

“Public-Private Partnerships? The Social Connections between Business and Government in Comparative Context”

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ABSTRACT:

This paper introduces the Transnational Business-Government Connections Project, a multi-year endeavor. The project collects data on the interrelationships between private business and government around the world. We match businesses and politicians when the latter – e.g., members of parliament and cabinet ministers – also retain corporate board membership, a large shareholding stake, or a management position in a firm. We perform this matching process for essentially every private business, in every country in the world, for the period 2010-2020. We test hypotheses related to the value of having government connections, both in terms of firm profitability and the overall business-friendliness of the policy regime. In addition, we explore corruption (real and perceived), market concentration, and the growth of economic inequality in many countries. Our preliminary findings are that business-government connections have increased substantially in many countries over the past few decades, a period of time in which market competition has declined, economic inequality has risen, and perceptions of corruption have intensified.

Presented at the Ostrom Workshop in Political Theory and Policy Analysis Research Colloquium, Indiana University Bloomington, September 21, 2020.

NOTE TO READERS: This project received seed funding from the Ostrom Workshop, Tobias Center, and Social Science Research Funding Program (all of Indiana University Bloomington). These were used to conduct a proof-of-concept “pilot study” for a National Science Foundation grant, which was funded (\$449,567, [award #2017652](#)). This paper and presentation is based on the grant proposal, as the NSF funding allows us to extend the project over the next three years. As such, feedback on our research design and approach would be most appreciated. All empirical results are preliminary. Please do not circulate outside of the Ostrom Research Colloquium without approval from the authors.

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How do contemporary structures of business power affect political economy processes and outcomes such as wage stagnation, rising inequality, declining competition, and slowing productivity growth in many economies? On the one hand, economic globalization has the potential to unchain ordinary people from the tyranny of local elites who, in the absence of competitive pressures, use their economic and political power to extract rents from the state and society. Indeed, globalization has fostered a flourishing global middle class that would have otherwise been unable to thrive in local political economies that protected incumbent firm interests (Milanovic 2013), which has culminated in declining global inequality (Milanovic 2020). On the other hand, global economic integration may serve primarily to reinforce and amplify the incentives that firms face to cultivate political connection that preferentially insulate them from costly regulation. Recent revelations demonstrate the extent to which firms and wealthy individuals have used global business registration markets to avoid taxes and ownership disclosures (International Consortium of Investigative Journalists 2017); have extracted preferential tax and regulatory regimes from localities competing to attract “good jobs” to their jurisdictions (Jensen and Malesky 2018); and have taken advantage of personal connections to powerful legislatures to evade regulatory scrutiny (Frenkel et al. 2018). These disclosures reinforce popular perceptions that the global economy is a tool of the already powerful rather than a democratizing force.

There are three primary objectives of this research program that will allow us to better answer these questions. First, the research will assess what country-, industry-, and firm-level factors are associated with national and transnational connections between business and government. Second, the research will measure what is the economic value of such connections to firms, by comparing the performance of politically-connected firms relative to unconnected firms. Finally, the research will link what political connections exist to macroeconomic and macropolitical outcomes by determining how country-level experiences with business-government connections affect the functioning of political institutions, as well as citizens’ perceptions about their governments, as well as the performance of the macroeconomy with respect to levels of inequality and the labor share of national income.

To achieve these objectives, the project develops a new dataset of the explicit links between politicians in all countries – members of parliaments and of executive cabinets – and essentially every registered business in the world. In a pilot dataset, we have so far collected data on important politicians in 43 countries and matched them to manager and shareholder information from 2018 available through Orbis, a

database of over 360 million public and private corporations with global coverage collected by the Bureau van Dijk.

This approach allows us to re-evaluate the findings of one of the few large- n studies of business-government linkages undertaken to this point, by Faccio (2006), from whom we inherited the country case selection in the pilot study, as a proof of concept. That study, which was published in the *American Economic Review* and has been cited over 3500 times per Google Scholar, found wide cross-sectional variation in the frequency of political business connections, with several countries showing no political connections among publicly listed firms at all, while in others (Malaysia, Russia, Thailand, and the United Kingdom) connected firms represented over 25 percent of national market capitalization. That study also found connections to be associated with perceptions of corruption, poor legal institutions, restrictions on capital flows, and restrictions on press freedoms.

Our work so far shows that connections are far more prevalent today than what Faccio was able to measure for the 2001 period, for the same set of countries. This preliminary effort convinces us that there is much to learn from this research, but to fully realize its potential we will need to manually gather much more data, and perform the intensive task of matching business-government links both within- and across-countries and time. For this project, we will extend this dataset globally and develop a time series from 2010 to 2020. This will allow us to examine national *and* transnational business-government connections in a structural context, which Faccio (2006) was unable to do given data limitations at the time.³ We will use this dataset to achieve our three theory-testing objectives mentioned above and described in more detail below.

The culmination of this project will be a public dataset showing which politicians have direct connections to business both in their countries and abroad. Orbis is a proprietary database, so we cannot publish firm information. But our original data collection will nevertheless indicate which politicians are exposed, and will include a unique coding system so that those who have access to Orbis will be able to quickly match our data to theirs. We will also publish our coding protocols so that these data can be extended in future years. This dataset will not only allow us to publish a series of peer-reviewed articles, but also provide a public good for scholars researching in Business, Economics, Political Science, Public Policy, Sociology, and cognate fields.

