

Extremists Not on Board:*

Labor market costs to radical behavior in elected office

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Abstract

Board appointments represent highly lucrative career opportunities for former politicians. We investigate how board service relates to the strength of ideological partisanship for former Members of Congress. We find that strong ideological partisanship is associated with a lower likelihood of being appointed to a board after Congress, and that this holds for both liberals and conservatives. In addition, we use a difference-in-differences design to show that when the supply of Senators willing to accept a directorship increases, firms become less likely to appoint ideological extremist Senators to their boards. 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.

*We thank David Fortunato, seminar participants at Loyola Marymount University, the three anonymous reviewers and Professor Vera Tröger for helpful suggestions. We also thank Jade Borg and Jana Thon for excellent research assistance. Egerod and Tran are grateful for financial support from EGB and the College of Business Administration at Loyola Marymount University.

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What are the consequences for highly partisan behavior in Congress? While there is an electoral punishment for extremist candidates in general elections (Hall 2015), 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 highly partisan behavior in office, the so-called revolving door between business and politics could limit the ideological gap between legislators and their constituents (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 legislators to serve on corporate boards (Palmer and Schneer 2019). 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 what types of legislators are in higher demand, and particularly how ideological partisanship is perceived, in the director labor market. In this short article, we investigate this question.

We leverage comprehensive data on board membership among publicly traded firms in the US, combined with data on the legislative behavior of former Members of Congress (MCs). We present two sets of main findings. First, we show that MCs with more partisan voting records are less likely to gain board seats after leaving Congress. The estimates show that those with the strongest ideological partisanship¹ are effectively shut out of lucrative board service. However, it is possible that our descriptive results are driven by simultaneous supply and demand effects. Essentially, the director labor market is a double-sided matching process, in which corporate board seats must be offered but also accepted by former MCs. A former legislator with strong qualities may have more appealing career opportunities and choose to pursue them instead of board service.

In the second set of analyses, we exploit the fact that the Honest Leadership and Open Government Act (HLOGA) provided an exogenous increase in the number of Senators willing to accept corporate board seats (Palmer and Schneer 2019). This shock to supply is essential

¹For brevity, we refer to MCs with the strongest ideological partisanship as ‘ideological extremists’ or ‘extremists’ in the remainder of the paper.

to our identification strategy, mitigating endogeneity concerns with our initial set of results. The difference-in-differences (DiD) results confirm our initial findings, showing that extremist Senators are much less likely to join corporate boards after the passage of the HLOGA.

Additional exploratory analyses suggest that firms want to buy into the positive reputation of moderates, while avoiding the partisan branding associated with appointing strong ideologues. Furthermore, we find no evidence that the lack of board service opportunities for ideological extremists is compensated by increased job prospects with think tanks or news channels.² These results shed important light on the labor market for politically connected people (McCrain 2018). Importantly, an implication of our findings is that corporate hiring practices have the potential to place a cost on highly partisan behavior in Congress.

Ideological Extremists and Board Service

While legislators can obtain a variety of lucrative post-elective positions, few pay as well relative to the required work-hours as service on a corporate board.³ Average director compensation has increased from \$125,000 a year in 2003 (Farrell et al. 2008) to \$230,000 in 2020.⁴ Understandably, these positions are highly attractive to former MCs: 44% of Senators and 11% of House members serve on at least one board in their post-politics careers (Palmer and Schneer 2019).

On the demand side, which types of legislators are valuable to corporate boards? The extant literature has primarily focused on the unique skill sets that MCs obtain from their careers in politics (LaPira and Thomas 2017; Parker 2004). In this paper, we raise the possibility that legislators' voting behavior during their time in office may also play a role in the firm's director-appointment process.

There are two possible forces at work. First, firms may appoint former MCs to their

²This hand-collected dataset on former MCs' jobs with news channels and think tanks is made publicly available alongside the article.

³According to a 2015 survey by the National Association of Corporate Directors, the average director spends about 250 hours per year on board-related responsibilities. A summary of the report can be found here: <https://bit.ly/3bs8H4zf>

⁴Our own calculation using data from ExecuComp.

boards to buy into the legislators’ public image and credibility. Appointing ideological 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 (Panagopoulos et al. 2020). Thereby, the firm could risk shunning certain groups of consumers and investors when appointing extremist politicians as directors. Conversely, by appointing centrists, the firm can buy into their reputation of moderation and working across the aisle. This would suggest that firms not only avoid ideological extremists but also actively seek political moderates for corporate directorships.

Second, when putting the optimal board together, firms may look for directors who see themselves as team members instead of those who promote dissent (Hill 1995). From this perspective, firms may favor legislators who are in the party’s mainstream instead of those on the fringes of the party. This line of reasoning suggests firms would prefer appointing legislators who are party loyalists, avoiding both extremist and centrist legislators who often publicly disagree with the party’s position.

While both hypotheses imply that extremist MCs would be less likely to be offered corporate directorships, the ‘public image’ hypothesis suggests that centrist legislators would be preferred over party loyalists, whereas the ‘team member’ hypothesis proposes that party loyalists would be more likely to gain board seats than centrists.

Data and Methods

To study politicians’ board service, we use the BoardEx database, which includes comprehensive data on board memberships of publicly held firms. We have data on board service from 2000 to 2020. For our dependent variables, we use two binary indicators capturing whether MCs 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*).⁵ To allow us

⁵For example, if an MC’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. To be clear, in this example, legislators who gain board seats from 2016 to 2020 will have a value of 0 for *Immediate Seat* and a value of 1 for *Seat Within 5*

to observe the full five years of post-political board careers, we only study legislators who leave Congress from 2000 to 2015. We rely on Stewart III and Woon (2017) to obtain this universe of MCs. In total, 570 MCs leave during our sample period, out of which there are 553 MCs with non-missing values for board service and ideological partisanship. When including controls, our sample includes 525 MCs. Further details on sample construction are provided in Appendix A.

To measure ideological partisanship, we draw on legislators’ voting records by using the DW-NOMINATE (McCarty et al. 1997) roll call ideal points. Liberals receive negative NOMINATE values, and conservatives have positive values. We use data from Volden and Wiseman (2014), which calculates the absolute distance in DW-NOMINATE scores between a legislator and the chamber median. We average these *ideological partisanship scores* over the legislator’s tenure. Higher scores on our measure indicate a more partisan voting record for both ideological leanings. In addition, we include a number of controls capturing important aspects of legislative behavior, which we expect to be related to post-elective board service. Descriptions of these variables are provided in Appendix B.

Results

In a preliminary analysis, we examine the bivariate relationship between DW-NOMINATE scores and the probability of immediate board service. The results are presented in Figure 1, which 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 much more likely to gain board service than those in the party’s mainstream and those on the far left or far right.

To continue our analysis in a multivariate setting, we estimate two logistic regressions of the following form:

$$\log\left(\frac{\pi_i}{1 - \pi_i}\right) = \alpha + \beta \text{IdeologicalPartisanship}_i + X_i\gamma + \epsilon_i.$$

Years.

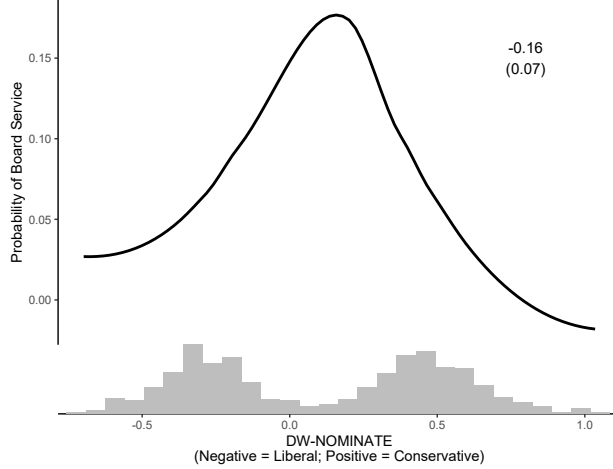


Figure 1: The Bivariate Relation between Ideology and Board Service. *Note: $N = 553$. LOESS line shows the relation between left-right ideology and the probability of a board seat. The estimate printed in the top-right corner is the average marginal effect from a logistic regression of board service on our measure of ideological partisanship (standard error in parenthesis). The distribution of DW-NOMINATE scores is in Appendix B (Figure B.1).*

π is the probability that legislator i obtains *BoardService*, measured through one of our two binary indicators of getting a board position 1) immediately or 2) within five years. *IdeologicalPartisanship* is the absolute distance in DW-NOMINATE scores between a legislator and the chamber median. X is a vector of controls, α is the intercept, and ϵ is the error term.

Table 1 shows the association between partisanship and board service in logit coefficients and in average marginal effects (AMEs) (Leeper 2017).⁶ The estimated effects are substantial – a one standard deviation increase in ideological partisanship is associated with a 5% decrease in the probability of immediate board service (0.187×0.270). This represents a remarkable drop, given that the unconditional average probability of an immediate board seat is 7%.

To better understand our main findings, we conduct a number of additional analyses. First, in Appendix C.1, we show that compared to party loyalists, extremists are less likely and moderates are more likely to gain board seats. This is more consistent with the ‘public

⁶We only report the coefficients on our variable of interest for brevity. In Appendix B.2 we show the full regression model.

Table 1: Politician Characteristics and Board Service

	<i>Dependent variable:</i>			
	Immediate Seat		Seat Within 5 Years	
	Log-Odds	AME	Log-Odds	AME
	(1)	(2)	(3)	(4)
Ideological Partisanship	−6.579*** (2.066)	−0.270*** (0.082)	−3.303*** (1.099)	−0.337*** (0.109)
State Fixed Effects?	Yes	Yes	Yes	Yes
Controls?	Yes	Yes	Yes	Yes
Observations	525	525	525	525
Log Likelihood	−72.591	−72.591	−171.561	−171.561
Akaike Inf. Crit.	285.182	285.182	483.123	483.123

Note:

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

image’ hypothesis rather than the ‘team member’ hypothesis. we show the (predicted) probabilities of board service across the distribution of ideological partisanship (Appendix C.2). We present suggestive evidence that the association between partisanship and board service is driven by electorally successful legislators (Appendix C.3).

