Baumgartner 2010). Beyond visible political spending, business groups engage in other activities with political and policy importance, including coordinating members, encouraging preferred practice adoption, engaging the public, and fostering self-governance regimes to deter or shape public regulation (Culpepper 2010; McCarty 2017).

Yet business associations are inherently unstable. They require common investment to advance collective priorities, but their members are natural competitors who may pursue their objectives with the ruthlessness expected of strategic market actors (Olson 1971; You 2017). Whether a minority or even a majority of members can be marginalized depends not only on control over formal institutions such as the Board, but also on procedural safeguards as well as the dependence of

organization on members for funding and other resources (e.g., Schmitter and Streeck 1999; Swenson 2018). Put differently, effective association depends on governance. In recent years, scholars outside political science have produced important case studies of particular business associations (Delton 2020; Katz 2015; Mizruchi 2013). These works offer valuable insight into the histories, policies, and personnel of important organizations, but often provide thin accounts of their *governance processes*. They therefore offer limited insight into how these key political intermediaries actually work. Political science has not provided much guidance either. With a few notable exceptions (e.g. Strolovitch 2007; Rothenberg 1992, 1994; Martin 1991, 1999; Barnett 2013), the field has rarely examined how internal organizational politics shapes goals or behavior. Instead, the subfield appears to have accepted the quasi-unanimity norms emphasized by Bauer, Pool, and Dexter (1963), while giving too little attention to counterexamples (e.g., Schattschneider, 1963[1935], Ch. 5), including those the authors themselves identified.

This article begins to address these governance questions by looking across business groups rather than focusing on particular cases. Who has power in business associations? Why those firms and not others? And does representation affect organizational behavior or the policy issues associations prioritize? Questions about representation are notoriously difficult (Achen 1978; Wlezien 2017). Still, newly available and existing data make it possible to study them using process tracing, descriptive statistics, regression analysis, and, in some cases, identification strategies such as difference-in-differences.

Theoretically, we propose two broad models of business association representation and governance, drawing on political science and corporate governance (Dahl, 2005[1961]; Fama and Jensen 1983; Swenson 2018). *Oligarchical* associations are dominated by a small fraction of member firms; *plural* associations are not. Following Dahl and others, our premise is that who governs an organization reveals much about how power works within it. We collect extensive data on the individuals and firms active in business association governance. Of course, leadership is not identical to power; just ask the Financial Services Roundtable’s former chairman-elect. For this reason, we examine not only who governs, but also voting rules, membership dues, and other institutional features. We expect that board-election mechanisms and resource-acquisition strategies encourage either

oligarchical or plural patterns of representation inside business groups.

Constitutional crises like the Roundtable purge reveal latent conflict and show who holds power when “the chips are down” (Schmitt 1922; Posner and Vermeule 2017). However, such moments are rare and are not our primary focus. We are concerned instead with regular, even mundane, exercises of power: which public policies an association prioritizes, whose interests receive a voice in national policymaking, and which strategies or tactics the association uses to advance its collective interests. We presume that the organizational features we study—membership, leadership, voting rules, and resources—shape behavior in the ordinary course of business. The evidence we present supports that view.

Associations are difficult to study because they are often secretive, with membership lists closely guarded (Broockman 2012, 2019). Yet the digital revolution has created opportunities unavailable to earlier scholars. By integrating public records and personnel databases and leveraging electronic filing, we show that it is now possible to study associations quantitatively and systematically across organizations and within organizations over time. We introduce six stylized facts about U.S. business association governance.

1. **Many business associations favor formal political equality, but some adopt strikingly oligarchical voting rules** that give their most committed members outsized voice in decision-making.
2. **Business associations typically adopt tiered dues structures that encourage unequal resource dependency.** In contrast to their often surprisingly democratic voting rules, many associations rely on structures that allow a small number of firms to provide a large share of organizational resources. This pattern is especially common among associations with greater economic resources.
3. **Larger and more politically active firms have outsized representation on business association boards.** Smaller and less politically active firms in a sector are less likely to obtain board representation than their competitors.
4. **Representation affects association behavior, but its influence depends on gover-**

**nance.** Using an event-study framework, we show that entry onto association boards by firms that lobby increases the propensity of those associations to lobby as well, but only among associations with oligarchical governance structures.

5. **Association boards and leadership display substantial continuity over time.** In the short term, complete board turnover is rare, but over longer horizons, it becomes more frequent. Still, some associations do not have complete board turnover after a decade. We treat these organizations as likely examples of oligarchical associations. Although our focus is boards, we examine similar trends for managers and posit that associations with low executive turnover are those where managerial capture is more likely.
6. **Substantial changes in policy focus or preferred tactics can be highly consequential.** The literature links such shifts to changes in who governs, which is the central focus of this article.

These findings do not exhaust what can be learned from the data we assemble, but they show how our framework can be used to study how these crucial political actors work. The study of association behavior is especially important for interest group scholars interested in political economy. Major works in comparative political economy identify differences in business association governance and inclusion in policymaking as central explanations for divergent national policy regimes (Martin and Swank 2012, 2011; Martin 2006; Mizruchi 2013; Trumbull 2012; Andersson 2025). In the United States, the business associations that once dominated national politics (Truman 1951) have increasingly given way to national conglomerates such as Amazon and General Electric, two of the top federal lobbyists by expenditure<sup>1</sup>, and to ad hoc billionaire projects such as the Koch network and others (Hertel-Fernandez, Skocpol, and Sclar 2018; Mac and Lerer 2022). It is hard to understand the consequences of these new corporate actors without understanding the more institutional, and often more formally democratic, alternative that business associations present.

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1. <https://www.opensecrets.org/federal-lobbying/top-spenders?cycle=2023>

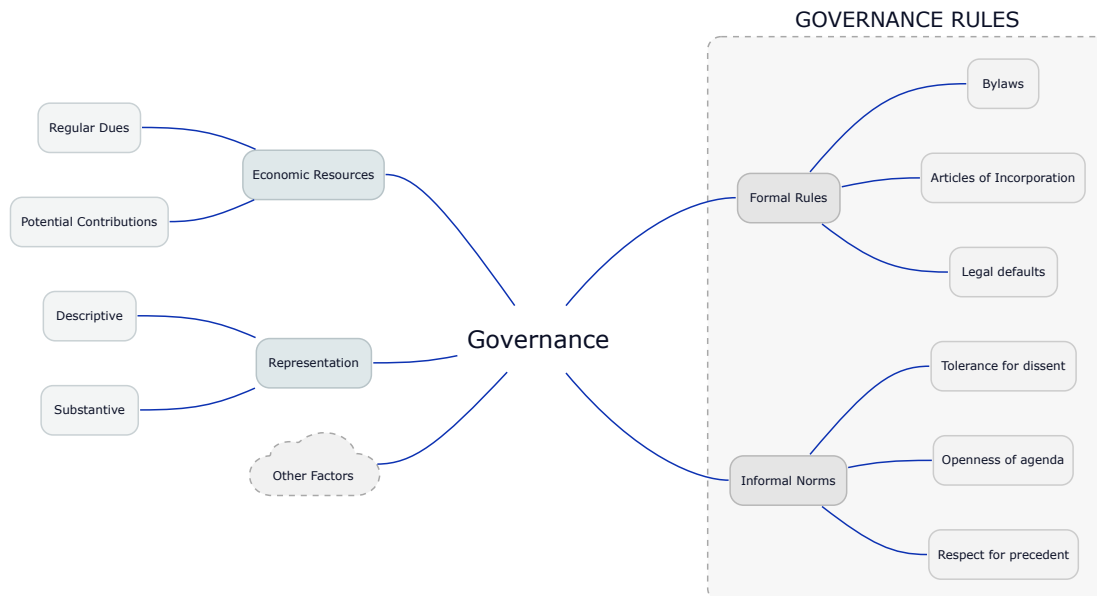


Figure 1: Schema of Association Governance

## 1 Conceptualizing Association Governance

Democracy, oligarchy, and autocracy are commonly defined by the number of individuals who control government. Yet contemporary analysis of governmental decision-making shows that formal powers alone offer too narrow an account of why governments reach particular decisions. Recognizing the complexity of influence over governmental processes, scholars increasingly speak of *governance* rather than *government* (Pierre and Peters 2020). As a more encompassing approach to understanding how collective decisions are reached, a focus on governance also makes sense in settings that are farther removed from government. Thus, a large literature on *corporate governance* examines how public companies, private firms, and non-profits make decisions (Shleifer and Vishny 1997; Monks and Minow 2012). Other rich literatures examine environmental, data, and market governance (Keohane and Victor 2011; Newman 2008; Helleiner 2014).

In formally organized corporate bodies such as business associations, governance usually involves several related but distinguishable elements. Figure 1 schematizes several aspects of association

governance. The elements are not exhaustive, but they illustrate our framework and the relationships among the concepts driving our inquiry. Organizations have rules specifying who may exercise what authority, for how long, and under what constraints. How big is the board of directors? How are board members selected? Such rules may be explicit and written, perhaps as default rules in a statute, so that violations may trigger sanctions by courts or other third parties. They may also be softer norms, cultural understandings, or precedented practices. Whether written or unwritten, we refer to these norms as *governance rules*, although others might call them institutional arrangements, authority structures, or something else.

We focus mainly on written rules, and at points specifically on who gets to vote for board representatives. Written rules are observable, and voting rules provide especially clear evidence that one cannot presume a straightforward relationship between what an association does and what its members want. The debate between Broockman (2012, 2019) and Swenson (2018) over the circumstances of US welfare state expansion shows the importance of questions about congruence between member preferences and association activity. Still, our focus on written rules should not be taken to presume that they are where all the action is. Further work on how culture extends beyond written rules is desirable (Gibbons 2022; Gibbons et al. 2023).

Rules define roles in governance, but much also depends on *who* occupies those roles and *what they want*. Following Pitkin (1972), we understand representation as the process by which the voices, opinions, and perspectives of those without formal decision-making authority are nevertheless “made present” in collective decision-making. Representation may be descriptive, referring to whether representatives resemble the represented, or substantive, referring to whether latent perspectives are voiced. Business associations are a motley crew. Some are peak organizations spanning sectors; others belong to a single sector. Some have large budgets and staffs; others are small operations. Some are clubs for firms, others clubs for firm managers, and some are mixed organizations that also include local chapters or entities that are neither firms nor managers. Given this variation, how to think about representation in this context is not self-evident.

One cleavage all business associations must address, however, is size. Some firms are large and others small. If an association represents an industry or collection of industries to policymakers,

it must address how inequality in prior economic resources translates, or fails to translate, into political representation within the club. For this reason, we will often use size differences between firms to guide our investigation into questions of representation.

Other factors also matter for governance. We cannot exhaust them, but resources are especially important. Because formal organizations depend on members for resources, the ability of participants to contribute or withhold contributions is central to how governance works (e.g., Moe 1980, 1981). In business associations organized around material incentives, resources are expected to take economic form, though this need not be true in more purposive or solidary organizations (Wilson 1974). Some organizations monetize events, as APSA does, while others obtain club discounts or sell goods to members. For the business groups we study, a critical resource is dues, and since we are able to measure it with some consistency we focus on dues as revealing how the association addresses issues of acquiring resources.

Our focus on economic resources as a cleavage for representation may confuse the claim we are making, but it should not. Descriptive and substantive representation of the wealthy in a democracy differs from their structural power. In association governance, structural power surely matters too. The credible threat that some members may withhold dues or other regular economic contributions may shape association governance even when that influence leaves limited traces in governance rules or patterns of representation (Lindblom 1982).<sup>2</sup>

Our analysis of association governance is rooted in the distinction between *oligarchy* and *pluralism* emphasized by (Dahl, 2005[1961]). In ordinary language, oligarchy is often conflated with plutocracy, or rule by the rich rather than the few. Indeed, it seems likely that in some associations the few firms with the greatest economic resources do rule. Dahl's distinction, however, concerns political more than economic resources. The difference between pluralism and oligarchy is about the *competitiveness* of the market for political control. Like baldness and hairiness, pluralism and oligarchy lack a sharp boundary. Because governance is more multidimensional than hairiness, it is perfectly sensible to describe an organization as having plural representation on its board but oli-

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2. To be sure, the focus on structural power could be expanded to take into account mutual dependencies (Culpeper 2015). For example, just as associations can depend on a member's resources, members may not be able to readily replace excludable benefits provided by an association, such as information about industry trends or the political environment.

garchical rules for selecting board members. We therefore do not classify organizations as oligarchic or plural, which seems difficult given the complex of factors that often point in different directions. Instead, our focus rests on how more oligarchical or democratic, by which we mean plural, aspects of governance influence behavior on the margin. The main aspects we examine are:

- Governance rules, especially rules about who gets to vote in board elections.
- Representation, especially representation of larger economic actors relative to smaller ones.
- Resources, especially whether members make outsized contributions of necessary economic resources or could make larger contributions if pressed.
- Turnover, especially the persistence of groups with majority control over the board and the expected tenure of managers and board members.