Background and Significance

³ A transnational connection occurs when a politician in Country A is connected to a business in Country B. We will use this information to generate global networks of these connections.

The perception of extensive links between business and government are of increasing salience to voters, scholars, and civil society groups in many countries. This is possibly due to the measured rise of economic inequality within many economies -- highly-developed and developing, according to Milanovic (2018) and Piketty (2014) -- in addition to the common experiences of slowing wage growth (Machin 2016), a decline in the labor share of national income (Autor et al 2017), a decline in effective tax progressivity (Saez and Zucman 2019), the rise of tax avoidance via offshore havens (Zucman 2015), and a lack of competition (and concomitant corporate consolidation) in many leading industries (Shambaugh et al 2018).

Perhaps relatedly, there has been a rise in perceptions of corruption in most countries, according to the Corruption Perceptions Index (CPI) of Transparency International (2019), which coincides with a decline in the extent and quality of political democracy.⁴ It is thus not surprising that leading politicians in many countries have made combating business-government connections a major part of their platforms. For example, the most recent CPI results indicate that the United States no longer ranks among the 20 countries perceived to have the lowest levels of corruption, and concurrently the U.S. has experienced a rise of populist politics directed against economic elites in both of its major political parties, in addition to the resuscitation of anti-capitalism as a viable political ideology.

Even if business-government links are not formally corrupt, they may be concerning if they generate policy outputs that privilege the interests of the few over the many. As Robert Dahl (1971, 1) noted nearly a half-century ago, a functioning democracy requires “the continuing responsiveness of the government to the preferences of its citizens, considered as political equals.” According to this criterion, some recent scholarship suggests that contemporary democracies in advanced economies are, at minimum, imperfect. Gilens and Page (2014, 565) find that “economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while mass-based interest groups and average citizens have little or no independent influence.” While subsequent studies painted a more nuanced picture of the American case (Bashir 2015; Branham et al 2017; Enns 2015), the most extensive cross-country analysis yet undertaken argues that this is a regular feature within advanced-economy democracies (Bartels 2017). The situation may be even worse in less-democratic societies (Acemoglu and Robinson 2006; 2012).

To explain this phenomenon, much of the scholarly attention on business-government connections has thus far been focused on campaign contributions, lobbying efforts, and the “revolving door” through which government officials receive

⁴ According to Freedom House (2018), 113 countries have seen a decline in democracy since 2006, the culmination of twelve consecutive years in which the world has been less democratic.

lucrative private sector positions upon leaving office, while key policymaking positions are given to prominent business actors. Yet the empirical results from these literatures are mixed at best. For example, a recent survey of the literature by Bombardini and Trebbi (2019) notes that, while lobbying is very unpopular among the general population, there is no consistent evidence that it is effective in influencing policy; perhaps this is why relatively little is spent on lobbying (given the size of government budgets).⁵ A similar puzzle concerns campaign contributions: it is difficult to find consistent evidence that contributions to politicians directly influence policy. In fact, a recent analysis shows that there is “no evidence” that corporations benefit from campaign contributions (Fowler et al. 2019). Similarly, while individuals who walk through the “revolving door” receive higher remuneration in the private sector (Blanes i Vidal et al. 2012), this does not appear to create regulatory capture via *quid pro quo* (Shive and Foster 2017).

So it is not clear from empirical studies that rising inequality, wage stagnation, and industry concentration is attributable to capture of the state via lobbying and campaign donations. Perhaps because of this enduring puzzle, a number of scholars have recently resuscitated the literature on the structural power of business pioneered by Lindblom (1977).⁶ In this framework governments enact business-friendly policy even absent capture, in order to induce investment and thus boost economic growth, so that the probability of winning reelection via economic voting is maximized. While promising in many respects, this literature remains quite small and is primarily focused on micro-level case analysis, which makes linking the implications from it to macro trends difficult. Another persistent problem is that it is not clear what causes the latent structural power of business to vary across cases and time, nor is it always obvious why structural power is activated in some contexts but not others (Young 2015).

Given these enduring puzzles, which persist despite hundreds of articles and books being published on these topics,⁷ it is an appropriate time to examine other linkages between business and government. Despite its clear implications for real-world politics, empirical investigations of the *direct* ties between business actors and government officials are rare and limited in domain. Mapping these sets of relations -- both domestic and transnational -- is the first task, which we describe in more

⁵ de Figueiredo and Richter (2014) note that roughly \$4 billion was spent in the U.S. to influence the distribution of a \$2 trillion federal budget, and also argue that the impact of lobbying on policy is difficult to ascertain. Young (2012) focused on the specific case of post-financial crisis banking regulations, noting that lobbyists had access to policymakers but this did not translate into influence over the policymaking process or outcome.

⁶ For an introduction to this literature see Culpepper (2015).

