

# Extremists Not on Board: \*

## Labor market costs to radical behavior in elected office

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### Abstract

Board appointments represent highly lucrative career trajectories for former politicians. We investigate which types of legislators are more likely to gain board service. Leveraging comprehensive data on the board service of former Members of Congress, we show that ideological extremists are less likely to be appointed to a board after serving in Congress. Additionally, we use a difference-in-differences design to show that when the supply of legislators who are willing to take a directorship increases, firms become less likely to appoint extremist legislators to their board. The estimates are striking in magnitude, indicating a strong preference for appointing moderates to boards. Surprisingly, we find no evidence that a strong legislative record, service on powerful committees, or networks increase the probability of board service. The results show that extremist legislators are effectively shut out of one of the most lucrative post-elective career paths, placing a cost on radical behavior.

Keywords: The revolving door; The post-elective labor market; Political incentives and selection.

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What are the incentives for politicians to exert effort? Since re-election is the primary motivator (Besley 2006), few accountability mechanisms exist for legislators in safe seats or who have decided not to run for re-election (Snyder and Ting 2003). However, if legislators are punished on the post-elective labor market for unreasonable behavior in office, the so-called revolving door between business and politics could limit shirking by legislators (Parker 2004). A growing number of studies examine career implications for former politicians (Egerod 2021) and staff (McCrain 2018) in the lobbying industry, but perhaps overlooked are the opportunities for former politicians to serve on corporate boards (Palmer and Schneer 2019). These are lucrative part-time positions, with salaries averaging \$125,000 a year. We know that simply serving in elected office increases the chance of getting a board seat (Palmer and Schneer 2016). However, we know little about which political skills are in demand among firms seeking to fill board positions. In this short article, we investigate which types of politicians are more likely to gain board seats after they leave Congress. This helps us shed light on why firms appoint former legislators to their boards.

We leverage comprehensive data on board membership among publicly traded firms in the US combined with data on the legislative behavior of senators and members of the House of Representatives. We present two sets of main findings. First, we show descriptive patterns of which types of legislators are more likely to serve on corporate boards after leaving office. In the second set of analyses, we exploit the fact that the Honest Leadership and Open Government Act (HLOGA) increased the supply of senators willing to work on corporate boards (Palmer and Schneer 2019). The larger supply allowed firms to pick and choose among candidates to a larger degree, thereby revealing their preferences for hiring certain types of former legislators.

Both in the descriptive analyses and difference-in-differences (DiD) results, we show that extremists are in very low demand among firms seeking to fill board positions. The estimates are striking in magnitude, showing that extremists are effectively shut out of lucrative board positions. Surprisingly, however, our results indicate that a legislator’s expertise matters

little. Characteristics like legislative effectiveness, bill sponsorship, topic specialism, service on a ‘power’ committee, and having chaired committees or subcommittees are all statistically insignificant and weakly—or even negatively—associated with post-elective board service.

These results shed important light on the labor market for politically connected people (McCrain 2021, 2018; Weschle 2021). Legislators are particularly helpful to study in this regard, since we have extensive data on their behavior in office, and can observe former Members of Congress who gain board seats as well as those who never do. This allows us to contribute to an understanding of what political traits firms value in their board members. Importantly, an implication of our findings is that corporate hiring practices have the potential to place an opportunity cost on extremist behavior in Congress. This is one indication that the average firm could be playing a moderating role in the American political system (Bonica 2013, 2014).

## Why Politician-Directors?

While legislators can obtain a variety of lucrative post-elective positions, few—if any—pay as well relative to the required work-hours as service on a corporate board. Importantly, Palmer and Schneer (2019) show that these positions are highly attractive to former legislators: 44% of Senators and 11% of House members serve on at least one board in their post-politics careers. Why do firms want to appoint former politicians to their boards? The primary reason is that legislators possess unique skill sets obtained from their careers in politics (Parker 2009).

First, we know that professional networks play an important role when firms appoint directors (Cai et al. 2017). These may be particularly valuable assets for politicians. In particular, firms may prefer to hire legislators with strong networks and high visibility. The politician-director can use her political connections to extract information from the political system, or gain access to present the firm’s political preferences to the people in power (McCrain 2018).

Second, previous research shows that firms hire directors for their expertise (Chen et al. 2020). Through their legislative service, politicians get to know the specifics of a variety of political topics, and by writing legislation, they get to know the details of the firm’s political environment (Parker 2009). Additionally, firms are likely to value the procedural knowledge that legislators gain from managing bills through the legislative process (LaPira and Thomas 2017). Both forms of expertise allow the legislator to help the firm navigate the political environment and aid the firm’s lobbying efforts, which may be valuable to firms.

Third, when putting the optimal board together, firms may emphasize building a culture of mutual respect and trust, where the directors see themselves as team members working as a collective to further the goals of their firm (Hill 1995). From this perspective, firms may look for politicians who can be team players instead of those who promote dissent. Having spent a large part of their careers shunning their party’s mainstream position and rejecting party discipline, political extremists may not be suitable candidates for board positions.