Next, we examine whether the results are driven by ideological selection from the private sector. We find no strong association between firm and legislator ideologies, and that firms are almost always more ideologically moderate than the appointed legislators (Appendix D.1). In addition, we show that while the association is stronger among Democrats it remains very sizable among Republicans and Independents (Appendix D.2), which suggests that our results are not driven by ideological sorting, but that extremists of any color are unlikely to get board seats.

Finally, to ensure that our results are robust, we show that the strength of the association does not differ between chambers (Appendix E.1) or decrease as time passes since the legislator has left office (Appendix E.2). We also find that the results are robust to using grouped duration models (Appendix F.1), to excluding large numbers of observations (Appendix F.2), and to the choice of covariates included in the model (Appendix F.3).

The HLOGA and the Disappearance of Extremist Senator-Directors

The descriptive results we observe are challenging to interpret because of simultaneous supply and demand effects in director labor markets. Specifically, the fact that extremist directors do not gain board seats could be due to either (1) they are not offered board seats by firms or (2) they are busy with other commitments and refuse these seats even when offered. Disentangling these effects has been a challenge for previous studies (Turner-Zwinkels 2020, p. 23). In this section, we use the HLOGA reform in an attempt to address this issue.

The HLOGA imposed a number of requirements and restrictions on MCs, one of which is key to our identification strategy. 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 House members. Unable to work in lobbying during this cooling off period, Senators may look to board service as an appealing alternative for their post-political careers. Palmer and Schneer (2019) use a DiD design to show that the HLOGA led to a 9-percentage-point increase in rates of board service for Senators. We find similar effects in our sample. This exogenous increase in Senators' willingness to accept corporate board seats helps us in two ways: (1) it should give firms a greater pool of former Senators to choose from, allowing them to select politician-directors with more desirable characteristics, and (2) if we observe fewer board seats for extremist Senators post-HLOGA, it is less likely due to them refusing these seats and more likely due to them not being offered seats.

Following Palmer and Schneer (2019), we estimate the effect of the HLOGA through a DiD linear probability model that interacts indicators of the Senate and the post-HLOGA period. However, we estimate how the effect of the HLOGA varies across the distribution of our ideological partisanship measure by considering the following model:

$$BoardService_i = f(HLOGA_t \cdot Senate_i \cdot partisanship_i)$$

To allow for different effects across the distribution, $f()$ estimates the DiD separately within the sample quartiles of ideological partisanship. To do this, we use the Hainmueller

et al. (2019) binning estimator.⁷ In Appendix G.1 we show that the results are robust to different ways of splitting the data. We conduct this analysis on the same sample as in the previous models.

Figure 2 presents the results. A table with estimates is in Appendix G.3. As we can see, there is a large negative effect of the HLOGA's passage on board service for ideological extremists, i.e. the Senators above the 75th percentile in ideological partisanship scores. These results indicate that as the HLOGA increases the supply of former Senators willing to accept board seats, firms are able to be more selective and seem to actively avoid appointing ideological extremists as directors, which is consistent with both the 'public image' and 'team member' hypotheses. We do observe a positive effect of the HLOGA on the probability of centrists gaining board seats, but this effect is noisy and not statistically significant, possibly due to the small sample size.⁸ Taking into account the previous descriptive results, the overall evidence suggests that 'public image' considerations play an important factor in the firm's director hiring process.

⁷Because almost all MCs leave Congress when their term ends, we use congressional periods as our time-periods. This gives us four pre- and post-treatment periods, respectively.

⁸The issue of small sample size is inherent to our setting and unavoidable. There is a small number of Senators retiring each year, and even fewer are classified as extremists or centrists under our definition. The HLOGA serves as an important tool in our identification strategy, and thus while our results should be interpreted with caution, they do represent an important first step towards isolating firms' hiring preferences in the director labor market.

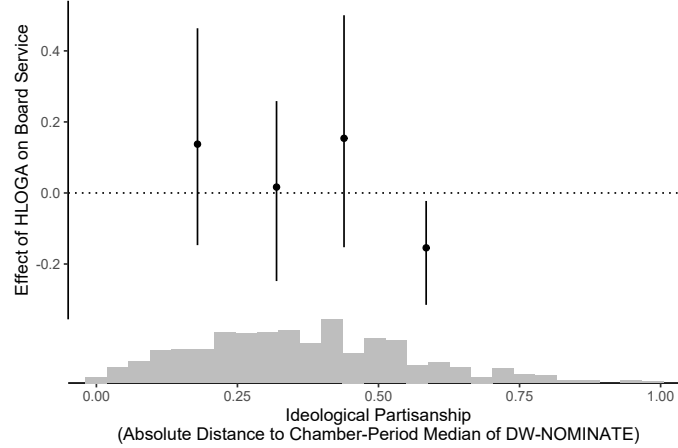


Figure 2: Increased Supply of Senators Decreases the Odds that Extremists Serve on Boards. *Note: Model includes an interaction between dummies for HLOGA and senators (the DiD term), and constituent terms. The estimates in the graph show the DiD within the quartiles of the ideological spectrum. This corresponds to the average treatment effect on the treated (ATT) within bins. Bootstrapped confidence intervals with 2,000 samples are 95% (black). Estimates binned at the sample quartiles using the Hainmueller et al. (2019).*

We conduct a number of additional analyses to further investigate our findings. First, in Appendix G.2 we investigate, and find no evidence of, differential trends before HLOGA. Second, we examine whether extremist Senators choose to decline board service because they have better job prospects with think tanks and news channels. In Appendix G.4, we find no evidence that our DiD results are driven by a shift towards taking jobs in these fields. Finally, in Appendix G.5, to mitigate concerns with the small sample size, we examine all voluntary retirements instead of only board seats and utilize a panel dataset tracking all MCs over time. If there are fewer lucrative positions available to extremist Senators, we should see fewer voluntary retirements among this group. Indeed, the results indicate that the HLOGA has decreased voluntary retirement among extremist Senators markedly.

Conclusion

Board service is among the most lucrative post-political career opportunities for former legislators. In this paper, we provide evidence that publicly traded companies avoid appointing ideological extremists to their boards. This effect holds true across chambers of Congress,

regardless of party affiliation, and does not decrease over time. Importantly, we find that the loss of board seat opportunities for extremists is not compensated by better prospects for jobs with think tanks or news channels. Overall, it appears that the average firm could be playing a moderating role in the American political system (Bonica 2014).

Two important questions emerge from this short article. First, it appears that extremist Senators are aware of the labor market consequences of their behavior, as they seem to delay voluntary retirements after the passage of the HLOGA. Future research should examine whether extremist legislators moderate their behavior as they approach their retirement, increasing their appeal as candidates for lucrative board service opportunities. Second, we conjecture that firms appoint legislators to buy into their public image and credibility. As such, it may be worthwhile to investigate the impact of appointing moderate politicians to the boards: Do they create value for the appointing firms? These are important questions that should be explored further in future studies.

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A Further Information on the Sample Construction

Because BoardEx coverage starts in 2000, our sample includes Members of Congress (MCs) 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 MCs 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 MCs who pass away during their terms.

We obtain the list of MCs 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 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 an MC 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 legislators who serve from 1992 to 2014, which is slightly different from our sample period of 2000 to 2015.

B Variables and Descriptive Statistics

In our regression models, we include a number of controls capturing important characteristics of former MCs, specifically their prestige, networks, expertise, and effectiveness, which we expect to be related to post-elective board service. 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.⁹ 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 a small number of different political topics. The association with board service could go in both directions. On one hand, firms may want to appoint legislators with a high degree of substantive expertise. On the other hand, legislative strategists may have a low degree of substantive expertise but will have a lot of procedural knowledge, which may also be valuable to firms. Data for this was obtained from 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.

⁹Finance or Budget in the Senate, and Ways and Means or Appropriations in the House

We also add a number of other controls, including 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.¹⁰

Table B.1 shows descriptive statistics and Table B.2 shows the bivariate correlations between variables in our dataset. Figure B.1 shows the distribution of DW-NOMINATE scores.

Table B.1: Descriptive Statistics

Statistic	N	Mean	St. Dev.	Min	Max
Ever on Board?	525	0.200	0.400	0	1
Immediate Board Seat?	525	0.070	0.256	0	1
Board Seat within 5 Years?	525	0.164	0.370	0	1
Ideological Partisanship	525	0.368	0.187	0.000	0.977
Prop. of Career in Majority	525	0.592	0.292	0.000	1.000
Female	525	0.122	0.327	0	1
African-American	525	0.040	0.196	0	1
Latinx	525	0.036	0.187	0	1
Average Vote Share	525	62.732	9.393	39.000	100.000
Committee Chair?	525	0.038	0.097	0.000	0.500
Sub-Committee Chair?	525	0.214	0.246	0.000	1.000
Years in Congress (log)	525	1.860	0.648	0.693	3.434
State Legislature?	525	0.464	0.499	0.000	1.000
State Legislature Professionalism	525	0.127	0.172	0.000	0.659
Average Bills Sponsored (log)	525	2.606	0.600	0.693	4.423
Legislative Effectiveness Scores	525	0.846	0.647	0.016	4.407
Lost Election	525	0.053	0.225	0	1
Topic Specialization	525	0.247	0.114	0.090	1.000
On Power Committee?	525	0.263	0.441	0	1
Average Funds Raised	525	13.859	0.772	11.240	16.826
Cosponsor Centrality	525	0.226	0.105	0.035	0.634

¹⁰We 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.