⁷ One prominent research article, e.g., famously asked “Why is There so Little Money in U.S. Politics?” (Ansolabehere et al. 2003).

detail below. Once we have an empirical understanding of patterns of business-government connections, we can use these data to rigorously test the observable implications of our theory of the drivers and consequences of connections.

Our main theoretical task is to develop an industry- and firm-level explanation of direct, personal connections, and to link them to macro political-economic outcomes. As explained above, while there is growing evidence that even democratic polities routinely bias policies towards elite preferences, scholars have found little evidence that business “buys” political power through campaign contributions or lobbying expenditures. At the same time, structural power of business explanations are unsatisfying because they do not provide clear expectations for industry- and firm-level variations in political influence, nor do they explain change in influence across time. While still in development, as the project remains in an early stage, we anticipate that our theoretical framework will provide a more comprehensive picture of the relations between business and government, and the ways in which these relations interact to generate market and policy outcomes.

This will allow us to further improve on the prior literature by developing expectations over how industry and firm characteristics influence the value of political business connections. We argue that, and will directly test whether, increased industry-level concentration, regulation, and reliance on government procurement increases the value to firms of political connections because under these conditions connections can more easily translate into policy concessions and direct sales (objectives 1 and 2). Because financial globalization has increased industry consolidation globally, and because state-led capitalism has grown in importance as emerging economies such as China have developed, we should see increased business-government connections over time. We also argue that, and will directly test whether, firms with political connections invest less in innovation and are less productive because their connections provide them with a valuable cushion against competitive pressures. As a result, increased connections will lead to declining technological innovation and therefore wage stagnation, provided that connected firms are large enough employers to influence wages. Finally, we argue that, and test whether, business-government connections and their macroeconomic effects reduce citizens’ confidence in the government and contribute to a disillusionment with democratic institutions that allow such connections to exist, persist, and propagate. The combination of increased political connections and concomitant industry consolidation, increased rents from political connections, and declining macroeconomic performance lead citizens to believe that the system is “rigged” against people like them, that small businesses cannot thrive in such environments, and that the promise of democratic governance is a farce.

Research Plan

Our research plan consists of building a comprehensive dataset on national and transnational political business connections and using this dataset to both answer descriptive questions and undertake hypothesis testing related to our theory of political business connections described above.

The Transnational Business-Government Connections Dataset

To achieve our three research objectives, we must construct a global dataset on national and transnational business connections. Our ultimate data collection goal is to have a transnationally-complete data set from 2010 to 2020, and we have designed our research objectives in such a way that we can engage in our research questions before the time series component of the dataset is complete.

The Pilot Dataset

Using resources obtained through internal grant funding totaling \$48,129, from three different funding programs, we have already completed a pilot dataset of 43 countries for the 2015-2018 time frame. We have also already secured a multi-year institutional license for the Orbis database, an investment by Indiana University of approximately \$150,000 that we were instrumental in obtaining. Piloting data collection in this way has allowed us to establish proof-of-concept for the dataset construction and to develop an algorithmic coding protocol. This has been especially valuable since developing this dataset requires handling very large data frames that cannot be accommodated easily through standard data management platforms such as Microsoft Excel spreadsheets. As explained above, we chose an initial 43 countries to mirror those countries included in Faccio's (2006) dataset of political business connections in 1997-2001.⁸ This choice has the added benefit of allowing us to measure and explain changes in political business connections in these countries over the past twenty years, a time frame that includes the 2008-9 global financial crisis.

In building the pilot dataset, we replicated Faccio's method for the 2015-2018 timeframe, with one important modification. While Faccio used Compustat to build her universe of firms, we used the Orbis database. This allows us to expand our analysis beyond publicly listed firms to also include those that are privately-owned. This increases our universe of cases substantially: our pilot dataset so far includes data generated from over 70 million firms across the 43 countries the pilot covers. When the dataset is extended globally, it will incorporate data from over 360 million firms. In many countries privately-held firms make up a very large share of corporate activity, so omitting them leaves out a lot of potentially-relevant information from

⁸ Faccio's data covers a total of 47 countries, and we are currently working to complete the final 4 countries to fully replicate her dataset.

the analysis. Of particular importance to us, privately-held firms are associated with family cross-holding structures that are most likely sites of business-government connections due to the opacity of their corporate governance. Privately-held firms often do not have to comply with publicly-regulated or market-demanded governance standards designed to protect minority investors (La Porta et al. 2000, Gourevitch and Shinn 2005). To the extent that private firms use political connections to “empire build,” omitting them from analysis would create theoretically important bias in measuring such connections.

To ensure our dataset would be comparable to Faccio’s, we chose to follow her method of identifying business-government connections with a couple of necessary modifications. We compile a list of government officials -- members of parliament and ministers -- through several publicly available sources including the Every Politician database and Keesing’s World News Archives, which we supplemented with government websites. We obtain data on major shareholders and firm managers (including members of the board of directors) through the Orbis dataset. We then match the personal identifying information of government officials (names, birth dates) to that of major shareholders and managers. Firms are “politically connected” if at least one individual controlling at least 10 percent of voting shares, or one of its top officers or board members, is also on our list of government officials.