Fourth, firms may appoint politicians to their board to buy into their public image and credibility. Appointing extremists to the board could signal that the firm values their brand of partisanship. Consumers, investors, and other professionals react negatively when firms are revealed to have an opposite partisan alignment (Fos et al. 2021; Kam and Deichert 2020; Panagopoulos et al. 2020). Thereby, the firm could risk shunning certain groups of consumers and investors when appointing extremist politicians as directors.

## Data and Methods

To study politicians’ board service, we use data on board memberships from the BoardEx database which includes comprehensive data on members of boards of directors of publicly held firms. We include data from the period 2000-2020. As our dependent variables, we use two binary indicators capturing whether Congress members immediately gain a board seat in the same year that they leave office (*Immediate Seat*) or within 5 years of their leaving

Congress (*Seat Within 5 Years*).<sup>1</sup> Descriptive statistics and further details on the data in Appendix A.

## Measurement

To measure prestige and professional networks we draw on a number of different measures. First, we follow Fowler (2006) and measure a legislator’s connectedness through the network of co-sponsors. Since building cosponsor support for a bill is a social act that requires connections, being central in the network of cosponsors captures aspects of the legislator’s overall connectedness. We use eigenvector centrality to capture how central each legislator is in her chamber’s network. We use data from Egerod (2021). Second, we use the (logged) length in years of a legislator’s tenure (data from Volden and Wiseman (2014, 2018)). Third, we capture whether she served in a ‘power committee’ during her final term in office.<sup>2</sup> Finally, we also include the (logged) average of how much the legislator raised in campaign funds from Bonica (2016).

We measure expertise and effectiveness in a variety of ways. We use the (logged) average number of bills a legislator has sponsored, her legislative effectiveness score, and the proportion of her career spent as a chair of a committee and a subcommittee, respectively. We obtain these measures from Volden and Wiseman (2014, 2018). Following Egerod (2021), we measure topic specialization by computing the Herfindahl-Hirschman Index (HHI) of how concentrated bills sponsored by the legislator have been within policy topics. A high HHI score indicates that a legislator only sponsors bills within few different political topics. Data for this was obtained through Adler and Wilkerson (2018). We note that measures of expertise, networks, and visibility are related, e.g. serving on a power committee will not only entail connections and visibility but also expertise.

To measure extremism, we start with a legislator’s ideology by using the DW-NOMINATE

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<sup>1</sup>For example, if a Congress member’s term ends on January 3, 2015, we capture whether he or she gains a board seat in 2015 and whether he or she gains a board seat from 2015 to 2020. Technically, this means that the indicator captures board service within almost 6 years.

<sup>2</sup>Finance or Budget in the Senate, and Ways and Means or Appropriations in the House

(McCarty et al. 1997) roll call ideal points. Next, in each Congress, we calculate the absolute distance between a legislator and the chamber median. Higher values indicate more extremist political behavior.

We also add a number of measures that may be related to the likelihood of politicians joining a board. These include whether the legislator served in a state legislature and how professionalized the legislature was, the average vote share she has received throughout her career, whether she left office because she lost re-election, and how much of her career was spent in the majority of her chamber. We also include controls for race, party, chamber as well as fixed effects for state.<sup>3</sup>

## Results

Table 1 shows the results from two logistic regressions that include all the variables that we motivate in the previous sections. The first two columns show the probability of immediate board service after leaving office. The second two columns model the probability of gaining a board seat within the first 5 post-elective years.

The coefficient on ideological extremism is striking—the difference in probability of board service between the most moderate and the most extreme is more than 26 percentage points. In Appendix C, we show that this corresponds to extremists having virtually no probability of board service. The estimates are very precise, and the null is easily rejected.

Also striking is the consistent null results on all factors measuring substantive and procedural expertise, networks, and prestige. While we do see some strong correlations between years in Congress, fundraising and board service, this seems to be mostly driven by self-selection, as we discuss in the next section.

To investigate the main result further, Figure 1 shows the stark contrast between moderates and political extremists in their probabilities of gaining post-elective board seats. Moderates on both sides of the aisle are more likely to gain board service than those in the

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<sup>3</sup>We do not include fixed effects for the final year of Congress, because this leads to linear separation in our logit models. Doing so does not change the estimates.

party’s mainstream. Further, the probability of board seats drops to almost zero for the legislators with the most extreme ideologies.

It is worthwhile to discuss the null-correlation between being on a power committee and board service. Palmer and Schneer (2016) find that, among senators, having served on the Finance and Intelligence committees is associated with board service.<sup>4</sup> In Appendix J, we reproduce this finding in a bivariate model. The fact that the association turns negative (and statistically insignificant) when including other variables indicates that the association between serving on prestigious committees and board service is driven by other factors.

In Appendix D through H, we conduct a series of additional tests. First, we find preliminary evidence that the correlation between extremism and board service is driven by credibility (H). Second, we find no evidence that it is driven by disloyalty to the party line (D). Third, we show that the strength of the association does not differ between chambers (E) or decrease as time passes since the legislator has left office (F). While it does seem to be stronger for Democrats, it remains very substantive for Republicans, too (G).