One final aspect of our framework bears emphasis. Our conceptualization of governance focuses exclusively within the association. This means we do not consider the position of these clubs, or their members, within society writ large, an important issue explored elsewhere (e.g. Schlozman, Verba, and Brady 2012). This internal focus brackets the sense in which a club such as the Financial Services Roundtable, by virtue of being composed of large financial institutions, is already a relatively, perhaps superlatively, oligarchical organization. There is little doubt that removing insurance companies and smaller financial firms made the group an even greater outlier in its representation of the wealthy, whom a politician like Bernie Sanders would surely consider part of the oligarchy. From a perspective internal to the organization, however, the purge of marginal players, whose voices were reduced to zero, could make the organization less *oligarchical* and more *democratic*.

Our focus on internal association governance is not meant to downplay that these political animals often seek rents from positions of immense economic and political advantage. Although the broader social position of these associations is not our focus here, we do believe that closer attention to their internal governance is highly relevant to that larger question. Indeed, Katz (2015) argues that the US Chamber of Commerce was effectively captured by its long-time president and CEO

Tom Donohue, who used the association to advance his personal, far-right ideological preferences. While we admit a certain curious skepticism about the claim that Donohue made the Chamber his alter ego,<sup>3</sup> her account points precisely to the question of who these powerful business actors really are in politics. Our framing sets the agenda for that debate.

## 2 Data and Descriptive Analyses

Our analyses rely on linking data from a variety of sources. Here, we provide an overview of our sources and sample selection, as well as methodological choices on merging and the creation of variables.<sup>4</sup> Moreover, we use several analyses to describe the data.

### 2.1 Data

Our starting point for constituting the field of business associations is the Encyclopedia of Associations (EA) (*Encyclopedia of Associations: National Organizations of the U.S.* 2020). This source is widely used in the literature for similar purposes (Bevan et al. 2013). The EA provides us with association names, data on the six digit North American Industry Classification System (NAICS) codes, association budgets, and the extent to which membership dues are tiered.

We use the NAICS codes to match the industry of individual firms to the association, and to identify those 2,532 American trade, business, and commercial organizations that are not further labeled by the EA as professional or labor associations. We rely on association budgets as proxies for organizational size and political power of an association. Moreover, we use data on membership dues to create three measures of hierarchy among association members, based on the assumption

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3. The capture phenomenon is an important issue in governance that we do not have space in this article to adequately address. Thematically similar issues about weak boards and strong managers have long been central to corporate governance scholarship (Berle and Means 1991). The extraction of rents by agents due to monitoring costs is certainly an imaginable, or even inevitable, issue in association governance. That said, we are also aware that irresponsibly overeager diagnoses of capture have been common in the literature (Carpenter and Moss 2013), and we do not think that “strong capture” or “autocratic rule” should be common governance models for associations given the ease with which firms may exit (Olson 1993).

4. We include more detailed explanations in the supplemental appendix.

that tieredness of dues captures the extent to which an association is oligarchic.<sup>5</sup> First, whether or not membership dues are the same for all members. Second, the ratio of the highest dues value divided by the lowest. Third, the ratio of dues paid by the two highest-paying member firms.<sup>6</sup>

Having matched 2,532 American business associations to their unique tax IDs, we used these identifiers to develop a corpus of governance documents by filing Form 4506-B for a random sample of 328 associations with the IRS (“Request for a Copy of Exempt Organization IRS Application”) between June and July 2023. By November, we had received 112 bylaws and/or articles of incorporation. For most of the remainder, the IRS provided a letter saying the information was unavailable.

Business associations are generally required to file to maintain the status of tax-exempt organizations using the Internal Revenue Service (IRS) Form 990.<sup>7</sup> We collect machine-readable 990 filings to obtain and clean data on the individuals represented in the association’s management and on its board in the period from 2010 through 2019. We rely on two sources, the website of the IRS and the website of the non-profit ProPublica, which enables us to access less recent data.<sup>8</sup>

From the filings, we extracted information on the organizations’ names, employer identification numbers (EINs), relevant tax years, address and contact information, the names and titles of board members and other key employees, as well as, for each key employee, the average number of weekly hours spent by each key employee working for the organization. To link the 990 data to the business associations in the EA data, we used both exact and fuzzy matching of organization names via fastLink (Enamorado, Fifield, and Imai 2019), with all matches being manually checked. In addition, we used internet searches for current and previous names of the association to obtain the organizations EINs, which are also included in the 990 filings. Through these procedures, we identified 1,695 business associations in the 990 data.

Table 1 shows the number of organizations with filings linked to the EA data with the number of key employees (predominantly board members) for each tax year in our sample. Our approach for cleaning and standardizing names included standardizing the order of first and last names, remov-

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5. This could be due to it being a proxy for formal rules that privilege some members or based on resource inequality across members.

6. For the latter two, we exclude amounts that apply to supporting members who take no direct decision-making role in the association, as well as dues that apply to individuals.

7. See <https://www.irs.gov/pub/irs-pdf/i990.pdf>.

8. More information on the data collection is available in Appendix A.

ing extraneous titles and comments, and harmonizing spelling of names within organizations across time.<sup>9</sup> In total, we collected 244,960 key employee observations for 1,695 business associations, including 201,711 board members and 16,534 main executive officers. Although the 990 filings include the names of board members they typically do not indicate which firm they represent.

To identify the firms that individuals represent on business association boards, and to ex-

Table 1: Number of Organizations and Key Employees From IRS 990 Filings in Linked Sample

Tax Year (End Date)	Number of Organizations	Number of Key Employees
2010	626	13,922
2011	466	8,462
2012	439	7,256
2013	957	18,357
2014	1,224	24,659
2015	1,308	26,301
2016	1,355	26,956
2017	1,394	28,889
2018	1,444	29,493
2019	1,467	29,081
2020	1,505	31,584

*Note:* The table shows the number of organizations and key employee observations contained in IRS 990 filings linked to organizations in the Encyclopedia of Associations.

amine the career trajectories of the individuals themselves, we matched data from the 990 filings of business associations to BoardEx (2026). BoardEx contains comprehensive data on the board of directors and senior management of publicly traded corporations. The matching procedure is complicated by the fact that we have limited additional information beyond names on the individuals that exists both in BoardEx and in the 990 filings. To deal with this, we adopt a conservative approach that relies on uniqueness of names 1) within those linked in the BoardEx data to an association in our sample via a role other than that of member; 2) within 3- and 6-digit NAICS sector classifications; 3) or across the entire data.<sup>10</sup>

To determine which firm an individual represented within the association if they were employed by multiple firms, we prioritized those firms where the individual was already employed by the

9. See Appendix B for additional details on data cleaning and coding choices to augment indicators of titles for association officials.

10. See Appendix D for additional information.

start of the filing period in the 990 data unless the overlap between employment and the filing period is larger for a different firm. In this case, the latter firm is selected.<sup>11</sup> When there is a tie in the overlap, having a top-level position with the company or being an “inside” board member (as opposed to being an independent or outside director) serves as a tie-breaker.<sup>12</sup>

In total, we identified 7,283 unique directors or main executive officers in BoardEx that are represented on association boards. We linked these individuals to 3,667 companies and 18,148 observations in the IRS data. Out of 1,695 associations, we find 1,251 with links to “quoted” companies in the BoardEx data. Across associations, the number of observations that are linked to companies is right-skewed, with a median of 4% and a mean of 6%. For 92 associations, we find linkage rates of 20% or higher. These linkage rates reflect both the data and our conservative approach to linking associations to companies in the absence of readily accessible data to confirm the identity of association employees. Leaders of associations are not only representatives of public companies, but also private companies, other associations, or state-level chapters of the same association.

Linking public companies to business associations permits us to construct a measure of company turnover on association boards as a proxy for the extent to which an association is oligarchic or pluralistic. We assume that having no holdover board members after a relatively short amount of time indicates a more pluralistic rather than oligarchic association. Our measure of turnover captures whether, across all filings of an association in our sample at least one company appears repeatedly on the board over the course of four years. Associations for which this minimal level of persistence of linked firms does not exist are labeled as having “High Board Turnover”.

Furthermore, we obtained firm financial data from **Compustat** (S&P Global Market Intelligence 2026). We collected data on total assets, sales and the company’s NAICS code. Whenever we measure a firm’s size, we use total assets. This can be linked directly to BoardEx through the so-called **gvkey**, which uniquely identifies firms in **Compustat**.

Finally, we use data on lobbying activities to measure the political behavior of firms and business associations. First, we matched the 1,695 business associations to lobbying data made avail-

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11. We allow for the possibility that association positions do not cover the entire filing period.

12. For remaining ties, we do not link a firm to association employee.

able under the Lobbying Disclosure Act (LDA) as provided by the Center for Responsive Politics (OpenSecrets.org). Specifically, we used a combination of exact and fuzzy matching of organization names via fastLink (Enamorado, Fifield, and Imai 2019) as well as manual searches. Surprisingly, this yielded only 733 business associations registered at any point under the LDA in the period from 1998 through 2019. In Appendix F we outline an alternative approach to matching business associations to LDA data. Our results are robust.

Additionally, we include the lobbying behavior of the firms that are represented on the association boards. To do so, we used the LobbyView database (Kim 2018), which provides a cleaned version of the LDA data matched to publicly traded firms through the `gvkey`. Through the `gvkey`, we can also map the data from LobbyView to firms in BoardEx.<sup>13</sup>

Expenditures on LDA lobbying in a given year are generally much lower than the association’s

Table 2: Descriptive Statistics on Associations

Statistic	N	Mean	St. Dev.	Min	Median	Max
Any Lobbying?	1,695	0.101	0.302	0	0	1
Any Tiered Dues?	1,013	0.870	0.337	0	1	1
Dues Ratio, Largest-Smallest	925	37.314	306.843	1	3.785	6,030.151
Dues Ratio, Two Largest	741	1.796	1.979	1	1.333	36.667
Budget	1,428	6,477,082	27,850,485	4	1,070,275	703,828,205
LDA Expense	1,695	67,405	673,481	0	0	15,005,000
LDA Budget Ratio	1,428	0.011	0.105	0.000	0.000	3.025

budget. They are still quite skewed, ranging from 0 to \$15 million, with a mean and median of, respectively, about \$67 thousand and zero, and a large standard deviation. Finally, for the associations that lobby, we calculate the ratio between LDA expenditures and the association’s budget, which ranges up to 300% with a mean and median of, respectively, 1.1% and 0%. This highlights the stark differences in how associations choose to govern themselves (in terms of dues structures and budget) and how they choose to interact with the political realm. While some spend a large proportion of their budget on lobbying, most spend a little or nothing.