The slopegraph in Figure 1 provides summary data comparing Faccio’s data from 2000 to our collected data from 2018 on business-government connections.⁹ Importantly, these data are not directly comparable because our data include private as well as public firms. Because Orbis has data on whether firms are public or private, in future analysis we will be able to subset our more current data to public firms to allow for direct comparison. However, the descriptive results from the pilot data collection indicate that there are far more business-government connections globally than what Faccio’s data uncovered, and that it is therefore appropriate to extend data collection beyond public firms to private ones. In fact, we find more linkages than Faccio did in all but two cases – Hong Kong and Indonesia – and often many more.

Moreover, the overall distribution in our data is much wider than in Faccio’s study. The percentage of firms with a government connection in her study ranges from 0 - 12% across cases; in ours it ranges from 0.03 - 82.3%. Perhaps surprisingly, many of the countries with the highest percentage of firms with a political connection occur in high-income consolidated democracies, which are usually those with less corruption (real or perceived). Until we can directly compare only publicly-traded firms we cannot be sure whether this constitutes an intertemporal trend, or is simply an artifice of the broader sample of data in our study compared with hers. But one

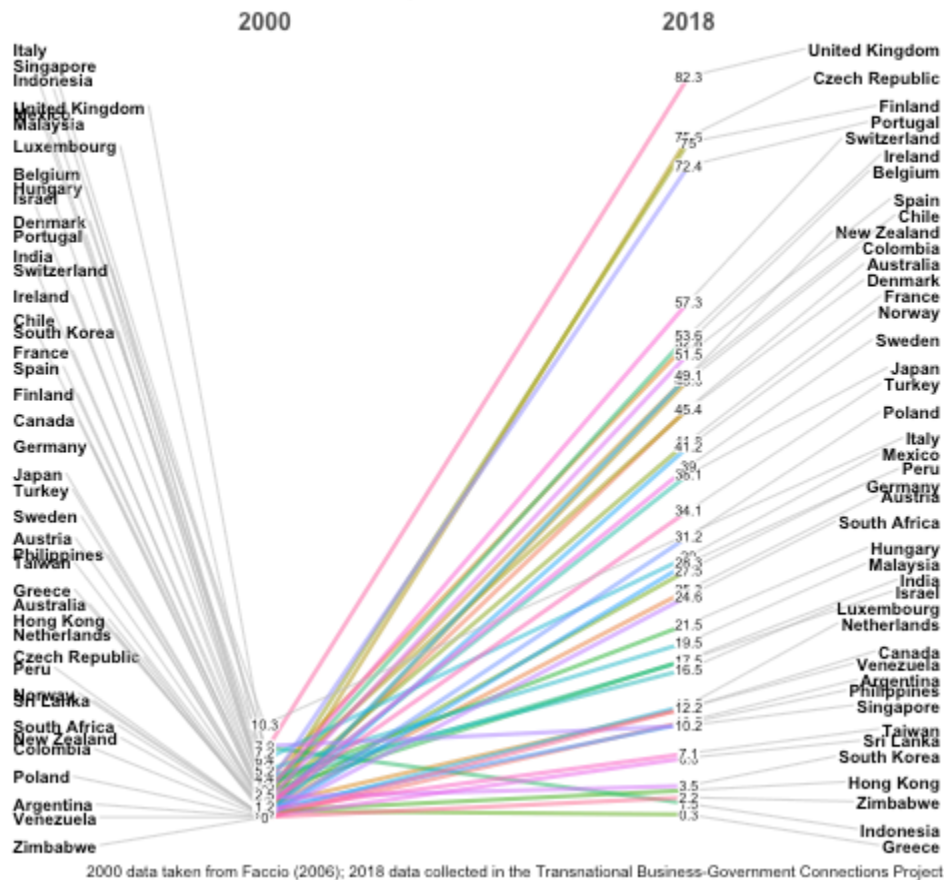
⁹ A table containing this information, and some additional information, for 35 countries can be located in the appendix.

thing is certain: the empirical picture provided in Faccio’s article is no longer a reflection of our present reality, and it may never have been. It is clear even from this slice of the data that much more work is needed to explain this variance.

FIGURE 1: Slopegraph of the percentage of private businesses with a political connection in Faccio (2016) and the pilot study of the Transnational Business-Government Connections Project.

Percentage of MPs and Ministers With a Business Connection

More connections in 2018 due to rent-seeking trends and/or better data.



Extending the data set

We will extend and expand the dataset in five ways. We will:

1. Complete the pilot dataset by extending it from 43 to 47 countries, to include all countries in Faccio’s original dataset, which is currently in progress.
2. Expand data coverage from 47 to all 193 countries included in the Orbis database.

3. Widen our scope of “politically-connected individuals” from government officials to also include “politically-exposed persons” (PEPs), which includes close family members and known associates of politicians as well as ambassadors and high-level military officers. We will identify these PEPs from LexisNexis’s World Compliance Dataset, which collects data on such individuals to assist financial institutions with sanctions and money laundering regulations.
4. Expand the dataset to include *transnational* political business connections. That is, we will match PEPs to owners and managers of companies registered in all jurisdictions rather than just in their country of domicile. The Orbis dataset will assist us in this endeavor because it has comprehensive data on companies’ physical locations and corporate structure through complex, transnational ownership structures.
5. Extend the dataset temporally to cover 2010 – 2020, the period since the height of the global financial crisis. We choose this time window because the Orbis database archives data older than ten years. To work with older data, we would need to buy a historical license from Orbis. Given the labor intensity of data collection required, we will evaluate what resources would be necessary to extend the dataset back further in time at a later date.