## **Increased Competition for Directorships Crowds Out Extremists**

Certain types of legislators are more likely to want a post-elective directorship—the descriptive results in Table 1 will be driven by the supply of and demand for certain types of politicians simultaneously. In this section, we use the HLOGA reform to isolate how the demand for senators depends on their political characteristics. The HLOGA increased the cooling-off period before a senator was allowed to register as a lobbyist from one to two years. However, it kept the cooling off period at one year for members of the House.<sup>5</sup> Palmer and Schneer (2019) use a DiD design to show that this increased the supply of senators willing to serve on corporate boards after leaving office. The increased supply should give the firms a better opportunity to choose the type of legislators they want on their boards.

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<sup>4</sup>Lester et al. (2008) also find some associations between having been on certain committees and post-elective board service.

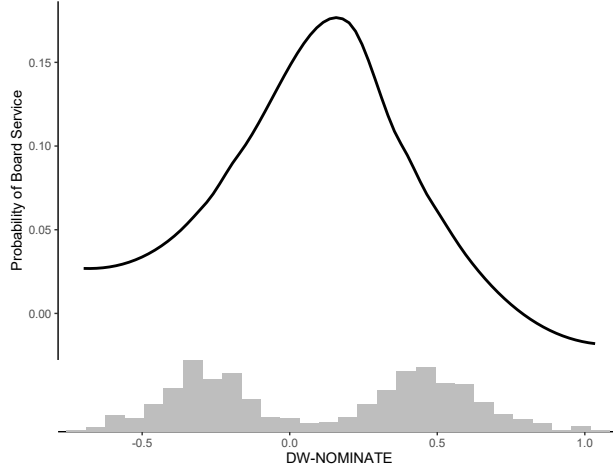
<sup>5</sup>As discussed in Palmer and Schneer (2019), the HLOGA instituted other changes, but they apply to both chambers of Congress.

**Table 1:** Politician Characteristics and Board Service

	<i>Dependent variable:</i>			
	Immediate Seat		Seat Within 5 Years	
	Log-Odds (1)	AME (2)	Log-Odds (3)	AME (4)
<i>Extremism</i>				
Ideological Extremism	-6.932*** (2.247)	-0.269*** (0.083)	-2.870** (1.160)	-0.286** (0.113)
<i>Prestige and Networks</i>				
ln Years in Congress	2.937*** (0.964)	0.114*** (0.036)	1.311*** (0.430)	0.131*** (0.042)
On Power Committee	-0.792 (0.634)	-0.031 (0.024)	-0.301 (0.358)	-0.030 (0.036)
Cosponsor Centrality	-3.252 (4.367)	-0.126 (0.170)	0.546 (2.014)	0.054 (0.201)
ln Average Campaign Funds	1.347*** (0.494)	0.052*** (0.019)	0.772*** (0.258)	0.077*** (0.025)
<i>Expertise</i>				
Legislative Effectiveness Score	-0.607 (0.676)	-0.024 (0.026)	-0.310 (0.344)	-0.031 (0.034)
ln Number of Bills	-0.321 (1.040)	-0.012 (0.040)	0.416 (0.500)	0.041 (0.050)
Committee Chair	-5.248 (3.494)	-0.204 (0.134)	0.765 (1.723)	0.076 (0.171)
Subcommittee Chair	-1.672 (1.574)	-0.065 (0.061)	0.086 (0.828)	0.009 (0.082)
Bill Topic Specialization	-4.659 (4.014)	-0.181 (0.155)	-0.054 (2.027)	-0.005 (0.202)
<i>Other Factors</i>				
State Legislature	-1.108 (1.179)	-0.043 (0.045)	0.242 (0.603)	0.024 (0.060)
State Legislature Professionalism	2.460 (4.476)	0.095 (0.173)	-1.609 (1.966)	-0.160 (0.196)
Lost Re-Election	0.854 (1.180)	0.033 (0.046)	0.051 (0.759)	0.005 (0.076)
Proportion in Majority	-2.044 (1.431)	-0.079 (0.055)	-0.576 (0.749)	-0.057 (0.074)
Average Vote Share	0.037 (0.039)	0.001 (0.002)	0.014 (0.023)	0.001 (0.002)
State Fixed Effects?	Yes	Yes	Yes	Yes
Race, Gender, Party, Chamber Controls?	Yes	Yes	Yes	Yes
Observations	525	525	525	525
Log Likelihood	-66.920	-66.920	-167.572	-167.572
Akaike Inf. Crit.	287.839	287.839	489.144	489.144