Next, we document two correlates of the budget size of business associations. First, from the economic census, we obtain the Herfindahl-Hirschman Index (HHI) of concentration in the NAICS

13. As is common in the literature links across datasets are not perfect (Libgober and Jerzak 2024).

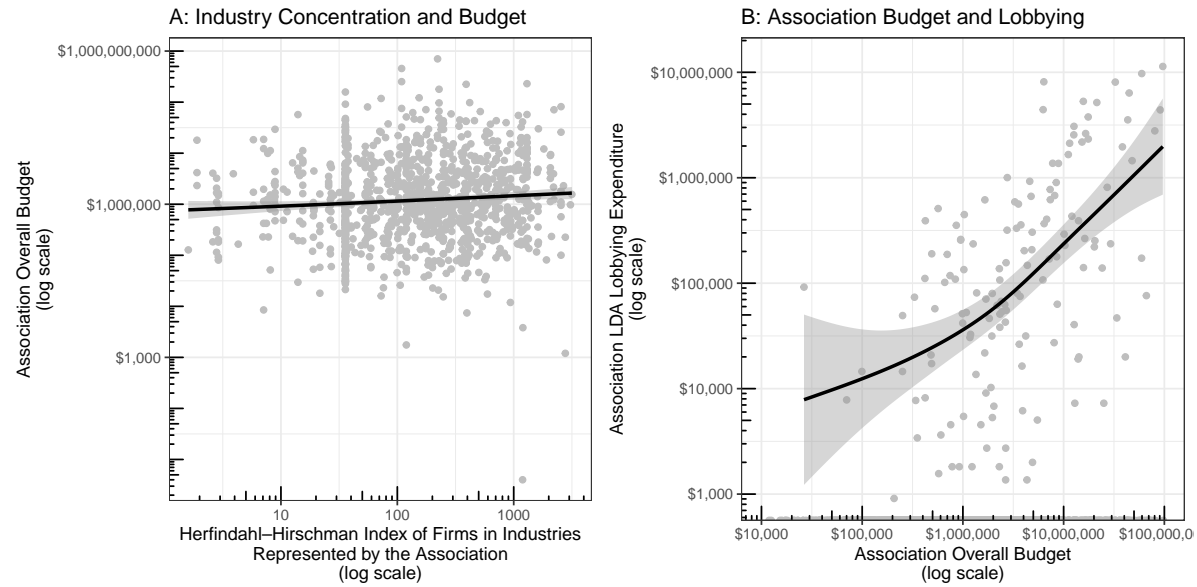
6-digit industries served by the association. According to the 2010 Horizontal Merger Guidelines, issued by the DOJ, a reasonable rule of thumb is to consider industries with an HHI below 1,500 as competitive. HHIs between 1,500 and 2,500 are moderately concentrated, while HHIs above that are strongly concentrated.<sup>14</sup> In Panel A of Figure 2, we use this to document a surprisingly weak correlation between competition among firms and the association's budget. When likely members of the association are in more intense competition, the association's budget will tend to be smaller. Conversely, we find that the budget increases as the competition between firms in the industry becomes less severe. However, while statistically significant, the correlation is quite weak: when the HHI of an industry increases by 1%, the association's budget only increases by 0.11% ( $p < 0.01$ ). Second, we show that associations with the biggest budgets are the ones that lobby the most at the federal level.<sup>15</sup> Panel B of Figure 2 shows the strong and non-linear correlation between the budget of an association and how much it spends on lobbying. Thus, it is mostly the very large and well-resourced associations that choose to engage in lobbying, as it is the case among firms (Kerr, Lincoln, and Mishra 2014; Drope and Hansen 2006).

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14. See the guidelines here: [www.justice.gov/atr/file/810276/dl?inline=](http://www.justice.gov/atr/file/810276/dl?inline=)

15. See Thieme (2026) on the use of lobbying expenditures as a proxy for lobbying activity.

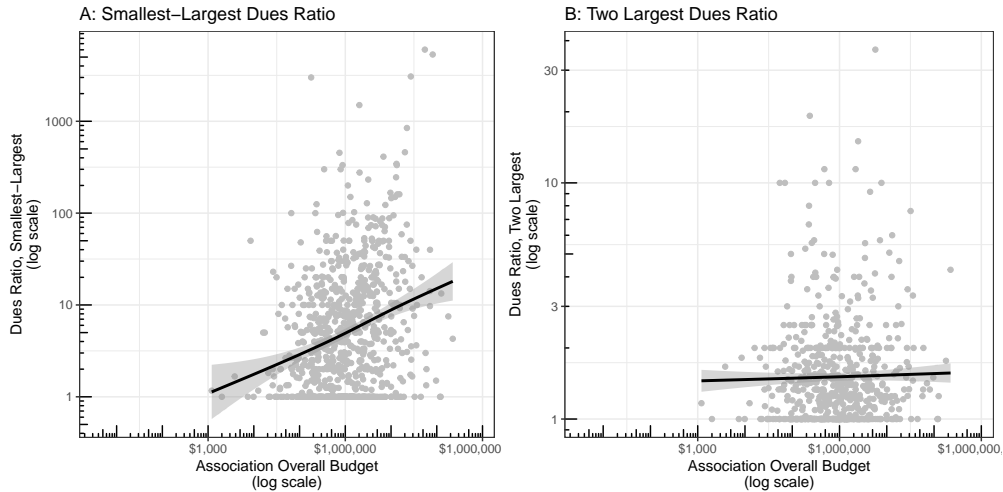
Figure 2: Correlates of Association Budget and Lobbying.



*Note:* Panel A shows the correlation between the concentrations of firms in the industry served by the association in 2017 and the association's average budget in 2020 budget. Panel B shows the correlation between the association's 2020 budget and its spending on federal LDA lobbying (averaged throughout the period 2010-2020). We subset to associations that have any lobbying activity. In both panels, the axes are on a log scale and the solid lines show the fitted values from a generalized additive model (GAM).

We have shown that most associations rely on unequal dues structures, with a small number of firms paying substantially higher dues, and that dues are typically highly unequal. But which types of associations rely most on such differential dues structures? Figure 3 addresses this question. Panel A shows the relationship between the association’s budget and the ratio of the largest to the smallest dues payment. We find a strong association: more resourceful associations rely more heavily on unequal dues, such that a 1% increase in the association’s budget is associated with a 0.24% increase in the largest-to-smallest dues ratio. By contrast, Panel B shows no comparable relationship when we examine the ratio between the largest and the second-largest dues payments, suggesting that inequality primarily reflects a widening gap between top contributors and the smallest-paying members rather than increased concentration among the largest payers.

Figure 3: The Most Resourceful Associations Rely More on Unequal Dues Structures



*Note:* Panel A shows the correlation between the ratio of smallest-to-largest dues paying members and the association’s budget. Panel B shows the correlation between the ratio of two largest dues paying members and the association’s budget. In both panels, the axes are on a log scale and the solid lines show the fitted values from GAMs

### 3 Political (In)equality by Design: An Analysis of Association Governing Documents

Contemporary constitutions typically guarantee a high degree of formal political equality. While democracies may differ in how universally they allocate voting rights, all voters are presumed to get an equal number of votes. In special cases, they may make exceptions. For example, the Supreme Court upheld resource-proportional voting for a California water district in *Salyer Land Co. v. Tulare Water Dist.*, 410 U.S. 719 (1973). Such departures from one-person, one-vote are limited. By contrast, in designing institutions for business organizations, fundamental political inequality is very much on the menu. Indeed, in its model bylaws for those considering starting a local chamber, the US Chamber of Commerce suggests two alternatives:

#### Section 5: Voting

In any proceeding in which voting by members is called for, each member in good standing shall be entitled to cast 1 vote.

#### **Or**

In any case proceeding in which voting by members is called for, each member shall be entitled to 1 vote, and each member firm, association, or corporation shall be entitled to the number of votes determined by the amount of investment paid, not to exceed 10 votes.

The implication is that local chambers may want to trade representation for investment in order to encourage organizational support. Yet attracting small firms to an association may prove difficult if their already small voice has even less chance of being heard (e.g., Moe 1980, 1981; Hirschman 1970; Holyoke 2009). Lacking small members could also pose a serious problem for an organization whose value depends on appearing to represent a broad set of firms. Whether associations generally empower their most economically advantaged members is therefore an empirical question, to which we now turn.

In order to obtain non-profit status, organizations must submit a variety of documents, including their official governance documents. Although we initially requested 328 such documents, we

ultimately obtain a smaller number (112) of responses that included either bylaws or articles of incorporation. For simplicity, we will refer to these documents as “bylaws.” Lack of responsive records appears related to the association’s founding date, which potentially has other correlates. Because so much data are missing and not at random, we do not treat these documents as capable of providing precise population estimates for the prevalence of bylaw features. Still, the sample is well suited to describing the range of observed variation. We provide summary statistics to describe patterns in the data. Together with theory, these trends help guide expectations about broader patterns. All bylaws were received in hard copy, manually scanned, sorted by research assistants, and logged in a Zotero database for analysis. Nearly all of the bylaws we received (107) contained explicit rules describing how members receive votes that can influence the trajectory of the organization, confirming our expectation that voting rights matter for organizational governance. These voting rules are sometimes complex, again suggesting considerable design work. Importantly, voting rules often vary by membership category. Depending on how one views these membership classes, some associations either have an equal franchise or do not. One might compare this to the treatment of resident aliens in most democracies, who are members of the population with some political rights but typically lack the vote. Two-thirds of associations in our sample do not distinguish among regular voting members in the number of votes they receive. Forty-six percent simply state that each member receives one vote. Another 22% provide for non-voting classes of members,<sup>16</sup> but give all members in the main class an equal vote. Another 9% opt for direct democracy by placing all members on the board of directors and giving each one vote. Put differently, almost three in four organizations adopt voting procedures that are straightforwardly recognizable as democratic. Only 10% of associations in our sample adopt a franchise among the main class of members that is proportional to investment or resources. One example is the Reserve City Bankers, whose 1993 bylaws provide:

Each member institution is allowed individual representation based on asset size: The largest 40 of the institutions eligible for membership are allowed four representatives; the next largest 40 institutions are allowed three representatives; the next largest 45 insti-

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16. These are typically described as “associate”, “supporting,” or “honorary” members.

tutions are allowed two representatives... Grand-fathered<sup>17</sup> institutions have one representative... Only individual ballots cast in person by representatives actually present in the meeting hall at the time of the voting shall be accepted or counted.

These bylaws were provided in response to a request for the governing documents of the Bank Policy Institute; Reserve City Bankers was an earlier name for the Financial Services Roundtable described in the opening vignette. Given Bank of America's success in organizing a purge within FSR's ranks, we would not be surprised if resource-proportional voting had been preserved in FSR's governance. It is noteworthy that political inequality is permitted, but also that its degree is limited. The largest members receive only twice the representation of the smallest; the US Chamber suggests that some groups might want to go much further. A small number of organizations in our sample (6%) *do* go much further by denying voting rights to members who are not on the board. To be sure, this system resembles the directly democratic organizations described above in some respects. What distinguishes these perpetually self-selecting boards from direct-democracies is that the governing documents appear to contemplate that there will be members who are not on the board. In that sense, these groups give ordinary members no mechanism for selecting leadership. Why a business would join a club in which it has no ability to select leaders is unclear, but more than a few organizations have adopted such a system. Although extrapolation to the broader population of business associations requires caution, this analysis shows considerable variation in association governance and provides some reason to believe that norms of political equality may dominate among these groups, likely for the reasons we have stated. Still, the franchise is only one aspect of political equality and not necessarily the most important. Board size, the frequency and timing of board elections, the possibility of reelection, nomination procedures, and other rules likely influence how association members achieve representation. Examining voting rules powerfully illustrates internal processes that have received too little scholarly attention, but written rules should not be presumed decisive. As the next section shows, a more *de facto* perspective based on resources tends toward quite different conclusions about the prevalence of equality norms than

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17. Organizations may become grandfathered due to changes in size or membership criteria, but if the CEO of that organization changes then the organization's grandfathered status is lost

does a perspective based on the franchise.

## 4 The Nature of Inequalities in Resources of Influence

When examining structures of governance in business associations, one highly important question for examining patterns of influence is what kinds of firms comprise the leadership – and, hence, make the decisions. To examine this, we will examine two predictions. First, we would expect that the firms represented on the association’s board are much larger than firms not on the board. Second, a central claim in Dahl (2005[1961]) is that, in non-pluralist polities, inequalities in resources of influence are cumulative. In our setting, this should imply that firms seeking to wield political influence can do so on their own and also potentially by gaining power to deploy the association’s resources through influence over the association board (Toenshoff 2026). It is important to note that our goal with this analysis is descriptive, not causal. We aim to present a description of the size and lobbying activity of the firms represented on association boards – if they are different than other firms, this will have consequences for descriptive representation no matter what the reason is.

### 4.1 Large Firms Dominate Association Boards

Linking data on total assets to the firms that are presented on association boards, we can examine whether firms that are on boards are generally larger than firms that are not. We do so by estimating a regression of logged total assets in a given year on a binary indicator of whether the firm is on the business association board in that year.