Table B.2

	Partisan	Major.	Fem.	African-American	Latinx	Vote Share	Chair?	Sub-Chair?	Years	State Legis.?	Profess.	Bills	LES	Lost	Specialize	Power?	Funds
Ideological Partisanship	1																
Prop. of Career in Majority	-0.537	1															
Female	0.020	-0.031	1														
African-American	0.217	-0.142	0.115	1													
Latinx	0.059	-0.078	-0.007	-0.040	1												
Average Vote Share	0.192	-0.182	-0.078	0.288	0.025	1											
Committee Chair?	-0.010	-0.056	-0.111	-0.064	-0.019	0.118	1										
Sub-Committee Chair?	-0.121	0.154	-0.035	-0.112	-0.056	-0.017	0.181	1									
Years in Congress (log)	0.169	-0.245	-0.137	-0.043	-0.048	0.462	0.441	0.320	1								
State Legislature?	0.082	-0.166	0.056	0.052	0.024	0.158	-0.041	-0.023	0.103	1							
State Legislature Professionalism	0.120	-0.144	0.068	0.052	0.100	0.173	-0.022	-0.044	0.127	0.788	1						
Average Bills Sponsored (log)	-0.068	0.059	0.022	-0.092	-0.079	-0.118	0.271	0.314	0.213	-0.068	-0.033	1					
Legislative Effectiveness Scores	-0.175	0.211	-0.038	-0.111	-0.049	0.058	0.356	0.353	0.268	0.014	0.070	0.460	1				
Lost Election	-0.018	0.016	0.039	-0.049	0.043	-0.296	-0.093	-0.037	-0.208	-0.075	-0.059	-0.030	-0.032	1			
Topic Specialization	0.122	-0.091	-0.026	0.107	0.024	0.229	-0.044	-0.130	0.063	0.074	0.017	-0.641	-0.222	-0.119	1		
On Power Committee?	-0.036	-0.003	-0.048	-0.024	-0.020	0.078	0.021	-0.033	0.239	0.057	0.032	0.055	-0.025	-0.069	0.013	1	
Average Funds Raised	-0.169	0.099	0.063	-0.097	-0.066	-0.367	-0.003	0.004	-0.185	-0.221	-0.251	0.360	0.005	0.053	-0.226	0.028	1
Cosponsor Centrality	0.036	-0.178	0.098	0.087	-0.038	0.076	0.192	0.189	0.314	-0.020	0.060	0.532	0.223	-0.085	-0.321	0.025	0.134

Note: .

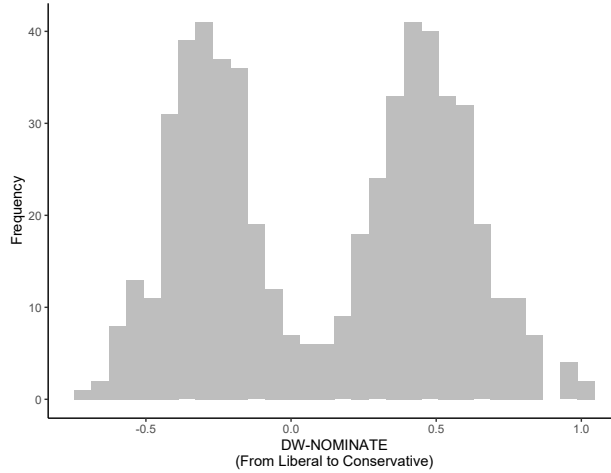


Figure B.1: Distribution of DW-NOMINATE Scores. *Note the figure shows a histogram of the distribution of DW-NOMINATE scores among the Members of Congress in our sample.*

B.1 Turnover in each Chamber and Across Time

In this appendix, we present descriptive statistics illustrating turnover in Congress and flow into board positions.

In total, 1,096 Members of Congress served during the period we study. Figure B.2 shows the proportion of MCs who leave Congress over time.

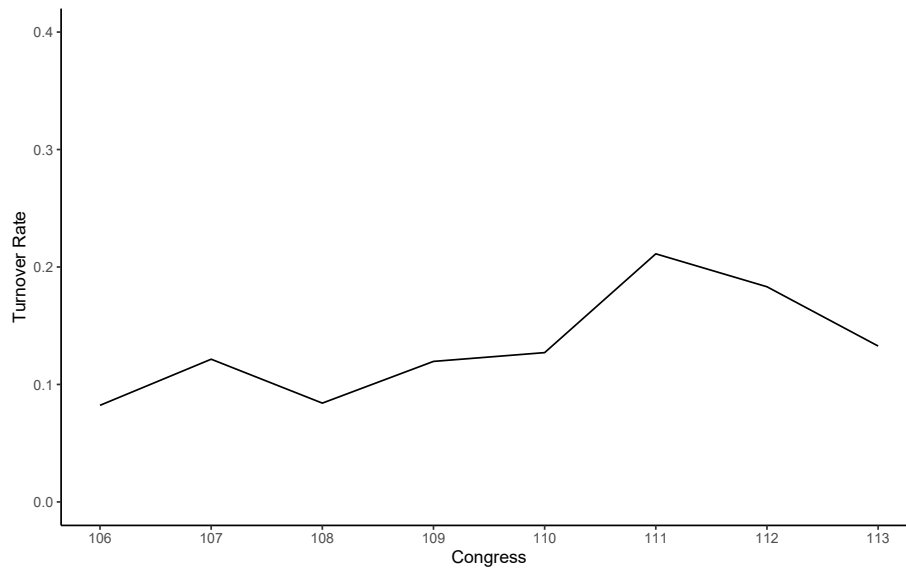


Figure B.2: Turnover in Congress. *Note: This figure shows the proportion of Members of Congress leaving during the period we study.*

Next, Table B.3 shows the number of MCs taking board positions after they leave Congress. The table splits by chamber and by whether the legislator was classified as an extremist (above the 75th percentile of ideological partisanship). Table B.4 shows the aggregate counts before and after the HLOGA was passed. This shows directly the patterns used in the difference-in-differences models.

The raw data illustrates our main findings: 1) very few extremists become board members after leaving office, 2) among Senators, no extremists gain board seats after the passage of the HLOGA.

Table B.3: Board seats of Members of Congress by year

	Number of MCs who leave in:								
	2001	2003	2005	2007	2009	2011	2013	2015	Total
House of Representatives:									
Non-extremists:									
No board seat within next 5 years	22	26	22	33	32	70	43	24	272
At least one seat within next 5 years	6	5	4	6	6	5	5	4	41
Extremists:									
No board seat within next 5 years	3	15	6	11	11	13	32	21	112
At least one seat within next 5 years	1	3	0	0	0	2	2	3	11
Total	32	49	32	50	49	90	82	52	436
Senators:									
Non-extremists:									
No board seat within next 5 years	4	3	3	6	5	7	6	7	41
At least one seat within next 5 years	3	2	4	2	4	7	6	3	31
Extremists:									
No board seat within next 5 years	2	3	0	1	3	1	2	2	14
At least one seat within next 5 years	1	0	1	1	0	0	0	0	3
Total	10	8	8	10	12	15	14	12	89

Table B.4: Board seats of Members of Congress in the pre-HLOGA vs. post-HLOGA periods

	Number of MCs who leave in:		
	Pre-HLOGA period	Post-HLOGA period	Total
House Representatives:			
Non-extremists:			
No board seat within next 5 years	103	169	272
At least one seat within next 5 years	21	20	41
Extremists:			
No board seat within next 5 years	35	77	112
At least one seat within next 5 years	4	7	11
Total	163	273	436
Senators:			
Non-extremists:			
No board seat within next 5 years	16	25	41
At least one seat within next 5 years	11	20	31
Extremists:			
No board seat within next 5 years	6	8	14
At least one seat within next 5 years	3	0	3
Total	36	53	89

B.2 Full Regression Table

Table B.5 shows the full set of estimates from the logistic regression models presented in Table 1 in the main paper and Table B.6 shows the estimates from logistic regression models with standardized independent variables.

Table B.5: Politician Characteristics and Board Service

	<i>Dependent variable:</i>			
	Immediate Seat Log-Odds	AME	Seat Within 5 Years Log-Odds	AME
	(1)	(2)	(3)	(4)
Ideological Partisanship	−6.579*** (2.066)	−0.270*** (0.082)	−3.303*** (1.099)	−0.337*** (0.109)
Legislative Effectiveness Score	−0.289 (0.619)	−0.012 (0.025)	−0.206 (0.324)	−0.021 (0.033)
ln Number of Bills	−0.615 (0.949)	−0.025 (0.039)	0.231 (0.482)	0.024 (0.049)
Committee Chair	−4.156 (3.287)	−0.170 (0.134)	0.644 (1.659)	0.066 (0.169)
Subcommittee Chair	−1.061 (1.486)	−0.044 (0.061)	0.060 (0.808)	0.006 (0.083)
Bill Topic Specialization	−4.567 (4.017)	−0.187 (0.164)	−0.301 (1.991)	−0.031 (0.203)
ln Years in Congress	2.144*** (0.777)	0.088*** (0.031)	0.974** (0.386)	0.099** (0.039)
On Power Committee	−0.158 (0.552)	−0.006 (0.023)	−0.211 (0.343)	−0.022 (0.035)
Cosponsor Centrality	0.048 (3.345)	0.002 (0.137)	1.444 (1.846)	0.147 (0.188)
ln Average Campaign Funds	1.123** (0.452)	0.046** (0.018)	0.576** (0.245)	0.059** (0.025)
State Legislature	−0.988 (1.076)	−0.041 (0.044)	0.205 (0.588)	0.021 (0.060)
State Legislature Professionalism	1.720 (3.989)	0.071 (0.163)	−1.516 (1.913)	−0.155 (0.195)
Lost Re-Election	0.740 (1.096)	0.030 (0.045)	0.216 (0.723)	0.022 (0.074)
Proportion in Majority	−2.357* (1.310)	−0.097* (0.053)	−0.907 (0.732)	−0.093 (0.074)
Average Vote Share	0.035 (0.035)	0.001 (0.001)	0.019 (0.023)	0.002 (0.002)
State Fixed Effects?	Yes	Yes	Yes	Yes
Controls?	Yes	Yes	Yes	Yes
Observations	525	525	525	525
Log Likelihood	−72.591	−72.591	−171.561	−171.561
Akaike Inf. Crit.	285.182	285.182	483.123	483.123