**Note:** Results from two logistic regressions. Standard errors in parentheses. \*p<0.1;  
 \*\*p<0.05; \*\*\*p<0.01





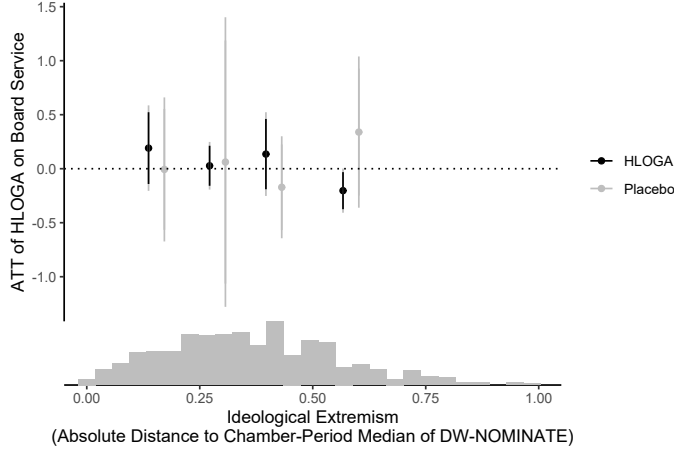
**Figure 1: The Relation between Ideology and Board Service.** *Note: Fitted line shows the relation between left-right ideology and the probability of serving on a board, estimated via LOESS.*

Following Palmer and Schneer (2019), we estimate the effect of HLOGA through a DiD linear probability model that interacts indicators of the period after HLOGA and of the Senate. However, we estimate how the effect of HLOGA varies across the distribution of roll call extremism. Specifically, we estimate the DiD separately within the sample quartiles of roll call extremism. To do this, we use the Hainmueller et al. (2016) binning estimator.

Figure 2 presents the results. As we can see, there is a large negative effect of HLOGA passage for ideological extremists, i.e. the senators above the 75th percentile in the distribution of roll call extremism. We estimate no effect of the HLOGA in other parts of the distribution. This suggests that increased competition for directorships crowds out extremists from board service. We also run a falsification test by estimating the same DiD but with a placebo HLOGA period between the 105th and the 109th<sup>6</sup> Congress. It is clear that we do not observe a similar pattern of extremists being undesirable with the placebo HLOGA. Interestingly, in Appendix I, we find no similar variations in the DiD estimates across the distributions of the other variables in Table 1. This suggests that the positive coefficient on length of tenure and fundraising capabilities in Table 1 were mainly driven by certain types of senators selecting into board service.

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<sup>6</sup>The HLOGA was passed by the 110th Congress.



**Figure 2: Increased Supply of Senators Decreases the Odds that Extremists Serve on Boards.** *Note: Model includes an interaction between dummies for HLOGA and senators (the DiD term), and constituent terms. Bootstrapped confidence intervals with 2,000 samples are 90% (black) and 95% (black). Estimates binned at the sample quartiles using the Hainmueller et al. (2016).*

## Conclusion

In this paper, we have provided evidence that publicly traded corporations prefer appointing moderate legislators to their boards of directors. While they can pursue other post-elective careers, on average board service is likely to be the most lucrative position a legislator can hope for. This places a cost on extremist behavior while holding legislative office. This suggests that the post-elective labor market can function as a political accountability mechanism.

To arrive at these results, we match former Members of Congress to comprehensive data on the boards of public corporations in the US. Additionally, we leverage the fact that HLOGA increased the supply of senators willing to take post-elective board positions in a triple difference design. Surprisingly, the results also indicate that political expertise, prestige and networks do not increase the probability of board service.

Two important questions emerge from this short article. First, the finding that a legislator is not appointed to a directorship for her expertise is puzzling. Future research should examine whether former legislators actually use their political expertise in their board service. Second, given that corporate hiring preferences place a cost on extremist behavior, it would

be interesting to investigate whether legislators behave more moderately in anticipation of a lucrative post-elective career.

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# Online Appendix for: Extremists Not on Board

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## A Further Information on the Dataset

Because BoardEx coverage starts in 2000, our sample includes members of the House and Senate who leave office in 2000 or after, which allows us to observe their full post-elective board service. In addition, since we have BoardEx data up to 2020, we include in the sample Congress members who leave office by 2015 at the latest, enabling us to observe at least 5 years of post-Congress board careers. Finally, we remove from the sample Congress members who pass away during their terms.

We obtain the list of Congress members from Stewart III and Woon (2017). We merge this list to BoardEx directors using name, chamber, period of service, and birth year (when available). BoardEx data on directors' employment history indicate whether a director previously served in the Senate or the House and during what time period. We also require non-missing values for our main variables of interest as well as control variables. Our final sample consists of 525 members of Congress, including 89 senators and 436 House members.

To compare our sample to that of Palmer and Schneer (2019), we also check whether a Congress member ever serves on a board during his or her entire post-Congress career. We find that 15.6% of House members and 41.6% of senators join a board afterwards, which are similar to the percentages reported by Palmer and Schneer (2019) (11% and 44% respectively for House members and senators). Their sample includes politicians who serve from 1992 to 2014, which is slightly different from our sample period of 2000 to 2015.