Table 3 shows the estimates, which are quite striking. Examining column 1, we observe that firms with current representation on association boards control approximately sixteen times more total assets ( $100 \cdot (e^{2.943} - 1) \approx 1,489\%$ ) than the average (mean) firm without such representation. In columns 2, we add industry fixed effects (at the NAICS 6-digit level). The results imply that compared to the firms in their industry, the firms that are represented on business association boards are more than eight times larger ( $100 \cdot (e^{2.144} - 1) \approx 753\%$ ) in terms of total assets. Overall,

this implies that firms that are represented on business association boards tend to be substantially larger than firms without representation.

Table 3: Large Firms are Disproportionately Represented on Association Boards

	<i>Dependent variable:</i>	
	ln Total Assets + 1	
	(1)	(2)
On Association Board	2.766*** (0.024)	2.144*** (0.053)
Constant	5.306*** (0.006)	
Industry Fixed Effects?	No	Yes
Observations	211,734	211,669

*Note:* Robust standard errors with firm-clustering in parentheses. \*, \*\* and \*\*\* indicate statistical significance at the 10%, 5% and 1% levels, respectively.

## 4.2 Politically Active Firms Dominate Association Boards

Next, we examine whether political resources tend to accumulate across venues of political influence. To do so, we investigate whether firms that are represented on the boards of business associations lobby more than other firms. To do this, we estimate two different linear regression models. First, in column 1, we compare the lobbying behavior of firms which have board members on an association board to any other publicly traded firm. Second, in column 2, we add industry fixed effects, ensuring that the comparison is only with firms within their own industry. The differences are noteworthy: while the baseline probability of filing an LDA report in a given year is 7.7%, firms with representation on association boards are 30 percentage points more likely to lobby. When taking the low unconditional probability of firm lobbying into account, this association is very strong. Compared to the other firms in its industry, firms with representation on the business association board are 25 percentage points more likely to lobby. Overall, it does seem that inequalities in

political resources are cumulative: firms that lobby are much better represented on association boards.

Table 4: Firms that are Represented on Association Boards More Likely to Lobby

	<i>Dependent variable:</i>	
	File LDA Report? (0/1)	
	(1)	(2)
On Association Board	0.300*** (0.011)	0.249*** (0.009)
Constant	0.077*** (0.002)	
Industry Fixed Effects?	No	Yes
Observations	255,310	247,514

*Note:* Robust standard errors with firm-clustering in parentheses. \*, \*\* and \*\*\* indicate statistical significance at the 10%, 5% and 1% levels, respectively.

## 5 Oligarchic Associations

An important aspect of our expectations is that representation should matter, but that the extent to which it matters should be moderated by the association’s governance structures. In particular, board membership should have a larger influence in associations whose governance arrangements are oligarchical in key respects. The association behavior we look at is relatively coarse, but clear: does the association lobby? One of the more surprising findings in the money in politics literature is how few corporations lobby (Drutman 2015). Among associations, lobbying is also far from universal. Our expectation is that when a firm that lobbies joins the board of an association, the association should subsequently have an increased tendency to lobby as well, but this tendency should be stronger in associations which have oligarchical characteristics. Put differently, clubs that appear to concentrate power in the hands of the few should give greater rewards in terms of

directing club behavior to those that lead (see also Toenshoff 2026). It is also possible that there are other explanations beyond spoils or rents for why this relationship would be observed, including informational or selection stories.

To examine this question, we use our unbalanced panel of 1,695 business associations. We use the information from BoardEx to identify which firms individuals represent on the association’s board, and we use LobbyView to capture whether those firms lobby. Finally, we use our matched LDA data to measure whether the association lobbies. With data in hand, we use a difference-in-differences strategy, examining changes in the association’s lobbying behavior around the time when a firm that lobbies joins the association’s board. To do so, we use the imputation difference-in-differences estimator proposed by Liu, Wang, and Xu (2024). The estimation proceeds in two steps. First, the following fixed effects regression is estimated:

$$Lobby_{it,D=0} = \omega_{i,D=0} + \sigma_{t,D=0}. \tag{1}$$

Here,  $D$  is a binary indicator of whether there is a firm that has lobbied on the association’s board,  $i$ , and time  $t$ . Hence, the subscript  $D = 0$  indicates that the regression is fitted only on observations that either never are or have not yet been treated by the arrival of a firm that lobbies.  $\omega$  and  $\sigma$  are sets of association and year fixed effects, respectively.  $Lobby$  is a binary indicator of whether association  $i$  lobbies at time  $t$ . The resulting regression model is then used to predict what the counterfactual probability of lobbying is among associations that do experience the arrival of a firm that lobbies (i.e. where  $D = 1$ ). The overall average treatment effect on the treated (ATT) can then be estimated as the average difference between treated and untreated firms after the arrival of the new firm in the association’s leadership.

The variation in treatment in our difference-in-differences design arises from the entry of firms—either currently lobbying or with a history of lobbying—onto the association’s board. We visualize this in Appendix E.1. To examine the impact of governance structures, we split the dataset depending on a variety of governance characteristics, which were previously introduced, that should capture the extent to which an association is oligarchic.

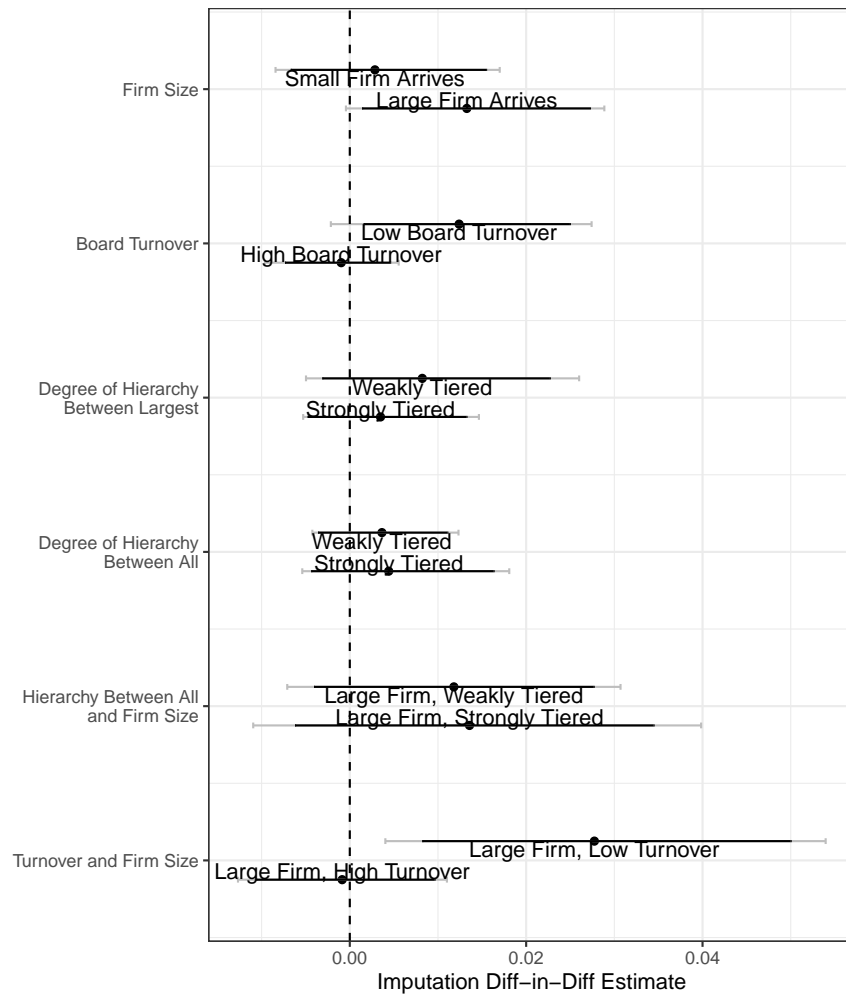
## 5.1 Large Firms Dominate Among Associations with Oligarchic Features

Figure 4 shows the effects separately for the characteristics which we conceptualize as oligarchic. Before addressing organizational characteristics, we start by examining whether the difference-in-differences estimates are more sizable, when very large firms gain board representation. To define large firms, we calculate for each firm the ratio of its total assets to the median total assets of firms in its industry. We subset by the median of this ratio. As we can see, the change in association behavior is concentrated among associations where the joining firm is larger than the median firm in their industry.

Next, in rows two, three and four, we split by various measures of association governance. First, we examine low vs. high turnover on the association’s board. Second, we examine the ratio of the amount of dues the largest to the smallest firm in the association pays. Third, we examine the dues ratio of the largest and the second largest firms. For the dues measures, we split the sample at the median of the dues ratios. We find that firm representation in association leadership matters more in organizations that have seen lower turnover among its leading members. We do not find that entering firms that lobby seem to matter more in associations that have more strongly tiered membership dues.

As a final test, we examine whether the formal hierarchy of an association can moderate the influence of large firms. To do so, we focus on the change in association behavior upon the arrival of large firms, but we split the sample depending on whether there are large differences in the dues paid by the largest and smallest firms and whether there is high turnover on the association’s board. We find that larger firms tend to change association strategy a lot in associations with low turnover in leadership positions, but that they do not matter in associations with high turnover. However, we want to note that the findings we present here are relatively conservative. In Appendix F, we triangulate against a set of results, where we link associations to LDA lobbying filings using the fully automated approach for matching organizations across datasets proposed by Libgober and Jerzak (2024). Using this alternative we confirm that large firms are more influential and that associations with low turnover in its leadership lend more power to large firms. Additionally, we find that large firms are more influential in strongly tiered associations. Importantly, this fully

Figure 4: The Effect is Stronger for Associations with Oligarchic Features.



*Note:* The figure presents difference-in-differences results from the Liu, Wang, and Xu (2024) imputation difference-in-differences estimator. Lines are 90% (black) 95% (gray) robust confidence intervals created through non-parametric bootstrap with association-level clustering. Each estimate is from a subset of the overall sample.

automated procedure is both independent of our baseline hand-matching and more permissive in its matching criteria, making it a useful comparison case. Taken together, the two approaches likely bracket the true set of correlations, suggesting that our findings are not an artifact of a specific matching strategy, and that there may be a concentration of power in associations with unequal dues structures that we cannot pick up in our baseline matching strategy.

These findings tell an interesting story about association governance. Large firms tend to matter more for association behavior than other firms, but the extent to which they matter depends dramatically on association governance. Associations with low turnover among its leadership change behavior to a much larger extent than associations whose leadership changes more often.

Overall, it appears that the effect is concentrated among the largest firms, particularly in associations that have what we deem to be oligarchic features. To us, this suggests that governance structures matter for representation.

In Appendix F.1, we present a final set of robustness checks. Here, we reproduce all of our results with a different technique for matching our members of association leadership positions to the BoardEx database. Recall that in our main results, we constrain BoardEx organizations to include publicly traded firms only. This conservative choice ensures that we know the selection process through which the firms made it into BoardEx, but it might exclude valuable data. In the appendix, we show that we arrive at similar results if we do not constrain BoardEx to publicly traded companies only.

## **6 Patterns of Leadership in Business Associations**

In this section we address the questions whether business associations are persistent or stable in who their leaders are. Assuming that a seat on the board is a condition for influencing the direction of a business association, the persistence of a majority of board members across long time periods can be seen as evidence pointing towards companies capturing associations. The absence of at least one board member staying on across time would speak against companies capturing a given

association. Such associations are unlikely to be examples of oligarchic associations.<sup>18</sup> Similarly, persistence in the identity of at least one main executive would be consistent with board capture by motivated individuals.

To examine our predictions, we rely on information about the board members and executives of business associations from yearly IRS 990 filings. We first harmonize the data on names and key employee roles from filings. Next, we subset to associations in our sample that have board members and main executive officers across at least two years. This produces data sets of 202,570 board member and 16,205 main executive officer observations of 1,581 associations from 2010 through 2020.