Note:

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

Table B.6: Politician Characteristics and Board Service

	<i>Dependent variable:</i>	
	Immediate Seat (1)	Seat Within 5 Years (2)
Ideological Partisanship	−1.232*** (0.387)	−0.618*** (0.206)
Legislative Effectiveness Score	−0.186 (0.399)	−0.133 (0.209)
ln Number of Bills	−0.386 (0.596)	0.145 (0.303)
Committee Chair	−0.406 (0.321)	0.063 (0.162)
Subcommittee Chair	−0.258 (0.362)	0.015 (0.197)
Bill Topic Specialization	−0.528 (0.464)	−0.035 (0.230)
ln Years in Congress	1.414*** (0.512)	0.642** (0.255)
On Power Committee	−0.069 (0.240)	−0.091 (0.149)
Cosponsor Centrality	0.005 (0.365)	0.158 (0.202)
ln Average Campaign Funds	0.891** (0.359)	0.457** (0.194)
State Legislature	−0.492 (0.536)	0.102 (0.293)
State Legislature Professionalism	0.291 (0.675)	−0.256 (0.323)
Lost Re-Election	0.168 (0.248)	0.049 (0.164)
Proportion in Majority	−0.698* (0.388)	−0.268 (0.217)
Average Vote Share	0.329 (0.335)	0.184 (0.215)
State Fixed Effects?	Yes	Yes
Race, Gender, Party, Chamber Controls?	Yes	Yes
Observations	525	525
Log Likelihood	−72.591	−171.561
Akaike Inf. Crit.	285.182	483.123

Note:

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

C Probing Mechanisms

In this appendix, we investigate why moderates are more likely than extremists to gain directorships after leaving office. In particular, we leverage how the correlation varies over the distribution of ideological partisanship, and whether the correlation between partisanship and board service is driven by the electorally successful legislators.

The results show that while the correlation is strongest among moderates it is also present among extremists (Appendices C.1 and C.2). In combination with the findings in the main paper, this supports the partisan branding mechanism. In further support of that argument, we present suggestive evidence that the results could be driven by the electorally successful legislators (Appendix C.3).

C.1 Which Parts of the Distribution Drive the Effect?

In this appendix, we shed light on the mechanism by investigating which parts of the distributions drive the effects. To do this, we create categorical indicators for extremists and moderates using different thresholds of ideological partisanship scores. For moderates, we use indicators capturing partisanship scores ranging from below the 10th to below the 30th percentile. For extremists, we use indicators of partisanship scores ranging from above the 70th to above the 90th percentiles. Figure C.1 presents the results, which show that 1) our main finding is not driven solely by moderates or extremists – compared to party loyalists, extremists are less likely and moderates are more likely to gain board seats, and 2) the patterns are robust across a broad range of definitions of moderates and extremists. These results are more consistent with the ‘public image’ hypothesis rather than the ‘team member’ hypothesis.

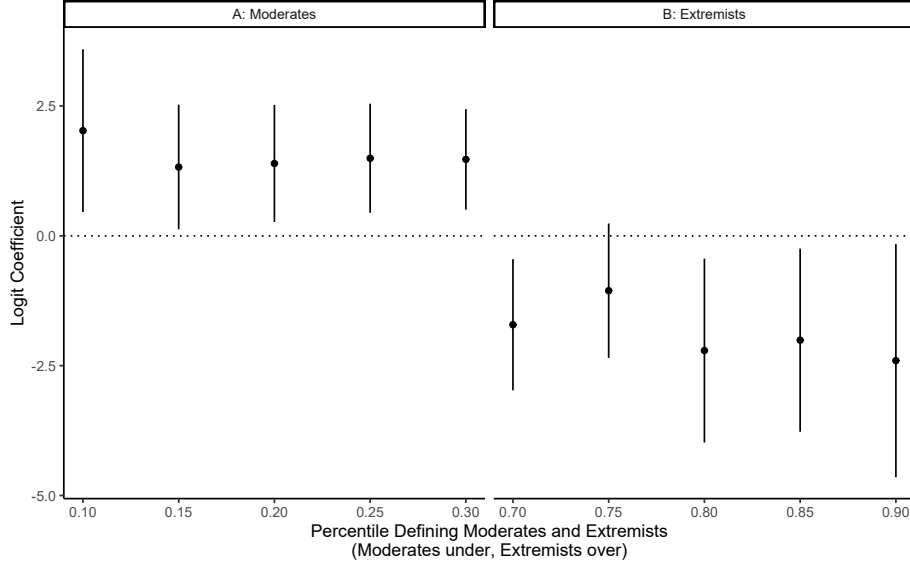


Figure C.1: Probability of Board Service in the Tails of the Partisanship Distribution. *Note: The figure estimates the difference in probability of obtaining board seats immediately after Congress between moderates and loyalists (Panel A), and extremists and loyalists (Panel B), for different thresholds defining moderates and extremists. Estimates are from logistic regressions with baseline covariates. Lines are 90% confidence intervals.*

C.2 How Strong is the Correlation between Partisanship and Board Service?

To illustrate the strength of the association between partisanship and board service, Panel A of Figure C.1 shows the predicted probabilities from the model presented in column 1 of Table 1. Since the probability of board service is by far the largest among moderates, the logit functional form implies a certain degree of smoothing over differences between loyalists and extremists. Therefore, to show the difference in board service between loyalists and extremists, Panel B shows the probability of getting an immediate board seat among moderates, loyalists and extremists. We use the 25th and 75th as thresholds defining moderates and extremists.

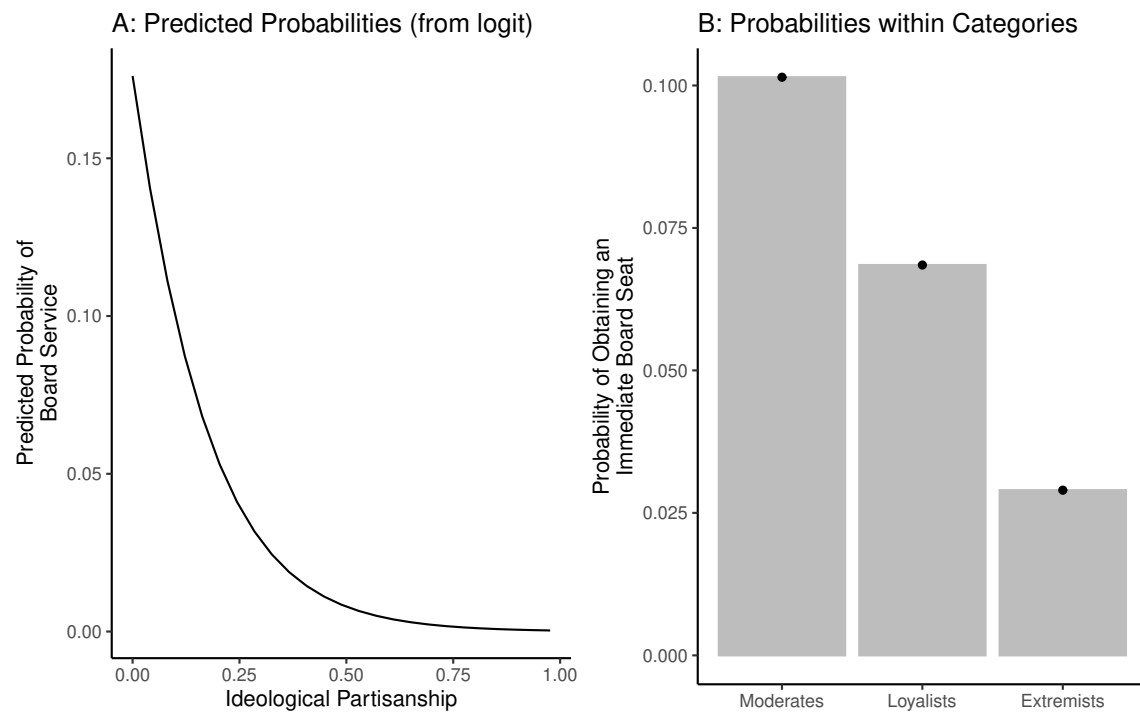


Figure C.1: Visualizing the Correlation Between Board Service and Partisanship.

Note: Panel A shows the predicted probabilities of board service for former Members of Congress based on their ideological partisanship scores, based on the model in column 1 of Table 1. Panel B shows the unconditional probability of board service among moderates, loyalists and extremists, respectively.

C.3 Is the Negative Effect of Partisanship Driven by Credibility?

Next, we make an attempt at distinguishing between whether the negative effect of partisanship 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 partisanship 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 partisanship among election losers and legislators with low average vote shares.

In Table C.1 we investigate this question. 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 due to losing her election bid or retirement (columns 1 and 2). Our results suggest that the correlation is concentrated among retirees. The association is strong and statistically significant among retirees, while small and noisy among election losers. In column 3, we interact ideological partisanship with an indicator variable for 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 who leave office due to losing reelection bids, which may cause potential issues with the statistical power of our test. Therefore, in Panel B we use the legislator’s average vote share during her tenure in office. In columns 1 and 2, we focus on the legislators below the 25th and above the 75th percentile, 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. The estimate is very strong and statistically significant among this group. In column 3, we include a linear

interaction with average vote share. As previously found, the coefficient for the interaction term is large but statistically insignificant.