## B Variables and Descriptive Statistics



**Table B.1:** Definitions of variables included in the models

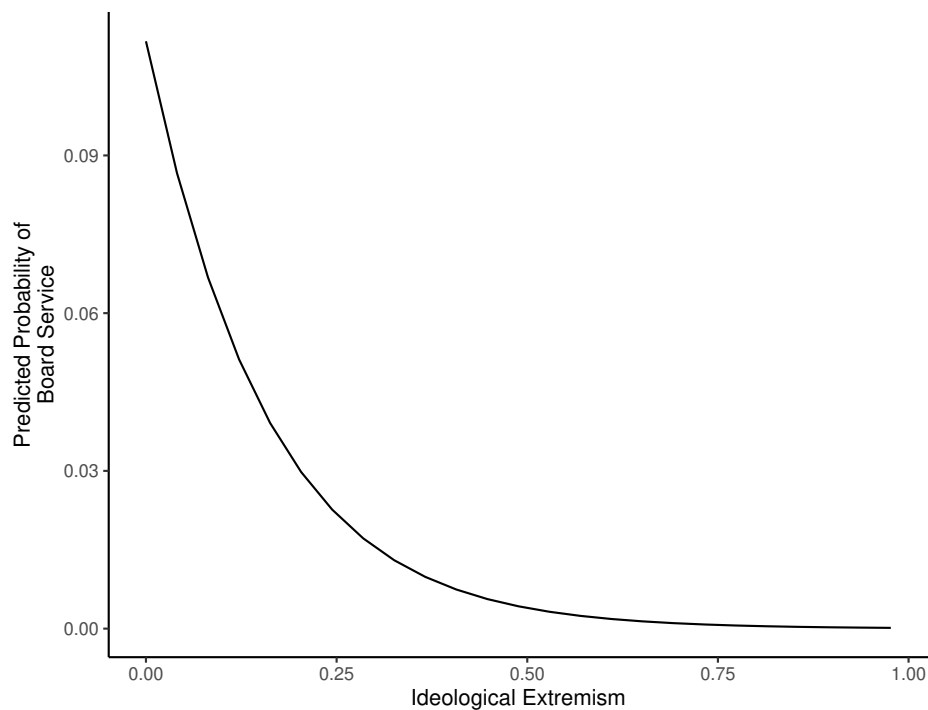
Variable	Description	Source
Ideological Extremism	The average distance from the Congress-chamber median of the MCs DW-NOMINATE score.	Volden and Wiseman (2014, 2018)
Legislative Effectiveness Score	An index measure of how many (substantive) bills the MC sponsored, and how far they were pushed in the legislative process. Averaged.	Volden and Wiseman (2014, 2018)
Number of Bills	The average number of bills sponsored.	Volden and Wiseman (2014, 2018)
Committee Chair	Proportion of congressional career spent as a committee chair	Volden and Wiseman (2014, 2018)
Subcommittee Chair	Proportion of congressional career spent as a subcommittee chair	Volden and Wiseman (2014, 2018)
Bill Topic Specialization	The Herfindahl-Hirschman measure of how concentrated bills sponsored by the MC are within policy topics coded by the Comparative Agendas Project. Averaged over career.	Own calculations based on data from Adler and Wilkerson (2018)
Years in Congress	Time spent in Congress at the time of retirement.	Volden and Wiseman (2014, 2018)
On Power Committee	On a power committee in the final Congress.	Stewart III and Woon (2017)
Cosponsor Centrality	The MC's eigen centrality in the network of her chamber's co-sponsors. Averaged over career.	Egerod (2021)
Average Campaign Funds	The total funds raised by the MC in each Congress, averaged over her tenure in office.	Bonica (2016)
State Legislature	Indicator of whether the MC served in a state legislature before entering Congress.	Volden and Wiseman (2014, 2018)
State Legislature Professionalism	How professionalized the state legislature is (coded zero for everyone who did not serve in a state legislature).	Volden and Wiseman (2014, 2018)
Lost Re-Election	Indicator of whether the MC left office, because she lost her re-election bid.	Own calculation based on vote share from Volden and Wiseman (2014, 2018)
Proportion in Majority	Proportion of career spent in the chamber's majority	Volden and Wiseman (2014, 2018)
Average Vote Share	The average percentage of the two-party vote the MC has had throughout her career.	Volden and Wiseman (2014, 2018)
Gender	Indicator of being a woman.	Volden and Wiseman (2014, 2018)
Race	Indicators of being black or latinx	Volden and Wiseman (2014, 2018)