We follow a similar approach for board members and main executive officers. In particular,

Table 5: Persistence on Boards for Directors and of Main Executive Officers

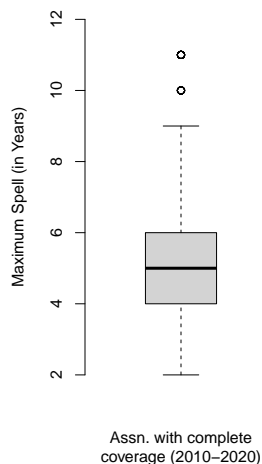
Difference in Years	% of Assoc. with Overlap of 50% of Board Members	% of Assoc. with No Overlap of Even One Board Member	Persistence of Main Executive Officers
1	99% (1567)	0% (1567)	99% (1567)
2	93% (1504)	1% (1504)	91% (1509)
3	73% (1426)	3% (1426)	82% (1442)
4	47% (1347)	5% (1347)	72% (1364)
5	28% (1278)	9% (1278)	62% (1295)
6	17% (1185)	17% (1185)	51% (1199)
7	10% (1020)	26% (1020)	42% (1040)
8	6% (781)	35% (781)	35% (807)
9	5% (684)	41% (684)	30% (708)
10	3% (524)	46% (524)	27% (543)

*Note:* The columns in this table show the proportion of associations in the sample that have no overlap of at least one board member in any of the year-over- $X$ -year difference (Column 2), that have an overlap of 50% of board members across at least one of the  $X$ -year differences (Column 3), and that have the same main executive from one year to the  $X$  next year(s), in at least one of the  $X$ -year differences (Column 4). For each value, the number of associations in the denominator is shown in parentheses.

for each year from 2010 through 2020, we calculate the number and proportion of board members in a given year that were already linked to the association the previous  $X$  number of years, where  $X$  ranges from one to ten. Then, we calculate the proportion of associations for which the proportion of persistence in board members is 50% at least once for the respective year-over- $X$ -year

18. Of course, a board member may represent different companies and companies may be present on the board with different board members, either across time or at the same time.

Figure 5: Distribution of Maximum Spells of Overlap of 50% in Board Members Across Associations



*Note:* The figure shows the maximum number of years across which there is a persistence of at least 50% of board members. The sample is the set of 481 associations for which we have full coverage from 2010–2020.

differences. Further, we determine the proportion of observations with no persistence across any of the year-over-X-year differences. Finally, we calculate the proportions of associations for which there is at least one instance in which a main executive persisted in their role.<sup>19</sup>

Table 5 shows the resulting statistics on persistence board members and main executive officers linked to business associations. Unsurprisingly, from one year to the next, almost all associations have a high level of persistence. Moreover, for a near majority of associations, there is at least one instance where 50% of the board stayed on over a time period of five years. However, only for comparatively few associations do we observe at least one instance of 50% of board members staying on for eight or ten years (10% and 5% respectively).

Another way to present the extent of persistence is to the maximum number of years (or “spell”) of an overlap of 50% of board membership. These data are presented in Figure 5 for 481 associations for which we have filings for all years from 2010 through 2020. The box plot shows that most associations do not have spells of six or more years where the majority of the board remains in

<sup>19</sup> For all three analyses and each year-over-X-year difference, the denominator is the number of organizations for which we have at least one instance of such a difference in our data. When a filing is missing within any interval for which the beginning and the end of the interval exist, we assume that any person fulfilling a role at both beginning and end stayed in their role throughout, as long as there is no filing indicating otherwise.

place.<sup>20</sup> Nevertheless, in this sample there are 56 associations (12%) for which the maximum spell is eight years or more.<sup>21</sup>

Similarly, it is rare for associations to consistently wipe clean their slate of board members across a one or even a four year difference. Whereas in the former case, this occurs in less than 1% of associations, in that latter case it is still only 4%. After a seven or nine year difference, consistent complete turnover is more common, but still not the case for most associations (26% and 41% respectively).

Together, these results indicate that there is a substantial amount of persistence in the composition of the boards of business associations. At the same time, over the long run, comparatively few associations exhibit the kind of persistence that would strongly suggest a capture of the board by the same companies or organizations.<sup>22</sup> However, we cannot rule out that companies maintain a more lasting foothold than these results suggest, for example by replacing their representatives on boards over time.

Focusing on main executive officers (who may or may not be board members), we find that there is a high level of persistence across many associations. For example, for most associations in the respective sample there is at least one tenure that extends for seven years or more (51%), and even tenures of ten years or more are relatively frequent (30%). Such a persistence of business association executives could be indicative of capture by motivated individuals. At the same time, it should be noted that persistence of business association executives (or board members) and stability in policies advocated need not be indicative of capture, but could instead reflect, for example, a decision-making process by association entrepreneurs which relies on broad consensus and egalitarian decision-making among members.

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20. As we show in Appendix G, the distributions are similar when focusing on sets of associations where there is at least one instance of a year-over-X-year difference of at least one year, five years, and nine years, respectively.

21. In the full sample, there are 106 such associations.

22. Individuals need not be on the board due to their links to a company, but may also represent different associations.

## 7 Business Association Governance Matters for Public Policy

While business association governance is an important political phenomenon in its own, we argue that such governance mechanisms influence national policymaking and politics. Baumgartner and Jones (2010) argue that policy equilibria are typically static but punctuated by periods of rapid change. They explain these punctuations through changing public attitudes and images of policy domains, such as nuclear power, which lead to the creation of new interest groups or the mobilization of existing groups previously uninterested in the domain. At times, however, policy equilibria may shift because incumbent interests reach new conclusions about what they want or how to pursue it. The ability of organized interests to shift in this way depends on how they are governed.

The Bank Policy Institute vignette already illustrates the mechanism by which association governance *may* influence group behavior and policy, but the recency of that organizational transformation makes it difficult to assess its political and policy consequences. To further describe and validate our mechanism, we present a historical case study of how governance shaped the behavior of the US Chamber of Commerce in the 1960s around the Trade Expansion Act of 1962 (TEA). Although the 1960s are our focus, the policy consequences of these events have continued to reverberate. TEA dramatically expanded presidential discretion in trade policy, including through Section 232, which authorized the President to restrict imports on national security grounds. In his first term, President Trump relied extensively on this authority to impose tariffs on steel and aluminum imports. In his second term, he would go further, imposing more consequential tariffs under broader and more controversial authorities created through extensions and expansions of TEA (Maruyama, Galvin, and Reinsch 2024). In the Supplementary Information, we also restate the findings of Delton (2020) as they relate to transformations at the National Association of Manufacturers and implementation of the Civil Rights Act. That case likewise speaks to the role of association governance in national politics and policymaking. Together, these cases show that governance norms were decisive in shaping incumbent interest-group behavior and the subsequent direction of public policy.

## 7.1 The Divided Chamber of Commerce and the Trade Expansion Act of 1962

The Trade Expansion Act of 1962 was widely regarded as the “largest and most satisfying legislative victory” of Kennedy’s first two years in office and the most important legislation passed by the 87th Congress” (CQ Almanac 1963b). This dramatic trade liberalization policy addressed two competing needs for the Kennedy administration: supporting the formation of a common market in Europe, while also allowing US exports to compete with the emerging European economic juggernaut (Eckes 1995). The central issue was how to empower the President to negotiate trade policy on behalf of Congress without allowing an imprudent President to concede too much to foreign interests or set back the cause of trade liberalization. In addition, several crucial secondary issues would shape trade policy in the short and long term, for example “trade adjustment assistance” for firms and workers displaced by the economic pressures of global competition (CQ Almanac 1963b).

As Gibson (2000) notes (p. 86–89), the Trade Expansion Act of 1962 passed with overwhelming bipartisan support, but it was not obvious in 1961 that the law would develop in this way. Indeed, the *New York Times* later identified the Chamber of Commerce and the American Federation of Labor, two typically opposed groups, as the “most influential of the lobbying” organizations whipping votes in the House (June 30). The Chamber’s support was perhaps most surprising, because its usual ally, the National Association of Manufacturers, pointedly took no position for or against the policy (CQ Almanac 1963a), and the Republican-leaning Chamber rarely supported Kennedy on other issues (CQ Almanac 1963a). Moreover, the Chamber did not merely “support” the bill. Sources describe a continuous stream of political intelligence among the Chamber, the White House, the AFL-CIO, and other organizations (CQ Almanac 1963a), which also led to the commissioning and furnishing of reports addressing particular representatives’ concerns. The Chamber’s Foreign Commerce Department worked “exclusively” on this issue throughout 1962. Contemporaneous sources attest to the pivotal nature of the Chamber’s active support. The *New York Times* (1962) observed that the Chamber’s position-taking at its annual meeting would “help to assure not only the passage of the bill without crippling amendments but also an increased majority for it.”

While the Chamber’s role was pivotal, it was not inevitable. In the early 1960s, the Chamber of

Commerce was more trade-liberal than its peer, the National Association of Manufacturers, having explicitly endorsed a general policy statement in 1960 supporting reduced trade barriers. But as the details of Kennedy's proposal came into view in late 1961 and early 1962, it was not clear that the 1960 resolution still controlled. As hearings on the Kennedy-backed plan, HR 9900, approached,<sup>23</sup> the Board of the US Chamber of Commerce adopted an emergency resolution allowing Chamber representatives to testify broadly in support of the proposal, except for its overly generous trade adjustment assistance (Green 1962). Under the organization's governing norms, such an emergency resolution was binding only until the next annual meeting, where it required ratification by the membership. Even so, Chamber leadership was publicly committed to supporting Kennedy on trade. The AP reported, for example, Chamber President Richard Wagner's statement that "a majority of the Board of directors concurred in supporting Kennedy's trade measure." A Chamber representative testified before Congress on April 16 about the association's position (p. 2062 et seq.), stating that the Chamber "strongly supports the principles of HR 9900." The representative further acknowledged that a "small minority" within the ranks had generated a thorough and vigorous discussion for two days" in February, but that the committee had overwhelmingly recommended the position.

The extent to which Chamber leadership was "out of touch" came to a head just weeks later at the annual meeting. The AP reported that on May 2, a dissident faction on the Chamber's policy subcommittee sought to stop all support for the new trade adjustment assistance measures and rely instead on traditional defensive protectionist tools such as tariffs and quotas (Green 1962). The board and the policy-committee majority quashed this proposed revision, instead reiterating the position already articulated before Congress: trade adjustment assistance should include neither cash transfers for affected firms nor additional federal unemployment benefits for displaced workers. This language essentially reaffirmed the Board's emergency position. It was then put to the membership for ratification. As the AP reported, this set the stage for a "floor fight" at the annual meeting the next day, which would determine whether the Chamber could make its ultimately pivotal contribution.

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23. There would eventually be 21 days of hearings in the House Ways and Means Committee between mid-March and mid-April 1962.

Long-time organizational participants would later describe what followed as the most tangled uproar” in the Chamber’s 50-year history: a “revolt” over the Chamber’s support for the Kennedy trade bill (Nossiter 1962). Some 1,000 delegates met at the Statler Hilton Hotel for two hours to discuss the proposed language. When the bill reached the floor, protectionist delegates from several states announced that they “were against further tariff cutting” and “deplored” that the Chamber’s overall position on tariffs was not even being put to a vote. Others objected that the Chamber should take any position, much less actively help Kennedy, given the depth of internal divisions over tariffs. Unsurprisingly, the measure failed.

But this outcome was untenable. A board member noted that if the Chamber took no position, it would continue to advocate for Kennedy’s plan under its 1960 resolution supporting trade. It would not, however, be able to oppose trade adjustment assistance, which was widely viewed with scorn inside the organization. The outgoing board president, who had publicly stated the Chamber’s position to the news media, asked for the vote to be taken a second time. It was *again* defeated. The board continued to debate and finally put the resolution to a third vote, prompting fierce objections from protectionists that the Board was refusing to take no for an answer and playing for the clock. One delegate reportedly cried out, “Now with the room half-filled the official hierarchy is pulling its chestnuts out of the fire and is going to railroad this” (Nossiter 1962). Finally, the third vote passed, allowing the Chamber to continue working in favor of the Trade Expansion Act.

A superb irony of the floor fight is that the very position the Chamber explicitly ratified—opposition to trade adjustment assistance—ended up in the Trade Expansion Act anyway. Unemployment assistance for displaced workers was too crucial to the AFL-CIO (CQ Almanac 1963b). Even though the Chamber voted to oppose this part of the Act, the Board clearly did not view the issue as crucial, even if many rank-and-file members did. Chamber outgoing president Richard Wagner was quoted at the annual meeting saying, “[Although] I have found it difficult that we should compensate someone with subsidies and handouts, I have finally concluded this wouldn’t make anyone lush in business.”