Overall, this shows that the association between partisanship and board service is driven by the electorally successful. The electorally unsuccessful do not seem to add much to the estimate. This provides indicative evidence that the negative effect of partisanship is driven by firms seeking to buy into the reputation of politicians. However, the interactions are noisy, and should be investigated further in future research.

Table C.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 Partisanship	−0.141 (2.810)	−2.775*** (1.069)	−2.775*** (1.069)
Ideological Partisanship X Election Loser			2.634 (3.006)
Panel B: Vote Share			
Ideological Partisanship	−0.321 (1.867)	−3.995 (2.946)	4.624 (7.080)
Ideological Partisanship X Vote Share			−0.118 (0.116)
Covariates?	No	No	No
State FE?	No	No	No
Final Congress FE?	No	No	No
Observations	29	506	535
Log Likelihood	−9.644	−120.970	−130.614
Akaike Inf. Crit.	23.288	245.940	269.228

Note:

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

D Ideological Selection By the Private Sector

In this appendix, we present evidence on ideological selection by the demand side. This helps us understand two important questions: 1) whether the hiring behavior of firms is ideologically motivated, and 2) whether our main finding is driven by a distaste for left-wing legislators. The results show that there is no association between the hiring firm’s ideology and the legislator’s ideology, and the appointing firms are almost always more ideologically moderate than the legislators selected for their boards (Appendix D.1). Additionally, while the results are stronger among Democrats, extremists among Republicans and Independents are also much less likely to obtain board seats (Appendix D.2).

Overall, this adds to the evidence that firms tend to be more politically pragmatic than legislators, and tend to shy away from strong ideologues.

D.1 Are Hiring Firms More Moderate than Legislators?

It is informative to examine the association between legislator ideology and the political preferences of the firms that appoint them as directors. In this analysis, we manually match the names of the firms in our dataset to the names of firms in the DIME database (Bonica 2016). This contains so-called campaign finance scores (CFScores), which are measures of firm and legislator ideology scaled through campaign contributions (Bonica 2013, 2014). For legislators, we can simply merge in the CFScores from the DIME database using the ICPSR id, which is present in both datasets.

Figure D.1 shows the distributions of legislator and firm CFScores. Here, we focus on all legislators that have left Congress in our period of study, and all firms that have hired a legislator. We match firms with the legislators they hire in an analysis below. Interestingly, legislators (in blue) tend to be more partisan than the firms (in red) that hire legislators.

While most legislators are concentrated in the liberal or conservative ends of the ideological spectrum, firms are clustered in the middle of the ideological spectrum. While this indicates that most firms that hire politicians are centrists, politically speaking, the right tail of the firm ideology distribution is long, and there is a smaller second mode in the right end of the spectrum.

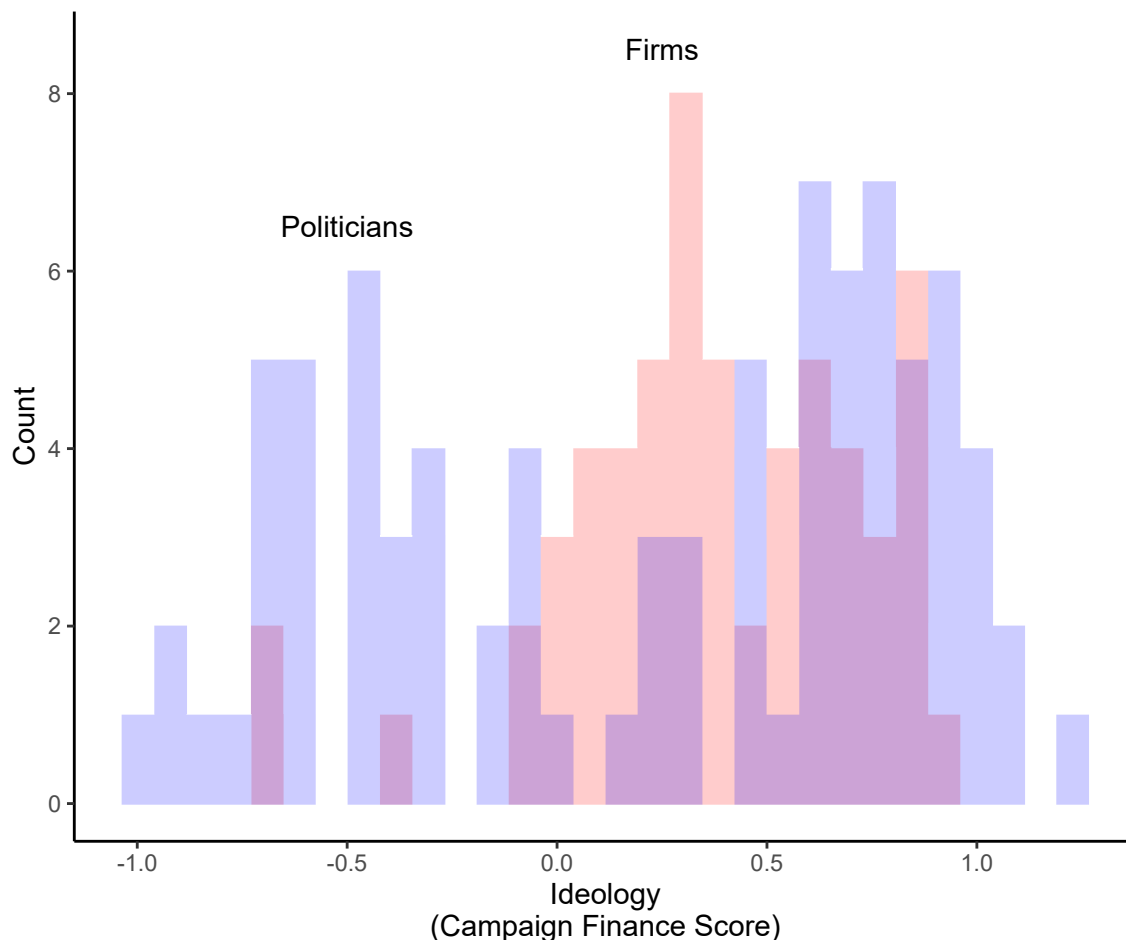


Figure D.1: Distribution of Firm Political Preferences. *Note: Firm political ideal points measured through Bonica (2014) CFScores.*

Next, we match legislators directly with the firms that hire them to test whether 1) firms are more moderate than the legislators they hire, and 2) whether more partisan firms systematically hire more partisan legislators. Table D.1 presents estimates from three regression models. Column 1 shows the association between Democratic legislator ideology

and the ideology of the firms that hire them. Column 2 shows the same association for Republican legislators. The associations are quite sizable, but statistically insignificant. While this could be due to a small sample size, we still do not observe statistical significance if we pool members of the two parties ($r \approx 0.12$; $p \approx 0.37$). In column 3, we pool all legislators and use the absolute value of legislator and firm CFScores as our variables of interest. Once again, there is no significant association between the strength of firm and legislator partisanship. However, the intercept is large and statistically significant, suggesting that, on average, legislators are much more ideologically extreme than the firms that hire them.

Because few firms donate money, there are many future employers that are not in our sample. To increase the number of observations, we have also estimated a different set of models, where we use the average employee CFScore whenever the hiring firm does not operate a PAC and has no CFScore itself. This increases the number of observations very slightly, but the association between legislator and firm ideologies remains statistically insignificant (and with a similar point estimate). We do not show these results in the table. However, the model intercepts indicate that the legislators are more partisan than the hiring firms. On average, Democratic legislators are more liberal, while Republicans are more conservative, than the appointing firms.

These null results are interesting – they suggest that firm-legislator ideological alignment does not play a large role in board appointments. In other words, firms do not appoint board members they agree with ideologically. Rather, they seem to be much more pragmatic than legislators. To understand this better, we examine cases of highly partisan legislators who are appointed to the boards of 1) firms of the opposing partisanship, or 2) centrist firms. There are a few examples of such appointments. First, consider David Bonior who served in the House of Representatives from 1973 to 2002, and was the Democratic whip from 1991 until his retirement. Bonior is also a long-time member of the Democratic Socialists of America, and is among the most liberal two percent in our sample. After leaving the House in 2002, he took a directorship with the publicly traded Michigan bank Community Central

Table D.1: Correlation between Legislator and Firm Ideology

	<i>Dependent variable:</i>		
	Legislator CFScore Democrats	CFScore Republicans	abs(Legislator CFScore) All
	(1)	(2)	(3)
Firm CFScore	0.191 (0.161)	0.128 (0.148)	
abs(Firm CFScore)			−0.082 (0.144)
Constant	−0.520*** (0.083)	0.695*** (0.073)	0.660*** (0.073)
Observations	27	32	59

Note:

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

Bank Corp, which has the third most conservative CFScore of firms in our sample. Second, at the other end of the ideological spectrum, the most conservative legislator in our sample, Pete Hoekstra, took a position on the board of Gentex Corp – a Michigan-based producer of various AI-based protective gear for cars (e.g. automatic-dimming rear-view mirrors, and camera-based driver assistance systems). Gentex Corp is slightly left-of-center as measured through its CFScore.