**Table B.2:** Descriptive Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
Ever on Board?	525	0.200	0.400	0	0	0	1
Immediate Board Seat?	525	0.070	0.256	0	0	0	1
Board Seat within 5 Years?	525	0.164	0.370	0	0	0	1
Ideological Extremism	525	0.368	0.187	0.000	0.237	0.494	0.977
Prop. of Career in Majority	525	0.592	0.292	0	0.4	0.8	1
Female	525	0.122	0.327	0	0	0	1
African-American	525	0.040	0.196	0	0	0	1
Latinx	525	0.036	0.187	0	0	0	1
Average Vote Share	525	62.732	9.393	39	55.4	68.2	100
Committee Chair?	525	0.038	0.097	0	0	0	0
Sub-Committee Chair?	525	0.214	0.246	0	0	0.4	1
Years in Congress (log)	525	1.860	0.648	0.693	1.386	2.303	3.434
State Legislature?	525	0.464	0.499	0	0	1	1
State Legislature Professionalism	525	0.127	0.172	0.000	0.000	0.230	0.659
Average Bills Sponsored (log)	525	2.606	0.600	0.693	2.197	2.970	4.423
Legislative Effectiveness Scores	525	0.846	0.647	0.016	0.377	1.155	4.407
Lost Election	525	0.053	0.225	0	0	0	1
Topic Specialization	525	0.247	0.114	0.090	0.170	0.289	1.000
On Power Committee?	525	0.263	0.441	0	0	1	1
Average Funds Raised	525	13.859	0.772	11.240	13.376	14.310	16.826
Cosponsor Centrality	525	0.226	0.105	0.035	0.147	0.293	0.634

## C How Strong is the Extremism Correlation?

To illustrate the strength of the association between extremism and board service, Figure C.1 shows the predicted probabilities from the model presented in column one of Table 1.



**Figure C.1: Visualizing the Correlation Between Board Service and Extremism.**

*Note: The figure shows the predicted probabilities of a Member of Congress serving on a board depending on ideological extremism. All variables from Table 1 are included*

## D Extremists and Loyalists

Our main results indicate that politicians who are further away from the ideological middle are less likely to join a corporate board. A natural follow-up question is how party loyalty relates to the probability of future board service. Are extremists punished in the director labor market because they are disloyal to their own party? The descriptive results in Figure 1 show that the effects are strongly concentrated with moderates, which suggest that this is not the case. However, there are no controls in that model, and estimating our triple difference to allow for the same pattern would require several layers of non-linearities.

In this analysis, we divide all politicians in our sample into three groups: ideological extremists, ideological moderates, and all others. Ideological extremists are defined as politicians whose distances to the chamber’s median score are above the 90th percentile. On the other hand, ideological moderates are politicians who are closest to the chamber’s median score, i.e. their distances to the median are below the 10th percentile. We re-estimate our logit regressions, using indicator variables to capture the differences in probability of board service for these two groups compared to party loyalists (the omitted group). Our results show that corporations are more likely to hire political moderates over party loyalists, and that they also actively avoid appointing political extremists to their boards. These results confirm our findings in the main analysis and suggest that party loyalty is not necessarily a valuable trait in the politician-director labor market.

**Table D.1:** Extremists, Moderates, and Party Loyalists

	<i>Dependent variable:</i>
	Immediate Seat
Ideological Extremists	−1.728* (0.882)
Ideological Moderates	1.768** (0.715)
Controls and Fixed Effects?	Yes
Observations	525
Log Likelihood	−98.082
Akaike Inf. Crit.	242.163
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

## E Effects By Chamber

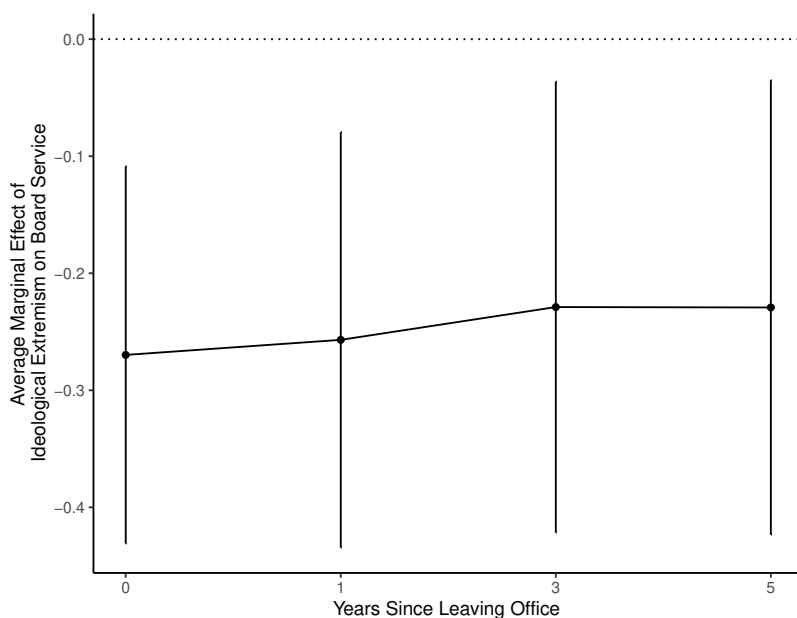
Table E.1 shows that the strength of the correlation is very similar between the two chambers of Congress. When comparing the size of the estimates, the reader should pay most attention to the interaction term – the log-odds on the split samples are less informative, as they are sensitive to the differences in samples.