Speculatively, a differently led Chamber could have taken a more consensual position in the face of such opposition. The National Association of Manufacturers did so with less fanfare. Supporters

of free trade were genuinely concerned that the Chamber would bow to some of its members' preferences (CQ Almanac 1963b). One can also see how different governance rules would have made it harder for the board majority to act despite strong objections from minority or rank-and-file members. For example, the initial 1960 position broadly supporting free trade had a three-year expiration date. Had the position required more frequent affirmative ratification, especially with limited ability to reconsider defeated motions on germane topics, the Chamber might have taken a different stance, perhaps yielding no Trade Expansion Act or at least a very different one. The extent to which losing on trade adjustment assistance was acceptable could also have differed under different leadership or rules.

The Supplementary Information presents another case study, focused on the National Association of Manufacturers and its transformation from an organization dominated by members of the ultra-conservative John Birch Society into one that fostered adoption of the Civil Rights Act of 1964. As in the Chamber case, the association underwent a large policy shift with major consequences for US public policy, and association governance played a pivotal role in determining whether that shift could occur.

## 8 Conclusion and Future Directions

Many works in political science encourage political analysts to focus not on the decision at time  $t$ , but on how the agenda was set at time  $t - 1$  (Carpenter 2023). Our contribution highlights a different aspect of agenda-setting, what might be called political casting: why political actors have the preferences and priorities they do. We focus on one important type of organized actor, business associations, which serve as key intermediaries in modern politics.

It is tempting to assume that representation and governance within these organizations are straightforward or unproblematic. Our analysis instead emphasizes the extent to which business associations are complex political actors. Like many organizations, their behavior reflects diverse participant preferences filtered through idiosyncratic governance processes. Idiosyncratic, but not wholly unpredictable. We find that although business associations are often organized around

principles of formal equality, many also tolerate strikingly oligarchical arrangements that give their wealthiest members outsized voice. Even where formal political equality exists, organizations may depend heavily on a small number of firms for economic resources.

In light of these *de jure* and *de facto* inequalities of power, there is little reason to expect business associations to function faithfully as trustees or delegates of their membership. Without a deeper understanding of a particular association's internal dynamics, one cannot rule out the possibility that it is effectively governed by a narrow cartel whose preferences diverge from those it claims to represent. Focusing on firm size and market position, we find systematic biases favoring larger firms that are more politically active, while smaller and less politically engaged firms are underrepresented. The more oligarchical an association becomes, the greater the ability of its leaders to shape the organization's behavior in the broader political arena. The governance incentives that push associations toward oligarchy could certainly distort the signals policymakers receive about what businesses want.

To be sure, greater democracy within business associations is not an unalloyed good. Biases toward large firms may sometimes generate social benefits. Large firms may attract leaders who are better educated, more capable of moving across industries, or otherwise possess broader perspectives (Mizruchi 2013). When such leaders encourage associations to think differently, substantial social benefits may follow. The US Chamber of Commerce and the National Association of Manufacturers were both influenced by large firms that helped lead business opinion on issues such as trade and civil rights, contributing to significant improvements in social welfare. The memberships of both organizations were considerably more parochial. Some degree of insulation among leaders may therefore have been necessary to realize the benefits of enlightened business leadership.

At the same time, one suspects there are many cases in which those directing business associations are more thought-laggards than thought-leaders. Indeed, that may have been true of these same organizations during the 1950s. At present, it is too early to draw normative conclusions about the appropriate role of democracy within such organizations. What is already clear, however, is that the distinction between leaders and members must be taken seriously because the governance problem is substantial. More work is needed to clarify the extent of leadership-member

divergence, its dimensions beyond organizational size and political activity, and the transmission biases it introduces into policymaking.

Even with the unusually broad set of data we assemble, we have only begun to scratch the surface of governance among these important political intermediaries. For one thing, we have not examined managerial capture, which we suspect is less likely in “closely held” or oligarchical associations but may arise in more diffuse organizations. Katz (2015), for example, argues that Tom Donohue captured the US Chamber of Commerce during the 1990s, making it more partisan and ideological than before. Further work on managerial influence would be valuable.

The role of business associations in confronting, or failing to confront, democratic backsliding in the United States is another especially important area for future research. There is also a large literature on interlocking directorates and their importance for business and association behavior (Burriss 2005; Chu and Davis 2016). Our analysis adopts a largely within-association perspective, but connections across organizations deserve sustained attention as well.

Our treatment of political equality is also limited. We focus primarily on voting rights, but many other institutional features matter, including election timing, board size, board membership criteria, agenda control, and authorization procedures. Law and public policy play an important role in determining which organizational forms are available and in shaping the behavior of organizational participants.

Finally, although we have adopted a large- $N$  quantitative approach, we greatly appreciate recent political science scholarship that has examined individual organizations in depth, such as LaCombe’s study of the NRA and Hahrie Han’s work on Crossroads Megachurch (Lacombe 2021; Han and Arora 2022; Han 2024). We have likewise found focused qualitative work in business history and organizational sociology invaluable. More sustained attention by political scientists to the governance of particular associations, or particular types of associations, would substantially enrich our understanding of how organized interests behave in politics.

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## A Collection of IRS 990 Filings Data

We collect and clean data on the individuals represented in the association’s management and on its board. Business associations are generally required to file to maintain the status of tax-exempt organizations using the IRS Form 990.<sup>24</sup> To harvest this data, we collected machine-readable files in “.xml” format from two different sources. The first is the website of the IRS, which provides machine-readable filings in bulk downloads. Here, we obtained filings made between 2015 and 2022.<sup>25</sup> The second source for the 990 filings is the non-profit ProPublica, which provides backed up versions of older IRS-based xml files via its website.<sup>26</sup> This allowed us to extend the period covered by our data back in time until 2009, so as to cover filings with end dates from 2010 through 2020. In particular, we supplemented the data downloaded from the IRS by downloading filings from organizations included in the EA data set and available via ProPublica’s website.<sup>27</sup>

## B Data Cleaning

In this section, we describe the standardized approach to cleaning names in the IRS 990 and BoardEx data. Moreover, we describe the approach to creating additional indicator variables for board membership and executive officers. Lastly, we describe how we coded executive officers as main executive officers.

To standardize the order of first and last names, we included a number of checks, including manual inspection of first names that did not conform with a first name in the *genderdata* package (Mullen 2021). To remove titles, we collected open source lists of professional and military designations that were supplemented based on common titles in the data<sup>28</sup>

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24. See <https://www.irs.gov/pub/irs-pdf/i990.pdf>.

25. Initial downloads took place in December 2021 with further downloads performed up until November 2024 to improve coverage. We note that some data available in 2021 is no longer available for download on the current site (<https://web.archive.org/web/20211217140514/https://www.irs.gov/charities-non-profits/form-990-series-downloads> ; <https://www.irs.gov/charities-non-profits/form-990-series-downloads>).

26. See <https://projects.propublica.org/nonprofits/>.

27. These data had previously been made available on Amazon Web Services. We used tables linking employer identification numbers, years, and filing indices, accessible on Archive.org (see e.g., [https://web.archive.org/web/20200925155553id\\_/https://s3.amazonaws.com/irs-form-990/index\\_2013.json](https://web.archive.org/web/20200925155553id_/https://s3.amazonaws.com/irs-form-990/index_2013.json)) to determine the correct hyperlinks to download the filings from ProPublica.

28. Specifically, we relied on the following lists: [https://en.wikipedia.org/wiki/List\\_of\\_professional\\_designations\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/List_of_professional_designations_in_the_United_States) and [https://www.familysearch.org/en/wiki/United\\_States\\_Military\\_Ranks](https://www.familysearch.org/en/wiki/United_States_Military_Ranks).

Since the parsed IRS 990 data did not comprehensively contain indicators for board membership, we augmented the available indicator by searching for regular expressions indicating board membership in the title field. Examples include variations of “Director”, “Board Member”, or “Trustee”.<sup>29</sup> Similarly, since the parsed data did not comprehensively contain data on principal officers, we created an indicator variable for executive officers that capture if the title field included titles such as “President”, “CEO”, “Executive Director”, “Board Chair”, or variations thereof.

Further, since the combination of the principal officer variable and our indicator variable for executive officers may include a number of persons for a given association in a given year, we followed the following procedure for determining the main executive officer(s). Specifically, for associations and years where multiple persons are designated as principal or executive officers, we assigned those as main executive officers that worked at least four times the amount of hours for the association as the listed employee with the minimum amount of non-zero hours. If such data was not available or no principal or executive officer(s) surpassed the threshold, all principal or executive officers were designated as main executive officers.

## C Linking Key Employees in IRS 990 Forms to BoardEx Individuals

To identify the firms that individuals represent on business association boards, and to examine the career trajectories of the individuals themselves, we matched data from the 990 filings of business associations to BoardEx. BoardEx contains comprehensive data on the board of directors and senior management of publicly traded corporations.

The matching procedure is complicated by the fact that we have limited additional information beyond names on the individuals that exists *both* in BoardEx and in the 990 filings. To deal with this, we adopt a conservative approach that relies on uniqueness of names 1) within those linked in the BoardEx data to an association in our sample via a role other than that of member; 2) within 3- and 6-digit NAICS sector classifications; 3) or across the entire data.

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29. We exclude instances if they included “Former” or “Affiliate” in the title field.

In a first step, after cleaning both name variables using the same approach, including the removal of titles and professional designations, we proceed by creating several versions of the names to address differences in use of middle names, middle initials, and nicknames (see Appendix D). Then, we create potential matches between individuals in the two datasets based on whether or not BoardEx individuals have taken up a role with a business association in the sample that goes beyond that of a simple member and the name can be matched to the 990 data via any of the name versions.<sup>30</sup> We exclude potential matches when there is another BoardEx individual that shares the same version of a name.<sup>31</sup> Next, we create potential matches based on whether or not BoardEx individuals can be matched to the 990 data via any of the name versions for organizations within the same sector as defined by the 3-digit NAICS code. Again, we exclude potential matches when there are duplicate names in BoardEx. A third set of potential matches is created via the 6-digit NAICS code. Finally, a fourth set of potential matches is created for any linkages where there are unique names across the entirety of the two datasets. Across the four sets of potential matches, we then exclude any potential matches if the association-role linkage and NAICS-6 linkage or the NAICS-6 and NAICS-3 linkage produced different candidates for matching. On the other hand, when the association-role linkage and the NAICS-3 linkage produced different candidates, the association-role is prioritized.

## D Name Standardization

The following describes in more detail how we linked key employees from IRS 990 forms to individuals in the BoardEx data. Specifically, we detail the versions of different standardized names that we created. After cleaning name variables based on the same standards, we create several variables. They include the full name, names without any middle names, initializing any middle names, and names where first names considered nicknames where replaced by the more conventional form. We replaced the first name as long as there was a unique conventional name that was determined to be more common within gender. For the nickname conversion, we relied on data from the nick-

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30. Associations were matched via identical names, manual checks, and probabilistic matching with manual checks.

31. BoardEx data has ID variables for individuals allowing distinctions between individuals with the same name.

nameR (McCrain 2020) and genderdata (Mullen 2021) packages.

For the analysis of persistence on association boards in Section 6 of the paper, we also created a harmonized name variable. This allows us to better capture persistence and turnover of board members and main executive officers in associations. We did so by relying on the different name versions we previously created, and assuming that any individual who shares a name version across different years of the same association is in fact the same person.

## **E Difference-in-Differences Diagnostics**

To probe the quality of the difference-in-differences design, we examine a number of diagnostic tests proposed by Liu, Wang, and Xu (2024).

### **E.1 Treatment Variation**

The variation in treatment in our difference-in-differences design arises from the entry of firms—either currently lobbying or with a history of lobbying—onto the association’s board. In Figure 6, we show which type of variation in treatment timing this creates for 500 associations that are randomly sampled from the 1,695 associations in our full dataset.

### **E.2 Pre-Trends**

In Figure 7, we start by examining the presence of pre-trends in the data. The figure shows event-study estimates in the period leading up to treatment and present a number of important statistics: (i) the p-value from the F statistic of joint significance of the pre-treatment estimates, (ii) the equivalence test examining whether we can reject the presence of a small pre-treatment effect, and (iii) the smallest effect size we are able to reject.