As we show in Figure D.2, almost all politician-directors are more extreme than the firms that hire them. The figure shows the relation between the political preferences of legislators and the firm that appoint them using Bonica (2014) CFScores. The straight, 45 degree lines show the perfect associations. This implies that when observations fall below (above) the line, legislators are more liberal (conservative) than their employer. As we can see, all Democrats (Panel A) except two are more liberal than their employers. Interestingly, even though firms are generally distributed across the right-wing (see Appendix D.1), most Republicans (Panel B) are more conservative than their employers. Only five firms are further

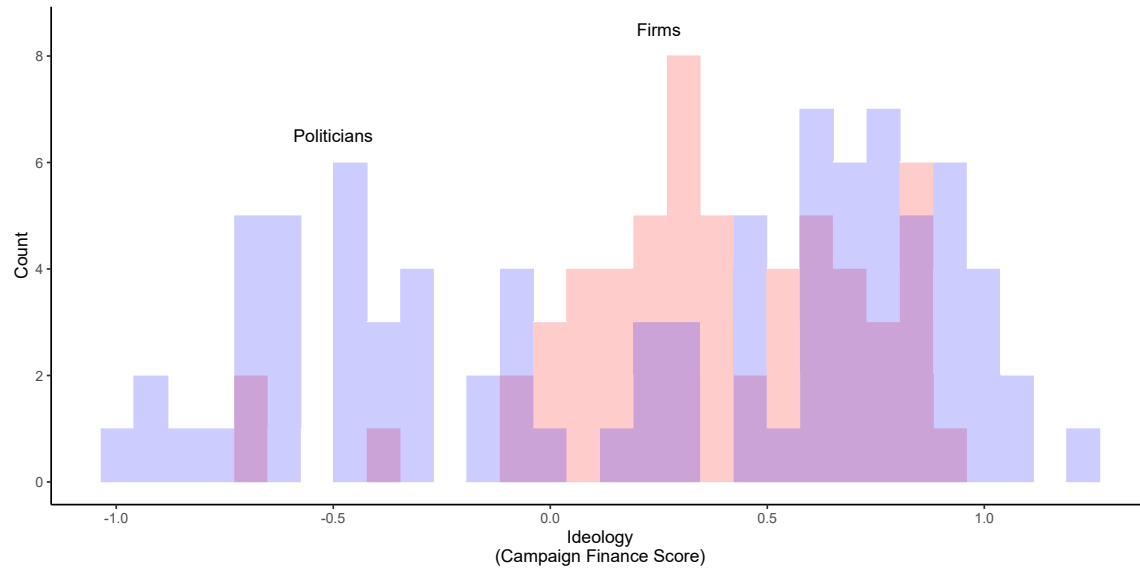


Figure D.2: Relation Between Legislator and Firm Ideologies. *The figure shows the relationship between the political preferences of the legislators and the firms that hire them using CFScores. The solid 45° line indicates perfect association.*

to the right than the Republicans they hire. These results suggest that appointments of politicians as directors are motivated by practical concerns about putting a well-functioning board together, not ideological matches.

D.2 Varying Effects By Party

There is a possibility that there are far-left Democrats in our sample with ideological opposition to serving on corporate boards. As such, they may refuse to accept corporate board seats even when offered. Therefore, it is important for us to ensure that our main findings still hold for both Republicans and Democrats. In Table D.2, we investigate whether our main results vary by party. While the effects do appear to be stronger for Democrats, we still observe a negative and statistically significant relationship between board service and ideological partisanship.

We note that we are unable to include state fixed effects in these models because the logistic regression algorithm does not converge when we include them.

Table D.2: Varying Effects Between Parties

	<i>Dependent variable:</i>		
	Immediate Seat		
	Interaction	Democrats	R+I
	(1)	(2)	(3)
Ideological Partisanship	−3.873** (1.737)	−9.485** (3.780)	−4.481** (2.117)
Ideological Partisanship X Democrat	−5.466* (3.033)		
Controls?	Yes	Yes	Yes
State FE?	No	No	No
Observations	525	242	281
Log Likelihood	−100.315	−38.732	−53.466
Akaike Inf. Crit.	246.629	119.463	146.933

Note:

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

E Heterogeneities by Chamber and Time

In this appendix, we estimate heterogeneities by chamber and time. Importantly, the results suggest that the association between ideological partisanship and board service is of similar magnitudes in the House and the Senate (Appendix E.1) and is stable no matter how long the legislator has been out of office (Appendix E.2).

E.1 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 Partisanship	−5.774*** (2.196)	−6.123** (2.418)	−7.589** (3.098)
Ideological Partisanship X Senate	−0.031 (3.041)		
Controls?	Yes	Yes	Yes
State FE?	No	No	No
Observations	525	436	89
Log Likelihood	−96.391	−43.653	−33.050
Akaike Inf. Crit.	238.782	127.305	106.100
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01		

E.2 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 E.1 do not support this idea. Instead, they show that the strength of the correlation remains stable over time.

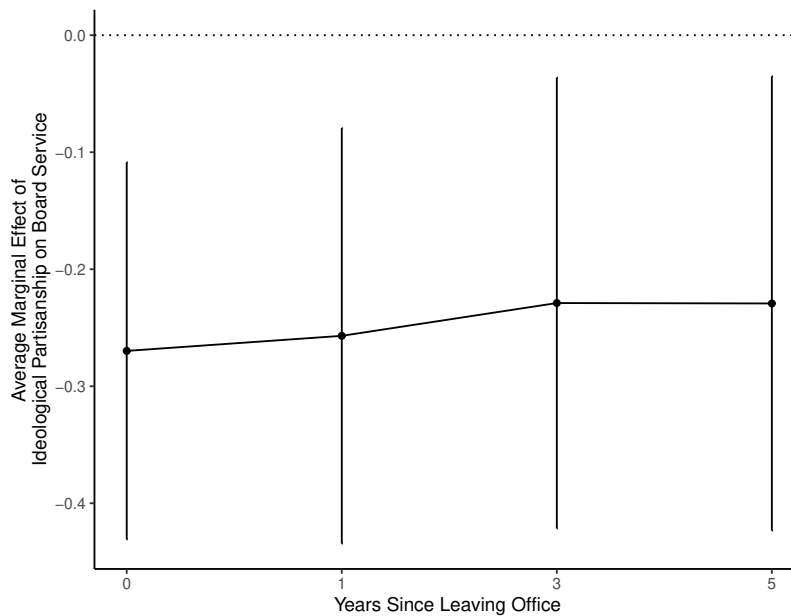


Figure E.1: Correlation between Partisanship and Board Service Over Time.
Note: Estimates are average marginal effects from logistic regression models with separate dependent variables capturing board seats 1) immediately, 2) within 1 year, 3) within 3 years, and 4) within five years after leaving office. Lines are 95% confidence intervals.

F Robustness of Descriptive Results

In this appendix, we probe the robustness of the descriptive finding that the degree of ideological partisanship is associated with board service. We do so in three ways: 1) We take temporal auto-correlation into account by estimating a Beck et al. (1998) style event history model, 2) we estimate the sensitivity to excluding observations, 3) we show how the result vary depending on which set of covariates are included.

Across specifications, our results are quite robust: 1) the Beck et al. (1998) provides substantively similar results, 2) compared to other studies, our findings are not very sensitive to excluding observations, and 3) the results do not depend on the choice of covariates.

F.1 Beck et al. (1998) Event History Analysis

In Table F.1 we present estimates from a Beck et al. (1998) event history model. The intuition is that the inclusion of time fixed effects¹¹ converts the logistic regression into an event history model (i.e. a grouped duration model). Dealing with temporal dynamics in this way does not change the results. We refrain from using this specification in our main results because time fixed effects cannot be added alongside controls; doing so would lead to perfect separation. However, this appendix shows that using this methodology yields similar results.

¹¹The Beck et al. (1998) technique includes event time fixed effects. However, since we have repeated cross sections (and not time series data), including time fixed effects does the same thing.

Table F.1: Beck et al Event History Estimates

	<i>Dependent variable:</i>
	Immediate Board Seat
Ideological Partisanship	−2.444** (1.066)
Controls?	No
Congress FE?	Yes
Observations	551
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

F.2 Robustness to Excluding Observations

In this appendix, we investigate the sensitivity of our results to excluding observations. We apply the recent estimator proposed by Broderick et al. (2020) that allows us to estimate how influential each observation is in producing the results, and how large a proportion of the data that would have to be excluded in order for the results to change. Note that the package currently only supports linear models. Therefore, we are presenting the sensitivity of a linear probability model. Since all other results are very similar no matter whether we estimate the associations using OLS or logistic regression, this should not be cause for concern. Second, due to high collinearity, we could not include state fixed effects in these sensitivity analyses. However, since the fixed effects has very little impact on the coefficient and standard errors, this should not be cause for concern.

Table F.2 shows how large a proportion of data that – if excluded – 1) would flip the sign, 2) render the result insignificant, and 3) create a statistically significant coefficient of the opposite sign. We use the 5% significance level.

First, examining the proportion of data that would produce sign change if excluded, we find that we would need to exclude 4.2% of observations, corresponding to 23 observations. Since there are 15 moderates and 12 extremists that gain board seats after office, this would imply excluding practically all legislators of interest to us. To further benchmark these estimates, we can compare this to the findings in Broderick et al (2020), who replicate 36 specifications of top publications in economics journals. Among those findings, only 4 out of the 36 require more than 4.2% of the data to be excluded for the sign to change. Turning to robustness against loss of statistical significance, if we excluded 1.3% of the data we would no longer be able to reject the null at the 5% level. Among the results replicated in Broderick et al. (2020), only 3 out of 36 require more than 1.3% of data excluded to remove statistical significance at the 5% level. For the large majority, excluding less than one percent of observations renders results insignificant. For the sign to change and become significantly positive, we would have to exclude 25% of the data. In the most robust finding replicated by

Broderick et al (2020), 11% of the data has to be excluded to obtain the opposite sign with statistical significance. That implies that our estimates are more robust against significant sign change than all estimates reproduced in Broderick et al. (2020).

Against this benchmark of top economics papers, our results are highly robust.

Table F.2: Broderick et al (2020) Sensitivity Analysis

Target Change	Percent of Sample Dropped	Specifications in Broderick et al. (2020) More Robust than Ours
Change Sign	4.2%	4/36
Change Significance	1.3%	3/36
Significantly Change Sign	25.5%	0/36

Note: Column 1 shows the robustness quantity we investigate. Column 2 shows the proportion of observations needed to change a target. Column 3 shows the percent of results replicated in Broderick et al. (2020) that are more robust than ours.