**Table E.1:** Varying Effects Between Chambers

	<i>Dependent variable:</i>		
	Immediate Seat		
	Interaction	House	Senate
	(1)	(2)	(3)
Ideological Extremism	−6.127*** (2.333)	−8.881** (3.971)	−10.112*** (3.797)
Ideological Extremism X Senate	0.325 (3.157)		
Controls?	Yes	Yes	Yes
State FE?	No	No	No
Observations	525	436	89
Log Likelihood	−92.637	−35.242	−29.089
Akaike Inf. Crit.	245.274	124.484	112.178
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01			

## F How Effects Vary Over Time

Next, we investigate whether the association between moderateness and board service tends to weaken over time. It is conceivable that as the extremist legislator has spent more time out of office, she becomes less controversial as people forget how she behaved in office. However, the results presented in Figure F.1 do not support this idea. Instead, they show that the strength of the correlation remains stable over time.



**Figure F.1:** Correlation between Extremism and Board Service Over Time.

## G Varying Effects By Party

In Table G.1, we investigate whether results vary by party. The estimates suggest that they do. While extremism is very strongly negatively correlated with board service among both Republicans and Independents, the correlation is even stronger among Democrats. This difference could both be driven by the most left-wing Democrats being less interested in taking a position on a corporate board (for ideological reasons), or the firms shying away from them to a higher degree. When comparing the size of the estimates, the reader should pay most attention to the interaction term – the log-odds on the split samples are less informative, as they are sensitive to the differences in samples.

Note that we cannot include state fixed effects in the models, because the logistic regression algorithm could not converge when we included them.

**Table G.1:** Varying Effects Between Parties

	<i>Dependent variable:</i>		
	Immediate Seat		
	Interaction	Democrats	R+I
	(1)	(2)	(3)
Ideological Extremism	−3.992** (1.802)	−8.066* (4.454)	−4.829** (2.266)
Ideological Extremism X Democrat	−5.310* (3.203)		
Controls?	Yes	Yes	Yes
State FE?	No	No	No
Observations	525	242	281
Log Likelihood	−96.763	−34.038	−50.720
Akaike Inf. Crit.	253.525	124.076	155.439
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01			



## H Is the Negative Effect of Extremism Driven by Credibility?

Next, we make an attempt at distinguishing between whether the negative effect of extremism is driven by firms seeking board members with high public credibility. To do this, we examine the electoral track record of the politicians. In particular, people with good records—the ones with high vote shares or who retired voluntarily—are likely to have better public reputations than legislators with below-average records. Therefore, if firms avoid extremists, because they hurt their public credibility, we should observe a differential effect, where the negative effect of extremism should be driven by politicians with good electoral records. On the other hand, the effect should be lower or non-existent among legislators with poorer records—they are hired for other reasons than their reputation. That is, we would expect little to no effect of extremism among election losers and legislators with low average vote shares.

In Table H.1 we investigate this. Note that we have problems with convergence of the algorithm when including controls. This is due to few legislators losing elections. Therefore, we present bivariate models. In Panel A, we first split the sample by whether the legislator left office, because she lost her reelection bid or retired (columns 1 and 2). Our results suggest that the correlation is concentrated among retirees. In column 3, we interact extremism with an indicator of reelection loss. While the interaction is not statistically significant, the coefficient is very large. It is important to note that we do not have many legislators that leave office, because they lose their reelection bid, which gives us a problem with statistical power. Therefore, in Panel B we use the legislators average vote share during her tenure in office. In columns 1 and 2, we focus on the legislators below the 1st and above the third quantiles, respectively. This corresponds to vote shares below 55.5% and above 68.5%. Once again, we observe that effects are strongly concentrated among the electorally successful. In column 3, we include a linear interaction with average vote share. As previously, the

coefficient is large but statistically insignificant.

Overall, this provides indicative evidence that the negative effect of extremism is driven by firms seeking to buy into the reputation of politicians. However, the results are noisy, and should be investigated further in future research.