The F test shows that we cannot reject that the pre-trend coefficients are all zero. We use the default equivalence range in the FEct package, which is +/- 0.36 of the standard deviation of the outcome (after fixed effects have been subtracted). We find that the pre-trend is much smaller and statistically significantly so from the equivalence range. Finally, we show that the minimum

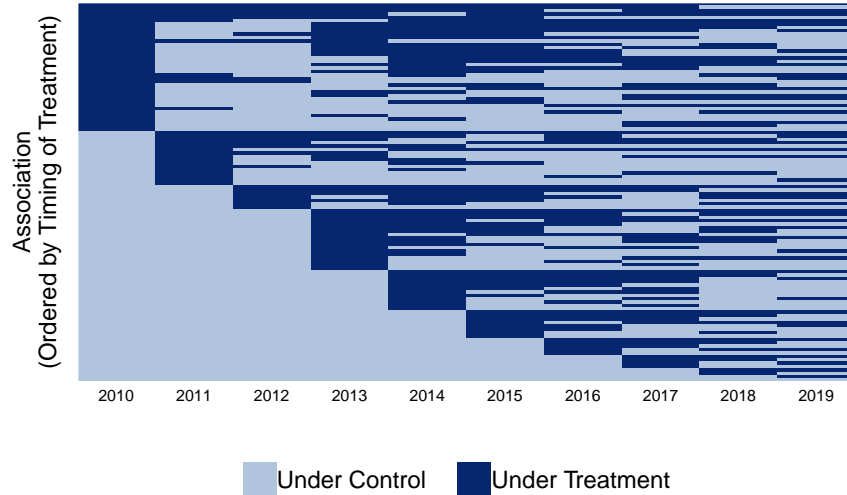


Figure 6: **Visualizing Treatment Variation Across Association and Time.** *Note: The figure shows the timing of treatment for 500 randomly selected associations.*

range we are able to reject is very small. Overall, this reassures us that there is little evidence of pre-trends in the data.

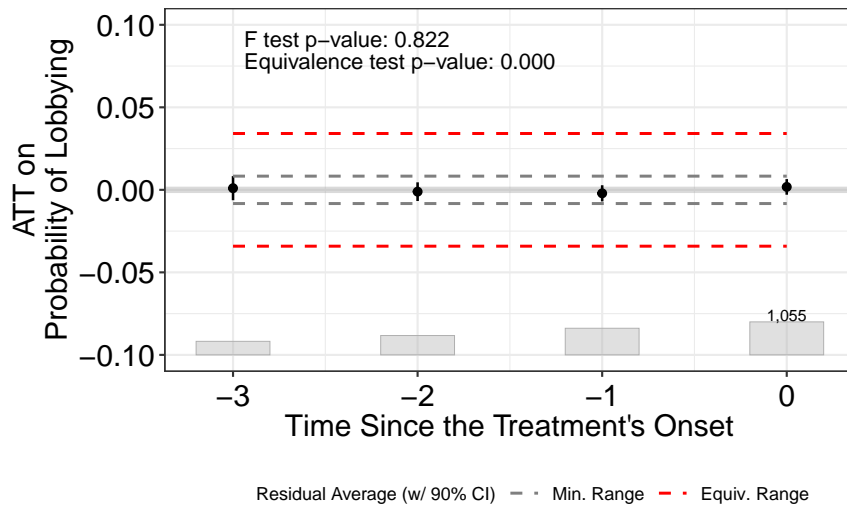


Figure 7: **Examining Pre-Trends.** *Note: Equivalence range defined by 0.36 of the standard deviation of the fixed effects demeaned outcome. The minimum range (grey) is the smallest pre-trend that we can reject. Confidence intervals are 90% as suggested in Liu, Wang, and Xu (2024). Obtained through 200 non-parametric bootstrap iterations with association clustering.*

### E.3 Placebo Pre-Trends

To further examine the possibility of a pre-trend, we use a placebo test recommended by Liu, Wang, and Xu (2024). The test proceeds by removing the observations in a pre-defined placebo period, holding them out for estimation of the overall model, and then testing whether the estimated ATT in the placebo period is different from zero. By estimating the placebo intervention in the same way as the actual treatment, the test avoids overfitting of the pre-trend. By excluding data, the test is more demanding than the pre-trend provided above, but provides an additional important test.

Figure 8 shows the results. As we can see, we cannot reject the hypothesis that the placebo ATTs are jointly null. Additionally, we can easily reject the equivalence range, suggesting that the pre-trend is at most very small. Again, this reassures us of the validity of the difference-in-differences design.

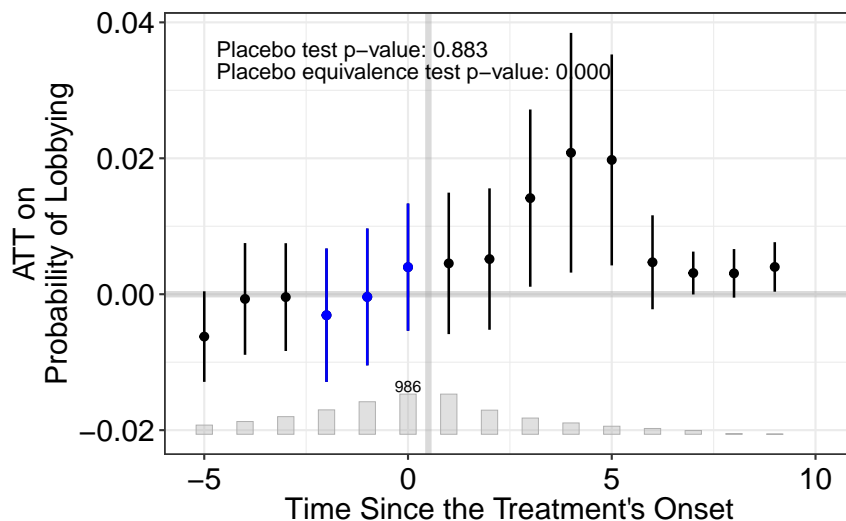


Figure 8: **Pre-Trend Placebo Test.** *Note: Estimates during the placebo period are estimated by holding the blue-colored data out of the estimation and then estimating the ATTs for those periods. Equivalence range defined by 0.36 of the standard deviation of the fixed effects demeaned outcome. Confidence intervals are 90% as suggested in Liu, Wang, and Xu (2024). Obtained through 200 non-parametric bootstrap iterations with association clustering.*

Finally, in the main paper, for presentational purposes we show the ATTs for arriving firms

that lobby but split by subsets. This figure shows the overall ATT of arriving firms on lobbying by associations without subsetting, and shows that there is an increase in lobbying upon such an arrival. While our argument is mostly about how this is moderated by governance characteristics of associations, this is still an interesting additional finding.

#### **E.4 Testing for Carryover Effects**

Contrary to most recently developed difference-in-differences estimators, the FEct estimator proposed by Liu, Wang, and Xu (2024) allows treated units to exit treatment. However, this requires imposing the assumption that the treatment effect does not remain after the firm leaves the association board—the assumption of no carryover effects. While it is unlikely that no effect remains after the firm leaves, the violation can be so small that it does not impact the estimation of the overall ATT.

To examine this, we conduct a test that is similar to the placebo presented above, but where the placebo period is defined as the years after the firm leaves the association’s board. As we can see, the carryover effect is at most small—we can reject the equivalence range and we cannot reject the joint null. We want to emphasize that we are not claiming that there is no remaining effect once the firm leaves, but that it is small enough that it does not bias our estimates significantly.

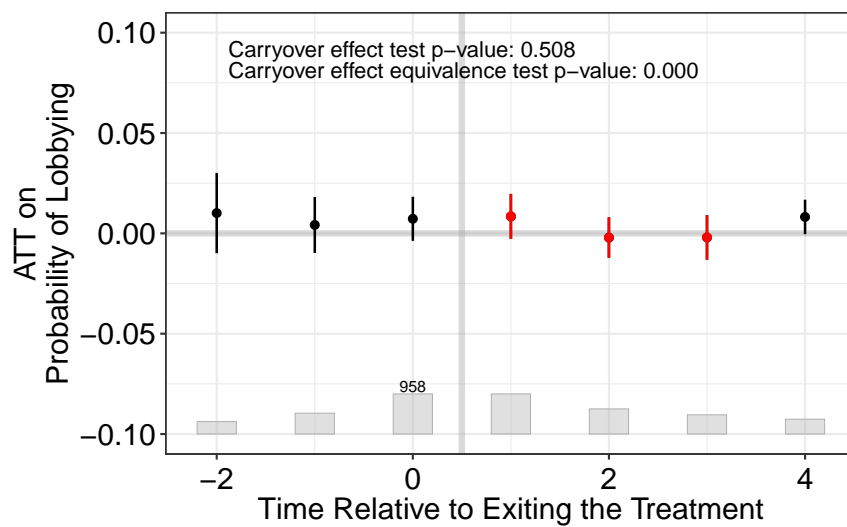


Figure 9: **Testing Carryover Into Non-Treatment.** *Note: Estimates during the carryover period are estimated by holding the red-colored data out of the estimation and then estimating the ATTs for those periods. Equivalence range defined by 0.36 of the standard deviation of the fixed effects demeaned outcome. Confidence intervals are 90% as suggested in Liu, Wang, and Xu (2024). Obtained through 200 non-parametric bootstrap iterations with association clustering.*

## F Difference-in-Differences Results with Alternative Matching

To generate our analysis dataset, we needed to overcome two matching problems. First, we needed to identify individuals, who took up leadership positions in associations, in the BoardEx database of board members and senior managers in firms and other types of organizations. Second, we needed to identify associations in lobbying filings made under the LDA.

In this appendix, we examine the robustness of our difference-in-differences results to other ways of generating these matches.

### F.1 No Constraints on Matches in BoardEx

For our main results, we matched our dataset of association board members to a constrained set of organizations in BoardEx, namely, publicly traded firms. We made this choice as a conservative approach, since BoardEx is transparent about the inclusion of this set of firms: all publicly traded firms are covered by the database, and they constitute the core of its career information. To the extent that BoardEx includes private firms and other types of organizations (e.g., universities, charities, and public sector organizations), these entities appear either because a director of a publicly traded firm has previously worked there, or because the decision-makers at BoardEx have deemed them relevant for inclusion, in which case the rationale for inclusion is not documented.

On one hand, not applying this constraint in the matching process can lead to problematic matches—e.g. when examining the unconstrained matches, we found business associations incorrectly classified as private companies to which we matched our set of business associations. Enough of such cases would bias our results. On the other hand, if there are not many of such problematic cases, constraining to publicly traded firms may throw out valuable data.

To ensure that this matching constraint does not drive our results we reproduce our difference-in-differences results without constraining our set of BoardEx organizations to publicly traded firms. Figure 10 presents the results. As we can see, the baseline results are more or less reproduced. There are two exceptions: first, the ATT among associations with low turnover among their leadership becomes more noisy. Second, the ATT among large firms arriving in strongly tiered associations

becomes stronger. Although not reaching conventional levels of statistical significance, this provides an indication that power may be concentrated among large firms in those types of organizations, too.

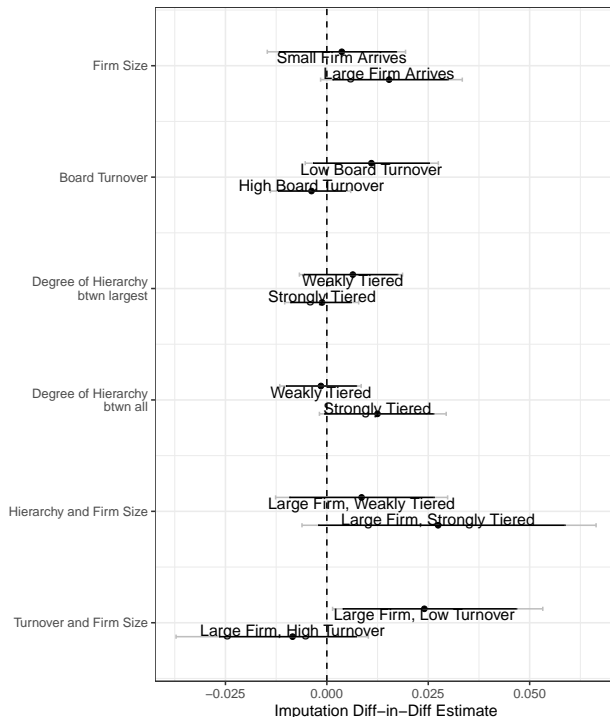


Figure 10: **No Constraints on Association Leadership Matches to BoardEx.** *The are obtained through the same imputation difference-in-differences procedure as in the main results, but where association leadership members are matched to all organizations in BoardEx, not just publicly traded firms. Confidence intervals are 90% (black) and 95% (grey) obtained through 200 non-parametric bootstrap iterations with association-level clustering. The quantile method is used to construct confidence intervals.*

## F.2 Fully Automated Matching to LDA Filings

In this appendix, we present results where the matches between our database of association leaders and BoardEx are created with the same constraints as in the main data, but where we use the fully automated linkorg technique (Libgober and Jerzak 2024) to match associations to LDA filings. Specifically, we use the embeddings for organization names developed there to convert names of LDA filers and associations into high dimensional vectors, calculate the Euclidean distance between

all combinations of vectors, and consider several distance cutoffs to deem matches. The results present the maximum distance cutoff, which we regard as conservative under the assumption that false matches are noisy.