Research Objectives

With the new dataset, we will pursue three related but analytically distinct research objectives.

Objective 1: Correlates of Political-Business Connections

First, the research will assess what country-, industry-, and firm-level factors are associated with national and transnational political connections. For this objective, the presence of business-government connections is our dependent variable. We begin by comparing our initial pilot dataset to Faccio’s data, to evaluate how the relationship between domestic political institutions and business-government connections has remained similar or changed over time. We anticipate that corruption, weak rule of law, and lack of press freedom will continue to be positively associated with connections. However, we anticipate that the relationship between connections and both financial openness and democracy has changed overtime. Because globalization generates opportunities to build large, multinational companies that may especially benefit from favorable treatment, we expect financial openness to be positively associated with connections. And, while democratic representatives are often economic elites, we also anticipate the prevalence of

business-government ties to be greater when power is centralized in authoritarian regimes.¹⁰

Our most important scholarly contribution in this objective is our ability, due to our data collection efforts, to move beyond country-level explanations of connections. We will use our firm-level financial data to evaluate how industry- and firm-level factors correlate with both national and transnational business-government connections. We expect that industries with oligopolistic market structures, high regulatory burdens, and which disproportionately rely on government procurement contracts – such as infrastructure, mining and extraction, and the defense industrial base – will have more connections. We also anticipate that firms characterized by greater innovation – i.e. number of new patents, spending on research and development, new product lines in NAICS codes deemed “emerging and foundational technology” by the U.S. Department of Commerce – will have fewer business-government connections. Some of these measures may not be available for all countries in all years, but we will strive for completeness. When the full time series dataset is complete, we will return to these questions again to assess whether and how national and transnational political business connections have changed over time. Table 2 overviews the concepts, measures, and sources of our key explanatory variables and notes our expectations for each relationship.

TABLE 1: Concepts, Explanatory Variable Measures, and Hypotheses for Objective 1

Concept	Measure	Source	Expected Relationship to Political-Business Connections
Firm-Level Measures			
High Tech	Sells product/service that is emerging and foundational tech	U.S. Commerce Department	Negative
Innovation	Number of Patents	NBER Patent Data / World Intellectual Property Organization	Negative

¹⁰ Faccio found a positive, albeit statistically insignificant, association between democracy and connections, but we believe this is attributable to her sample, which was mostly comprised of democracies and drew from data sources that underrepresented non-publicly listed corporations.

	R&D Spending	Orbis, OECD	Negative
Industry-Level Measures			
Market Concentration	Herfindahl-Hirshman Index	Calculated from Orbis (top 50 firms)	Positive
Regulatory Burden	Regulation Index	Simkovic and Zhang 2019; Worldwide Governance Indicators (WGI)	Positive
Importance of Government Procurement	U.S. Government Procurement as % Sales	U.S. Trade Representative	Positive
Country-Level Measures			
Corruption	Multiple expert survey measures	Transparency International, ICRG, WGI	Positive
Limited Government	Rule of Law	WGI	Negative
Democratic history	Time since democratization	Polity IV	Negative
Quality Information	Press Freedom	Freedom House	Negative
Development	GDP Per Capita	Penn World Tables	Negative
Human Skills	Secondary School Enrollment	World Development Indicators	Negative
Cross-border investment restrictions	Restrictions on Capital Movements	Aizenman, Chinn and Ito KAOPEN index	Negative

Objective 2: Value of Political-Business Connections

Second, the research will measure what is the economic value of political connections to firms, by comparing the performance of politically-connected firms relative to unconnected firms. For this objective, the presence of business-government connections is our main explanatory variable, and the outcomes of interest are described in Table 3. Here, we will use the financial data in Orbis to

measure valuation of firms, comparing politically connected firms to unconnected firms within the same industry. We will also engage with previous research on “superstar firms” by evaluating whether such high-productive firms are more likely to be politically-connected, and whether connected firms differ from similarly situated unconnected firms in their average net profit after taxes.

While we can begin research in this vein before the transnational and timeseries extensions of the dataset are complete, we will also return to these questions once those datasets are finalized to analyze these questions through slightly different methods. The time series dataset will allow us to run event history analyses to evaluate how establishing a political connection changes a firm’s valuation, productivity, and level of profit and tax. This represents a major improvement to current knowledge, as the few datasets that attempt to measure business-government connections do not have the temporal (or spatial) coverage necessary to assess how business-government connections change over time at the firm level. The transnational business connections will allow us to evaluate, particularly when paired with the time series format, whether and how political connections influence patterns and valuations of cross-border mergers and acquisitions (M&A).