Figure F.1 shows the distribution of influence estimates (left panel) and whether they get board seats (right panel) across the distribution of ideological partisanship. Interestingly, the observations that have large influence on the results are evenly distributed across the distribution. Looking at the right-hand panel, however, we do observe that most of the influential observations are 1) centrists that transition into board positions, and 2) extremists who do not. This suggests that while our results are mainly driven by centrists and extremists, party loyalists also exert a significant influence.

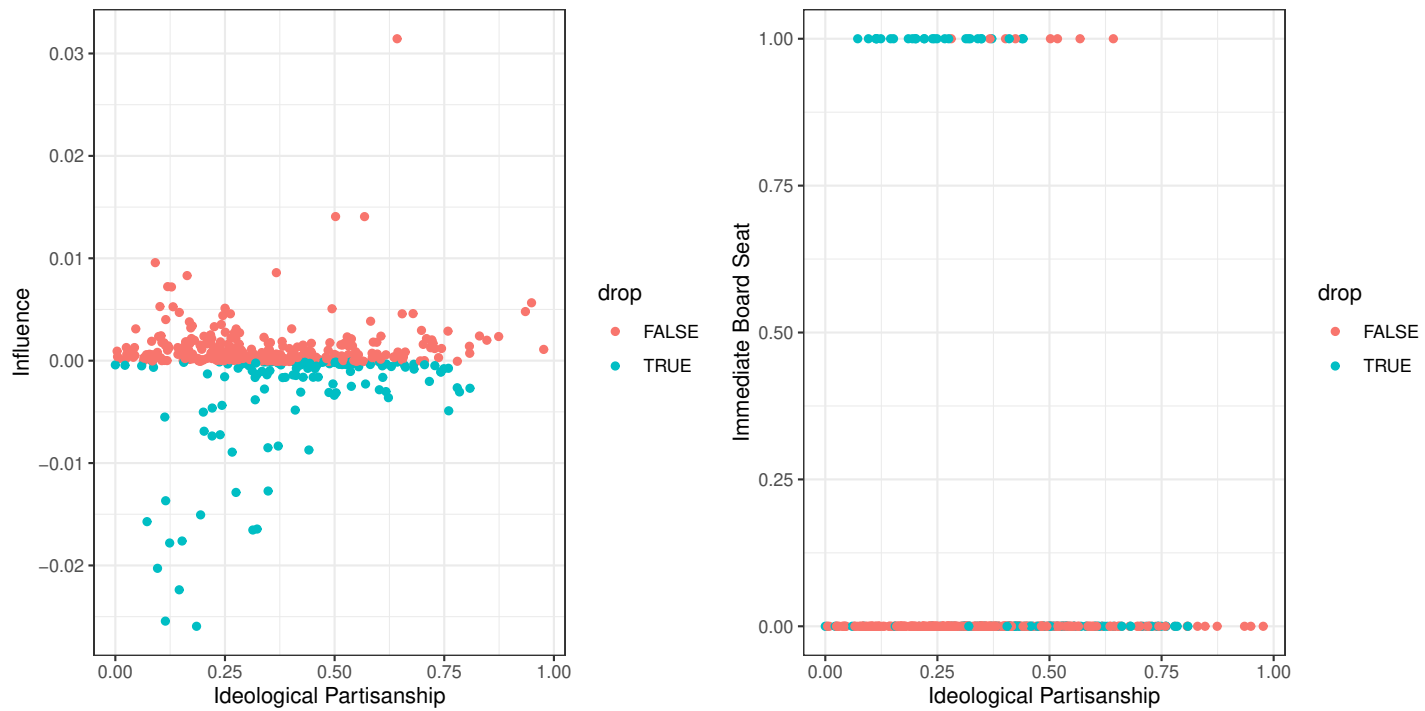


Figure F.1: Estimated Influence Across the Distribution of Ideological Partisanship. *Note: The figure shows the estimated influence of each data point (left panel), and whether the observation gets a board seat (right panel) across the distribution of ideological partisanship. Observations are colored green if they are among the ones who would participate in flipping the results.*

F.3 Robustness to the Choice of Covariates

For presentational purposes, we report on the bivariate model and the model including all covariates. The latter may be sensitive to the choice of variables to include. To investigate whether this is the case, in Figure F.1 we show the estimated association between partisanship and board service for all covariates and for different sets of covariates. The results are robust to all choices. Note that the variables in the figure are denoted by abbreviated variable names.

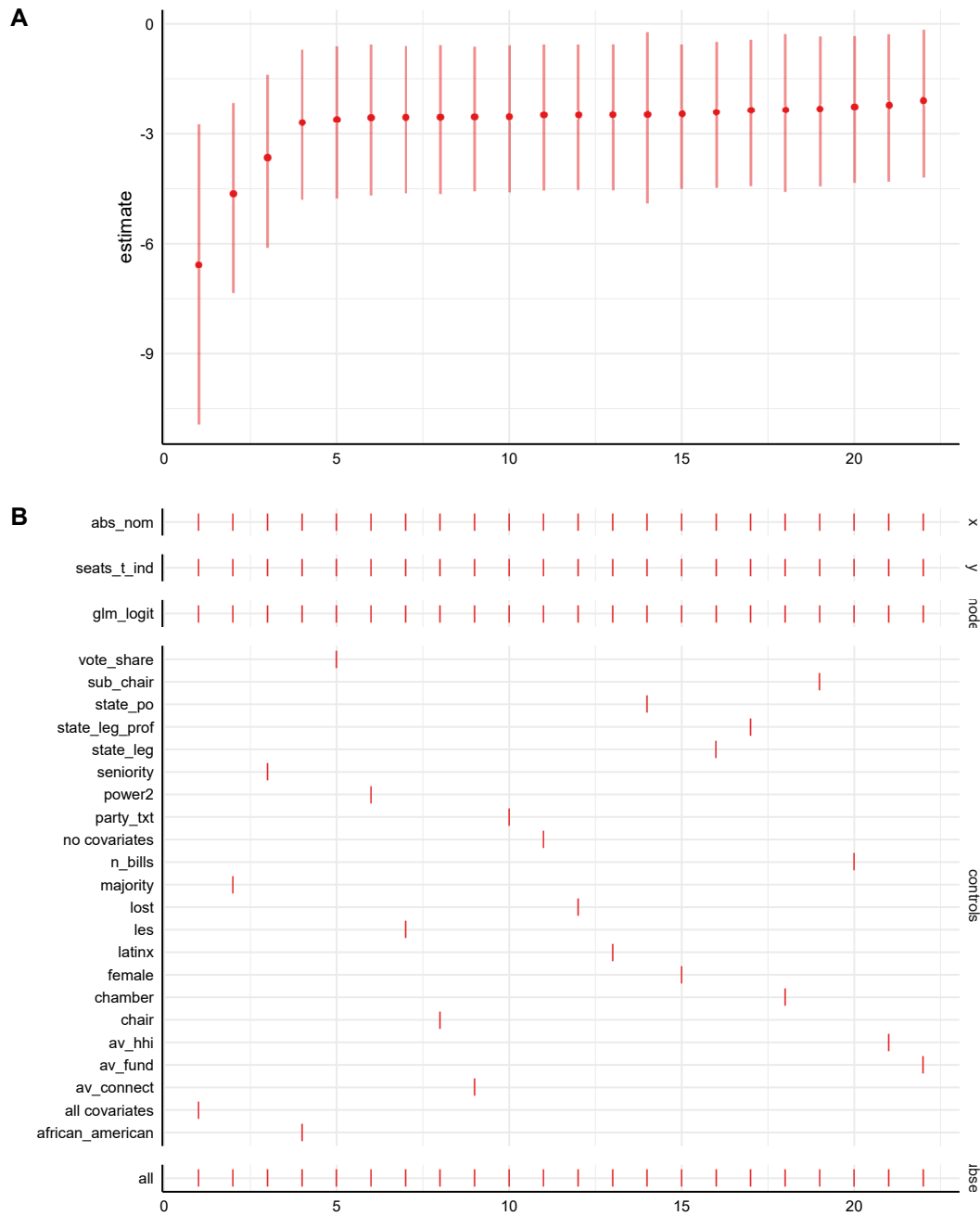


Figure F.1: Specification Curve for the Association between Partisanship and Board Service. *Note: The figure shows the logit coefficients along with 95% confidence intervals for all possible combinations of the covariates in a logistic regression model. The figure show that the estimated association between partisanship and board service is very robust to the choice of covariates in the model.*

G Robustness of Difference-in-Differences Results

In this appendix, we present a set of robustness checks on our difference-in-differences results. First, we show that the results are robust to our choice of binning of the ideological partisanship variable (Appendix G.1). Second, we include a table with the estimates that are presented visually in the main text (Appendix G.3). Third, we show that the loss in board seats is not compensated by an increase in jobs in think tanks or top TV news channels (Appendix G.4). Fourth, we probe the robustness of the findings to the small number of retiring extremists by examining panel data tracking all Members of Congress over time (Appendix G.5).

G.1 Robustness of DiD Results to Grouping

In our main results, we use the Hainmueller et al. (2019) binning estimator to estimate how the effect of the HLOGA on board service among Senators varies across the ideological distribution. While binning is necessary given the relatively few observations in our dataset, the results may be sensitive to the choice of bins. Therefore, we test their robustness using Hainmueller et al. (2019)’s more flexible approach relying on a kernel-based estimator of effects. As this estimator is extremely demanding, uncertainty estimates will be much larger, and we do not report them. However, we can use the technique to examine whether the point estimates are similar to the ones from the binning estimator. Importantly, they will show whether the estimates would change markedly, if we had chosen a slightly different binning solution. In a sense, the estimator is like moving a window with some bandwidth across the distribution of ideological partisanship, estimating the marginal effects within the window. Figure G.1 shows the results. We start by using Hainmueller et al. (2019)’s algorithm for choosing the optimal bandwidth, which ensures that there are ‘enough’ observations within the bandwidth to provide meaningful estimates (Panel A). However, this yields a very wide bandwidth of 0.977. Therefore, we apply a number of smaller bandwidths in Panels B

through E. In Panel B, we cut the automatically chosen bandwidth in half, and in the following panels (C through F), we decrease the bandwidth by .1 in each. Note that the final estimates obviously rely on few treated observations within the bandwidth, and should be interpreted with caution. While we should avoid putting too much stock into these estimates alone, the results show that our inferences would not change had we chosen a different set of bins in the main set of HLOGA results. It is reassuring that they corroborate the estimates that we arrive at using the binning estimator.