We use a relatively liberal threshold for matching to provide a strong contrast to our more conservative baseline matches to LDA, which are done through a combination of exact matching, fuzzy matching and hand-matching.

The results are presented in Figure 11. As we can see, the results mostly reproduce our main findings, although with more precision in the estimates. This is likely because we are able to match more associations to LDA reports, reducing measurement error. Additionally, we estimate a concentration of power among large firms in associations with strongly tiered dues, which we do not find in our baseline results, but which was also present when not constraining potential matches of association board members in BoardEx.

This testifies to the robustness of our results to the choice of how to match associations to LDA. Further, the findings show that there might be a concentration of power among large firms in tiered associations.

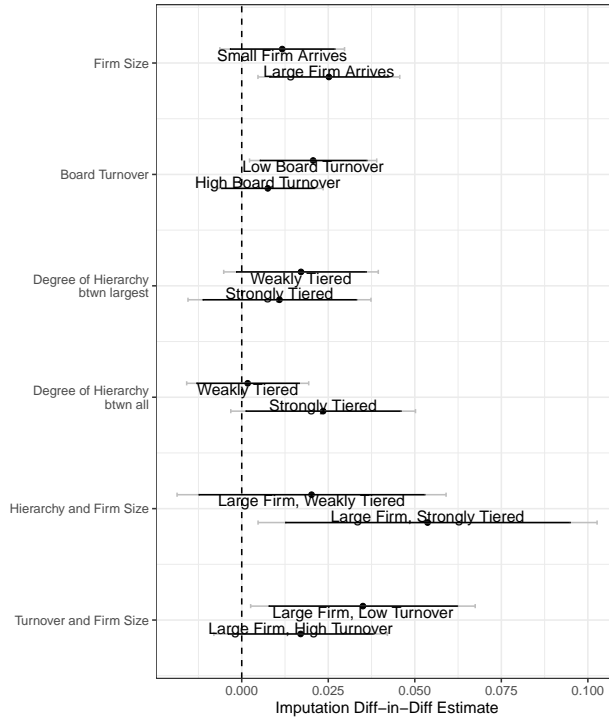
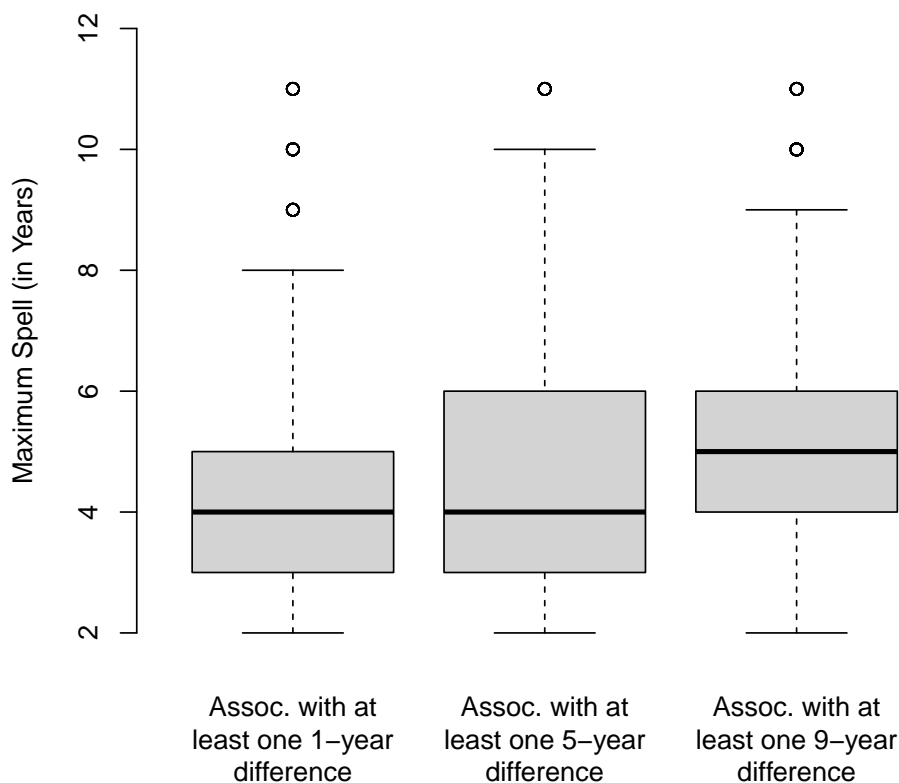


Figure 11: **Results from Fully Automated LDA Matches.** *Note: The are obtained through the same imputation difference-in-differences procedure as in the main results, but where the outcome variable—capturing whether the association files a lobbying report in that year—is generated using the fully automated linkorg procedure to match the associations in our dataset to LDA. Confidence intervals are 90% (black) and 95% (grey) obtained through 200 non-parametric bootstrap iterations with association-level clustering. The quantile method is used to construct confidence intervals.*

## G Additional Results: Patterns of Leadership in Business Associations

Figure 12: Distribution of Maximum Spells of Overlap of 50% in Board Members Across Associations



*Note:* The figure shows the maximum number of years across which there is a persistence of at least 50% of board members for three sets of associations. In the first set are associations for which we have data for a minimum difference of one year. This can include associations where data is available only in 2010 and in 2012. In the second and third sets are associations for which we have data for a minimum difference of five and nine years, respectively.

## H Additional Case Study: Birchers, Manufacturers, and Civil Rights

The 1964 Civil Rights Act was the decades-long culmination of the movement for civil rights. The law prohibited discrimination on the basis of race, sex, national origin, or religion in numerous

contexts, including the workplace. Then as now, federal edicts insisting on racial equality do not always translate immediately or readily into facts on the ground. Perhaps the most famous example of resistance to racial equality was the refusal of Central High School in Little Rock, Arkansas to respect the 1954 holding in *Brown v. Board*, a conflict which ultimately led to Eisenhower sending in the armed forces to ensure that nine black students be allowed to attend that school. But this resistance was far more widespread than a single high school, and there was an exhausting period of forcing public educational institutions into compliance that would continue for decades. While implementation of the Civil Rights Act of 1964 has been far from perfect, the law did generate enormous changes in hiring practices, particularly at larger companies, with especially noticeable impacts on employment and wages for black Americans. The percentage of black managers and executives tripled in the decade following the civil rights act, while the percentage of African Americans sales, clerical, and other categories of workers doubled, and would continue to increase over the decades to come.<sup>32</sup>

These developments toward economic racial equality were not inevitable, but were instead the product of choices by management of many large companies to take active measures toward compliance. In particular, as those familiar with hiring discrimination law will know, racial discrimination under the civil rights act is hard to prove (harder than establishing students are being excluded from enrolling in a public school). Moreover, the state has very weak enforcement mechanisms under the civil rights act. Delton (2020) credits the National Association of Manufacturers with helping to engineer widespread corporate compliance with a law that dramatically reshaped the workplace in the United States, in ways that were far from inevitable. In particular, the NAM organized very widely attended seminars that put civil rights administrators before thousands upon thousands of businessmen explaining what the law did and did not require (Delton 2020, 223). These seminars not only addressed these businessmen's fears about the potential business problems racial inclusion might cause, they also actively encouraged affirmative action policies. "If you don't have any Negroes, you'd better get some," NAM sponsored speakers bluntly instructed (Delton 2020, 223). Such policies aiding, supporting, and defining compliance were the polar opposite of

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32. <https://www.eeoc.gov/special-report/american-experiences-versus-american-expectations>

the strategies that the same organization had taken with respect to the Wagner Act of the 1930s, better characterized as resistance at all costs.

Viewed from the vantage point of the late 1950's, these moves which would occur just a few years later could not have been expected. Throughout the 1950's, the National Association Manufacturers was known for its reactionary views. Indeed, if anything, the association succeeded in moderating perceptions of its board leadership which overlapped remarkably with the John Birch Society. Robert Welch, who would go on to found JBS in 1958, was the chair of the NAM's education committee in this period. Other prominent overlapping members of JBS and NAM included William Grede (President of NAM, 1952), Cola Parker (President of NAM, 1956), and Ernest Swigert (President of NAM, 1957) (Delton (2020)). While the organizing principal of JBS was unapologetically fanatical opposition to communism, these principles were interpreted in such a way as to entail extreme conservatism on racial issues. The JBS's organizing document, the so-called "Blue Book", describes the movement for civil rights as a communist plot at multiple points. Perhaps no clearer statement of JBS attitudes toward the policy issues underlying the civil rights act were the following lines:

We are bitterly opposed to forced integration, in schools or anywhere else, but on far sounder grounds than the "racial superiority" arguments. It is because, according to the Constitution, the Federal Government has absolutely nothing to do, legally, with public education; because every American, white or black, should have the right to select his own associates for every enterprise and occasion; and because all of the trouble over integration — which is doing inestimable damage to both the black and white races — is Communist inspired, encouraged, and implemented for Communist purposes.

Delton (2020) argues that these ultraconservatives were clearly a controlling faction throughout much of the 1950s, although the invitation to President Kennedy to speak before the Association in December of 1961 provides a clear marker that the organization had changed. By this time, Welch was infamous for his public accusations that Eisenhower was a communist sleeper agent. According to her lucid argument based on detailed and extensive archival research, Delton attributes these

changes to a brewing alliance between the more liberal management of the association and the executives who came from larger corporations, who tended to be both younger and more liberal than the likes of Welch, Grede, and so forth, who in many cases had founded their own much smaller business. Supporting the alliance was a sense of organizational crisis related to the fact that the organization was bleeding members at an alarming rate throughout the 1950s, “between 12 and 13 percent of their members per year.” These members were not, for the most part, leaving because of ideological disagreements (and certainly not about race), but mostly due to corporate consolidation via mergers and also drives for cost-cutting among firms. Even so, addressing these resource shortfalls was clearly necessary for the NAM and the only clear options were to reduce the size of the organization or get larger manufacturers who could pay correspondingly greater dues to join the organization.

At the July 1961 meeting, the NAM executive committee implemented the “first stage” of a series of recommendations made by an organizational consultant. These changes in pertinent part included rewriting the bylaws and constitution of the organization. The year after, the association would hire a full-time President (previously the President was elected from the Board), who saw the task for the organization as “work[ing] with the administration in power” (Delton 2020, 209). By 1964, the Executive Committee was “purged of all of the old guard conservatives, replaced by executives from multinational corporations like General Electric, US Steel, US Rubber, and Crown Zellerbach.” By 1964, the NAM was a hugely different organization at the top, even if the bulk of its membership remained smaller manufacturers with a strongly conservative streak.

The sorts of measures that the National Association of Manufacturers took in 1964 and 1965 in response to the Civil Rights Act would not have been possible without the governance changes that occurred between 1958 and 1964. Delton (2020) attributes the elimination of “states’ rights” from the organizations core positions to the new President Gullander, which could not have been undertaken under the old board or governance arrangements of the 1950’s. Delton also notes that Gullander’s strategy of helping industry to figure out how to comply with the Civil Rights Act was dramatically opposed to the behavior the same organization had taken with respect to the Wagner Act. It is hard to imagine a counter-factual world where the Birchers had remained in control

of the association and (a) the NAM took no position on whether the Civil Rights Act of 1964 should be passed, (b) supported compliance with the act by members, or (c) encouraged companies to take “affirmative actions” to diversify their workforces. Indeed, if the Birchers had remained in control, the Civil Rights Act might have gotten bogged down in industry opposition, perhaps would not have passed, and industry uptake of reform likely would have been significantly less and significantly slower.