TABLE 2: Concepts, Outcome Variable Measures, and Hypotheses for Objective 2

Concept	Measure	Expected Relationship to Political-Business Connections
Profitability	Earnings before interest, taxes, depreciation, and amortization (EBITDA)	Negative
Taxation	Income taxes	Negative
Valuable Target	Target in Merger and Acquisition (M&A)	Positive
Empire Building	Acquirer in M&A	Positive
M&A Valuation	Size of Acquisition / EBITDA	Positive

Objective 3: Macro Political Economy and Political-Business Connections

Finally, the research will link what political connections exist to macroeconomic and macro-political outcomes. We will assess how country-level experiences with business-government connections affect both governmental effectiveness and citizens’ perceptions about their governments. For this research objective, we will use statistical models to estimate the relationship between political connections and

how individuals in a collection of countries perceive government effectiveness, corruption, and democracy. To do this, we will pair our political connections dataset, aggregated to the country level, with survey data from Pew Global Research and the World Values Survey. To assess government effectiveness, we will use a measure from the WGI, which is based on citizen, NGO, and expert surveys. Table 4 overviews the survey questions we will use, sources, and country coverage.

We anticipate that political connections will be associated with more negative perceptions of government effectiveness, with a belief that corruption is more prevalent, and with a disillusionment with democratic institutions. We will also estimate how transnational political connections influence public opinion over third countries. That is, we will model how increases in business-government connections in country A with individuals of country B relate to public perceptions of country B in country A. We anticipate that there is a nonlinear relationship between transnational business-government connections and public opinion. At low levels, increases in transnational business-government connections should lead to lower opinions of third countries because individuals are likely to view these connections as detrimental to the sovereignty of their country. However, at high levels of business-government connections, local economies become so dependent on economic and political ties with a third country that citizens are more likely to view these connections positively.

TABLE 3: Survey Questions and Country Coverage for Objective 3

Question	N
Pew World Surveys	
How satisfied are you with the way democracy is working in our country - very satisfied, somewhat satisfied, not too satisfied or not at all satisfied?	49
Some feel that we should rely on a democratic form of government to solve our country's problems. Others feel that we should rely on a leader with a strong hand to solve our country's problems. Which comes closer to your opinion?	51
Now I am going to read you a list of things that may be problems in our country. As I read each one, please tell me if you think it is a very big problem, a moderately big problem, a small problem or not a problem at all...Corrupt political leaders	59
Favorability scores for the following countries: China, India, Germany, Turkey, Japan, South Korea, Russia, Brazil, Israel, France, Italy, Spain, Canada, Mexico, South Africa, Australia, United Kingdom, United States,	Up to 59
World Values Survey	

Country is run by big interest vs. for all people's benefit	80
Importance of democracy	80
How widespread do you think that corruption is within businesses in your country?	80
Worldwide Governance Indicators	
Index of Government Effectiveness	214

While this is a substantial undertaking, our work on the pilot study leads us to believe that the project can accomplish a number of deliverables in a reasonable timeframe, which we specify in Table A2 of the Appendix.

A Very Quick Descriptive Look at Business-Government Connections and Corruption Perceptions

As noted above, the data we have collected so far indicates that Faccio (2006)'s empirical picture is not our present reality. In our data, the proportion of politician's with a business connection is, on average, much higher than in Faccio's data, and the distribution is much broader. The difference is attributable to at least one of two non-exclusive factors. First, that the extent of these connections has risen markedly over time in many places, to different extents. Second, that Faccio's data limitations -- in particular the fact that she only had data on publicly-listed corporations at the time -- forced her to seriously undercount the prevalence of connections between business and government.

We wish to make it clear that this is no fault of Faccio's. It is just the case that no better data existed at the time. But the results below provide some evidence that more data is needed to answer these questions satisfactorily. Figures 2 and 3 show that there is a positive and statistically significant bivariate relationship between perceptions of corruption -- taken from the Corruption Perceptions Index of Transparency International discussed above -- in our data, but not in Faccio's. More robust modeling will be needed to suss out the durability of the association, of course, but this provides some surface evidence that our approach is likely to yield fruit.

FIGURE 2: Perceptions of corruption have no bivariate association with the prevalence of business-government connections in Faccio's data. The extent of the relationship is statistically indistinguishable from zero.