**Table H.1:** Effect of Extremism May Be Driven by Credibility

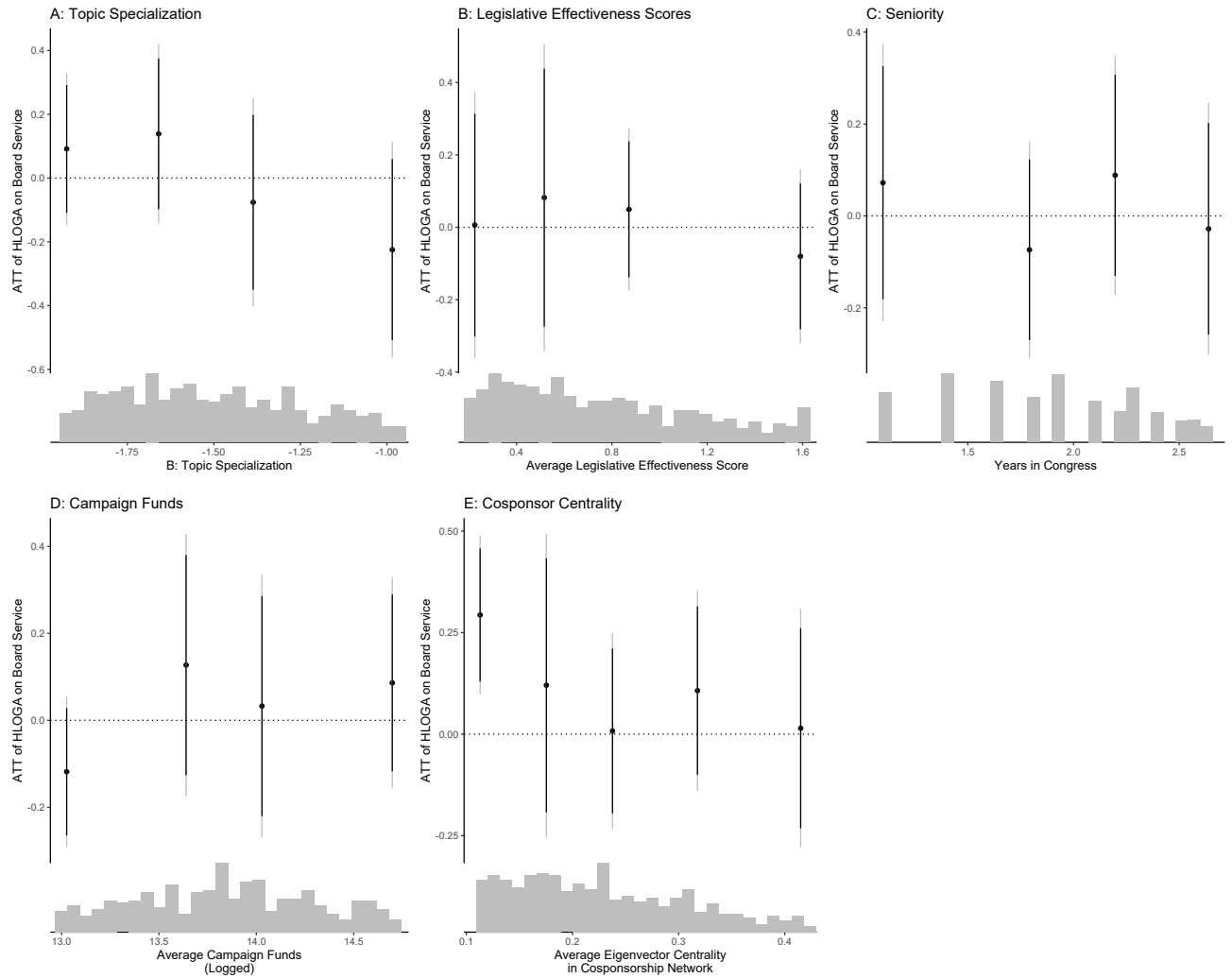
	<i>Dependent variable:</i>		
	Immediate Seat		
	Election Losers	Retirees	Interaction
	(1)	(2)	(3)
Panel A: Election Loser			
Ideological Extremism	−0.141 (2.810)	−2.761*** (1.069)	−2.761*** (1.069)
Ideological Extremism X Election Loser			2.620 (3.006)
Observations	29	507	536
Panel B: Vote Share			
Ideological Extremism	−0.321 (1.867)	−5.177* (2.918)	7.427 (6.881)
Ideological Extremism X Vote Share			−0.167 (0.112)
Observations	135	137	547
Covariates?	No	No	No
State FE?	No	No	No
Observations	135	137	547
Log Likelihood	−9.644	−121.076	−130.720
Akaike Inf. Crit.	23.288	246.151	269.439

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

# I DiD Results For Other Factors

In our main results, we find some correlations between other characteristics than extremism and board service. Namely, seniority and the average amount of campaign funds raised. In Figure I.1, we show that this result is most likely driven by self-selection—the types that serve for a long time and raise a lot of campaign cash are more willing to take board positions. We do so by estimating the same difference-in-differences models as in Figure 2. We also continue to find null results across the board for our measures of legislative expertise, effectiveness, prestige, and networks.



**Figure I.1: The Impact of HLOGA Across Distributions of Other Factors.** *Note: Model includes an interaction between dummies for HLOGA and senators (the DiD term), and constituent terms. Confidence intervals are 90% (black) and 95% (black) with legislator clustering. Estimates binned at the sample quartiles percentile using the Hainmueller et al. (2016).*

## J A Closer Look at Committee Membership

Palmer and Schneer (2016) find that service on the Senate Finance or Intelligence committees is associated with increased chances of post-electoral board service. This contrasts with our findings. The table below shows that this is, because of our inclusion of other covariates. When we estimate a bivariate model in Table J.1, we find that final-term service on a power committee is associated with increased probability of a directorship. We also show that this association disappears after the inclusion of controls.

**Table J.1:** Does Service on a Power Committee Increase Changes of Board Service?

	<i>Dependent variable:</i>	
	Immediate Seat	
	No Controls	Controls
	(1)	(2)
On Power Committee?	0.660* (0.396)	−0.792 (0.634)
Controls?	No	Yes
State FE?	Yes	Yes
Final Congress FE?	No	Yes
Observations	570	525
Log Likelihood	−113.958	−66.920
Akaike Inf. Crit.	337.916	287.839
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01	