Corruption Perceptions and Business-Government Connections, 2000

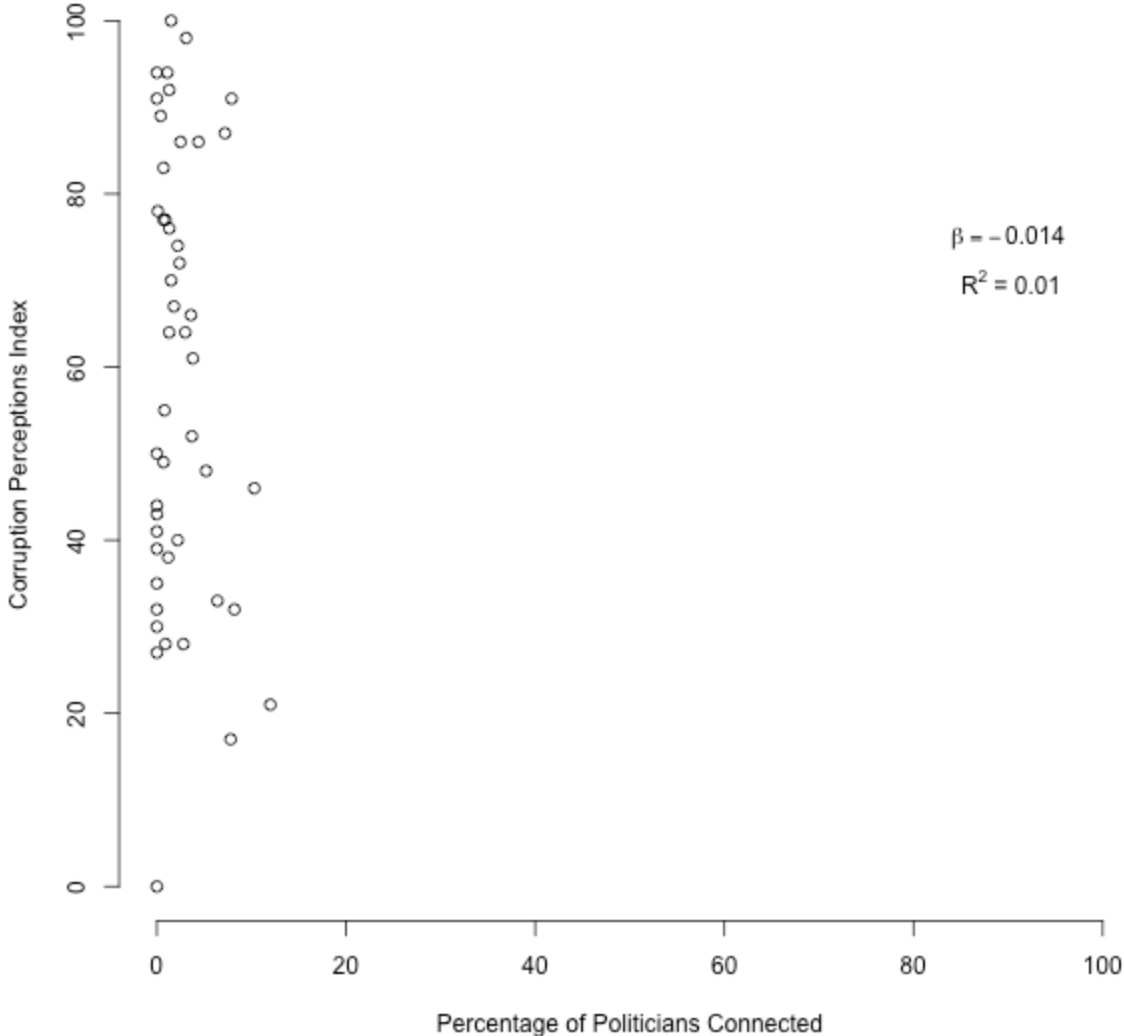
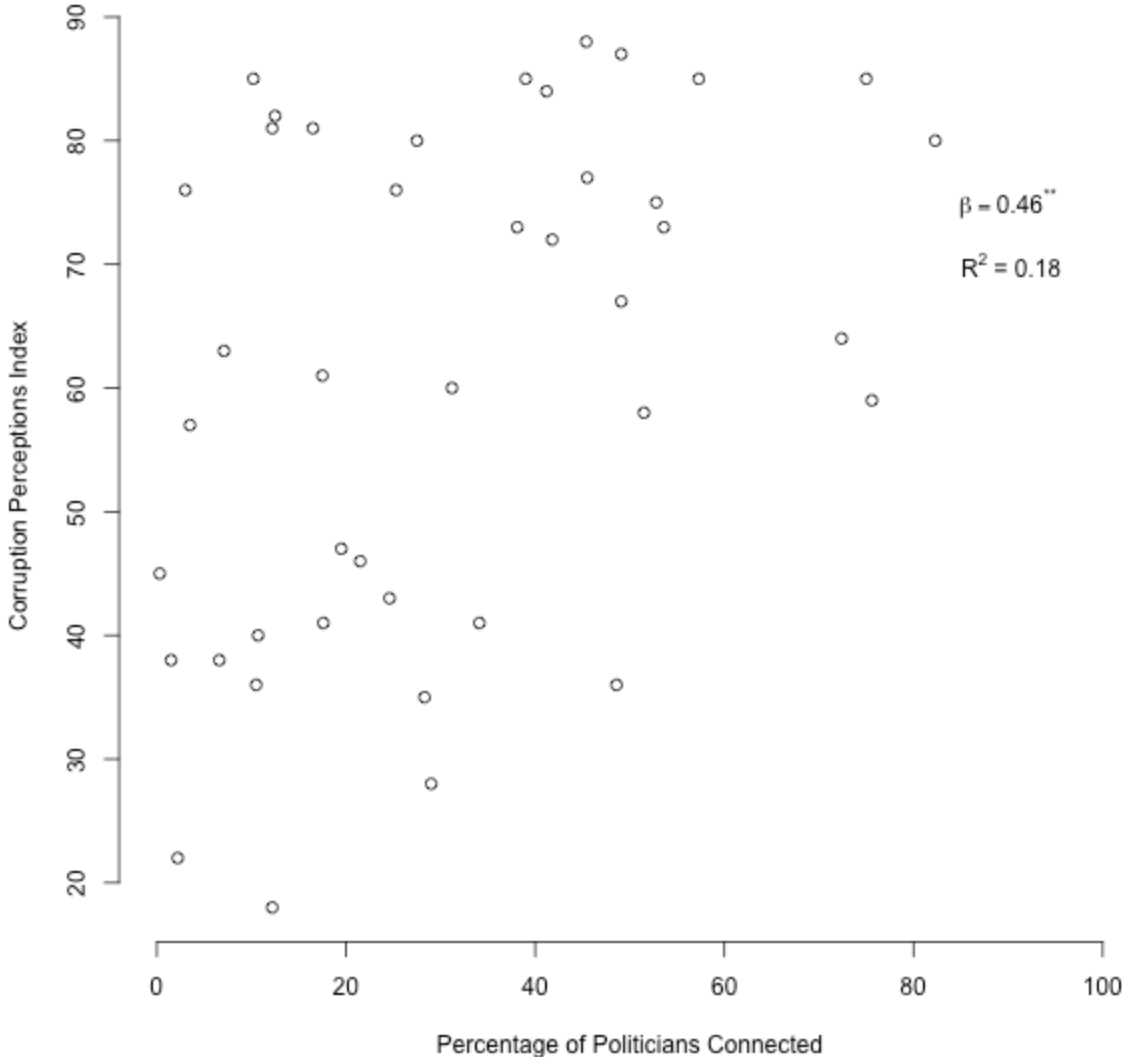


FIGURE 3: Perceptions of corruption are much more closely associated with the prevalence of business-government connections in our data from 2018 than from Faccio’s data from 2000. The bivariate association is positive and statistically meaningful.

Corruption Perceptions and Business-Government Connections, 2018



Conclusion

To come.

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APPENDIX

TABLE A1: Comparison of Political-Business Connections Faccio to Pilot Data

Country	2001			2018			2018-2001 Change
	Manager Connections	Shareholder Connections	Total Connections	Manager Connections	Shareholder Connections	Total Connections	
Austria	1	0	1	23	30	46	45
Belgium	6	0	6	93	5	95	89
Chile	2	0	2	38	181	184	182
Czech Rep	0	0	0	669	318	674	674
Denmark	7	0	0	237	187	278	278
Finland	2	0	2	365	110	375	373
France	12	10	22	626	92	649	627
Germany	11	5	16	627	878	1121	1105
Greece	1	0	1	5	1	6	5
Hong Kong	3	5	8	3	0	3	-5
Hungary	1	0	1	53	3	53	52
India	8	2	10	93	16	95	85
Indonesia	0	34	34	10	0	10	-24
Ireland	3	0	3	294	205	352	349
Israel	2	0	2	159	39	163	161
Japan	31	4	35	216	1	216	181
Luxembourg	1	0	1	9	4	13	12
Malaysia	7	87	94	174	64	219	125
Mexico	6	2	8	255	136	299	291
Netherlands	1	0	1	35	0	35	34
New Zealand	0	0	0	130	48	131	131
Norway	0	0	0	211	391	498	498
Peru	0	0	0	36	1	36	36
Philippines	1	5	6	46	0	46	40
Poland	0	0	0	675	410	681	681
Portugal	2	1	0	1162	1485	1571	1571
Singapore	9	10	19	31	16	41	22
South Africa	0	0	0	123	0	123	123
South Korea	7	1	8	5	11	16	8
Spain	2	1	3	191	297	320	317
Sri Lanka	0	0	0	15	0	15	15
Taiwan	3	6	9	11	2	12	3
Turkey	1	0	1	2344	1032	2350	2349
UK	176	13	189	1134	678	1182	993
Venezuela	0	0	0	11	30	34	34

TABLE A2: Project Timeline and Deliverables

	Activity 1	Activity 2	Activity 3
Spring/Summer 2020 (Pre-award)	Complete initial 47-country dataset for 2018	Collect data in table 2 for entire 193-country database	
Fall 2021	Hire Research Assistant	Refine initial dataset to include PEP data	Draft paper 1 (based on Objective 1). Present at APSA/IPES
Spring 2022	Expand dataset to full universe of cases	Revise paper 1. Present at ISA	Submit Paper 1 to journal
Summer 2022	Expand dataset to transnational connections	Collect data in Table 3	Draft paper 2 (based on Objective 2)
Fall 2022	Expand dataset to cover 2010 - 2013	Revise paper 2. Present at APSA/IPES	
Spring 2023	Expand dataset to cover 2014-2017	Revise paper 2. Present at ISA	Draft paper 3 on coding big data
Summer 2023	Finish dataset expansion through 2017	Submit paper 2	Submit paper 3
Fall 2023	Expand dataset 2019-2020	Draft paper 4 (based on objective 3). Present at APSA/IPES	Respond to revisions for papers 2 and 3.
Spring 2024	Finish all coding documentation for dataset	Revise paper 4. Present at ISA	Prepare/grant-write for workshops on using data in research/teaching
Summer 2024	Submit Paper 4	Follow up for teaching and research workshop.	