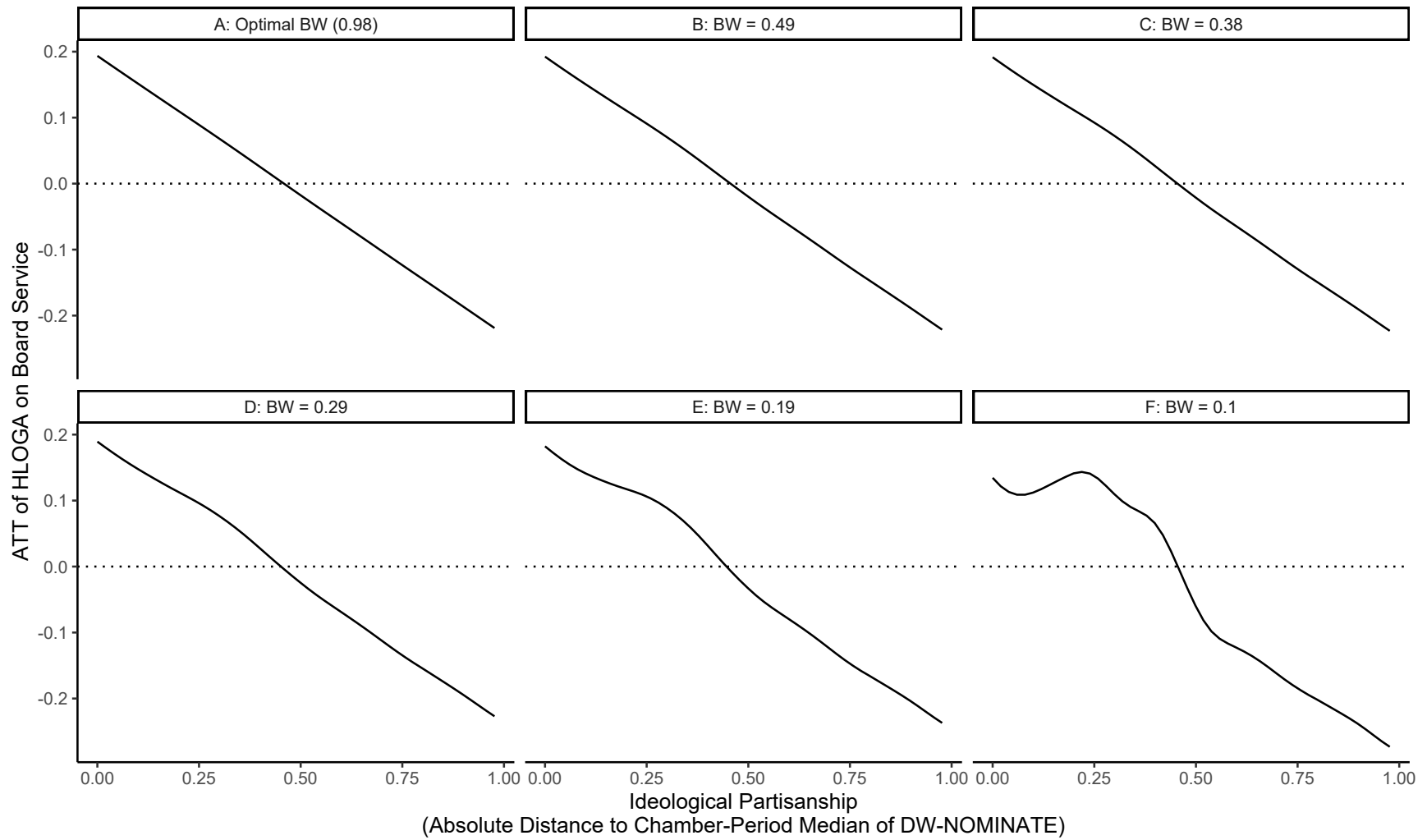


Figure G.1: Difference-in-differences Results Across the Partisanship Strength. *Note: The figure shows how the effect of HLOGA on board service varies across the ideological spectrum using Hainmueller et al. (2019) kernel-based estimator for heterogeneous effects.*

G.2 Falsification Test of Difference-in-Differences Results

In this appendix, we probe our difference-in-differences results by running we run a falsification test. We do so by estimating the same DiD, but in the pre-treatment period, using a placebo treatment period. Specifically, we use the 108th-109th Congresses as the placebo post-treatment period and the 106th-107th Congresses as the placebo pre-treatment period ¹² The results are presented in Figure G.2. It is clear that we do not observe a similar pattern of extremists being shut out of board seats with the placebo HLOGA.

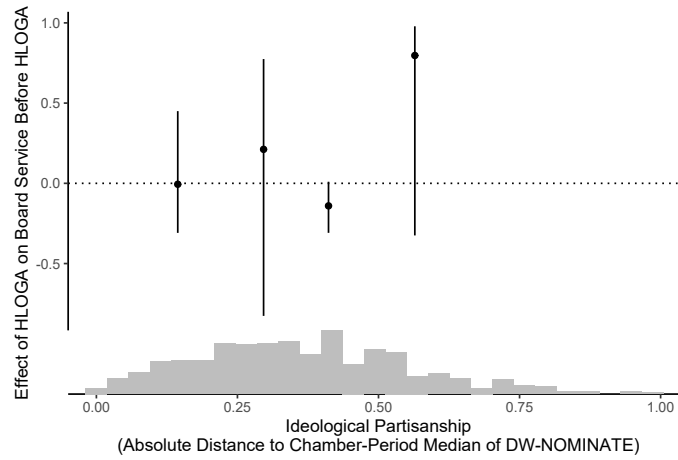


Figure G.2: Increased Supply of Senators Decreases the Odds that Extremists Serve on Boards. *Note: Model includes an interaction between dummies for HLOGA and senators (the DiD term), and constituent terms. The estimates in the graph show the DiD within the quartiles of the ideological spectrum. This corresponds to the average treatment effect on the treated (ATT) within bins. Bootstrapped confidence intervals with 2,000 samples are 95% (black). Estimates binned at the sample quartiles using the Hainmueller et al. (2019).*

G.3 Table with Difference-in-Differences Results

Table G.1 shows the difference-in-differences estimates within the quartiles of our partisanship score. The values in the column labelled ‘Partisanship’ are the mid-points of the quartile bins.

¹²The HLOGA was passed by the 110th Congress.

Table G.1: HLOGA Diff-in-Diff Estimates

Partisanship	Diff-in-Diff	Lower CI	Upper CI
0.154	0.137	-0.123	0.449
0.289	0.017	-0.235	0.262
0.414	0.154	-0.165	0.508
0.584	-0.154	-0.310	-0.014

G.4 Partisanship and Jobs in Media and Think Tanks

Our estimates capture the partial equilibrium: extremist legislators are less likely to get directorship after leaving office, and firms seem to avoid hiring them. However, it is possible that they are compensated by better job prospects in other industries. To investigate this, we collect data on former Members of Congress (MCs) taking think tank positions and media jobs in the top US news channels.

First, to collect data on media positions for former MCs, we manually search the Internet for announcements of former MCs joining top news outlets during our sample period (2000 to 2020). The detailed procedures are described in the sub-appendix presented in G.4.1. Because of the time-consuming nature of this process, we focus on the top five news channels, as former MCs are most likely to take jobs with larger and more resourceful news organizations. Importantly, Fox News and MSNBC – both of which are broadly viewed as partisan news channels – are included in our search process.

Second, for data on think tank positions, we use information on post-elective positions held by former MCs, collected and made available by the Center for Responsive Politics (CRP). To identify which of these positions are think tanks, we merge this list to a list of 326 think tanks maintained by the Harvard Kennedy School library. There are two potential sources of error in this procedure. First, the CRP mostly records positions in organizations that either lobby or make campaign donations. We do not see this as a major issue for our analysis, as the ideologically extreme organizations will be more likely to fall under at least one these two categories. Second, it is possible that the list of think tanks may be

incomplete. However, a mitigating factor is that the most high-profile think tanks – which also are more likely destinations for former MCs – are included in the Harvard Kennedy School list.

Table G.2 shows the correlation between ideological partisanship and getting a job in a think tank (column 1) and in the media (column 2) within five years of leaving office. We set the period to match the baseline results, and we do not include controls, because there are very few cases of these types of jobs in our dataset. The logit coefficients are printed within the tables, while the AMEs are printed below. The biggest AME is less than one-tenth of the correlation with board service. It is clear that the estimates are very small compared to the correlation between board service and partisanship.

Table G.2: Extremism and Think Tank and Media Jobs

	<i>Dependent variable:</i>	
	Think Tank Job	Media Job
	(1)	(2)
Ideological Partisanship	−0.688 (1.318)	0.339 (1.781)
Constant	−3.092*** (0.516)	−4.176*** (0.756)
AME	−0.023	0.006
Observations	525	525
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01	

Next, we conduct the same difference-in-differences analyses to investigate whether the estimated effect on board service is driven by a drift toward the media and think tanks in the latter part of our period of investigation. We find no statistically significant estimates. Additionally, for talking-head jobs with news channels, where the estimate among extremists is largest, it is less than half the size of the estimated effect of partisanship on board service.

Overall, these results reassure us that our findings are not driven by extremists moving

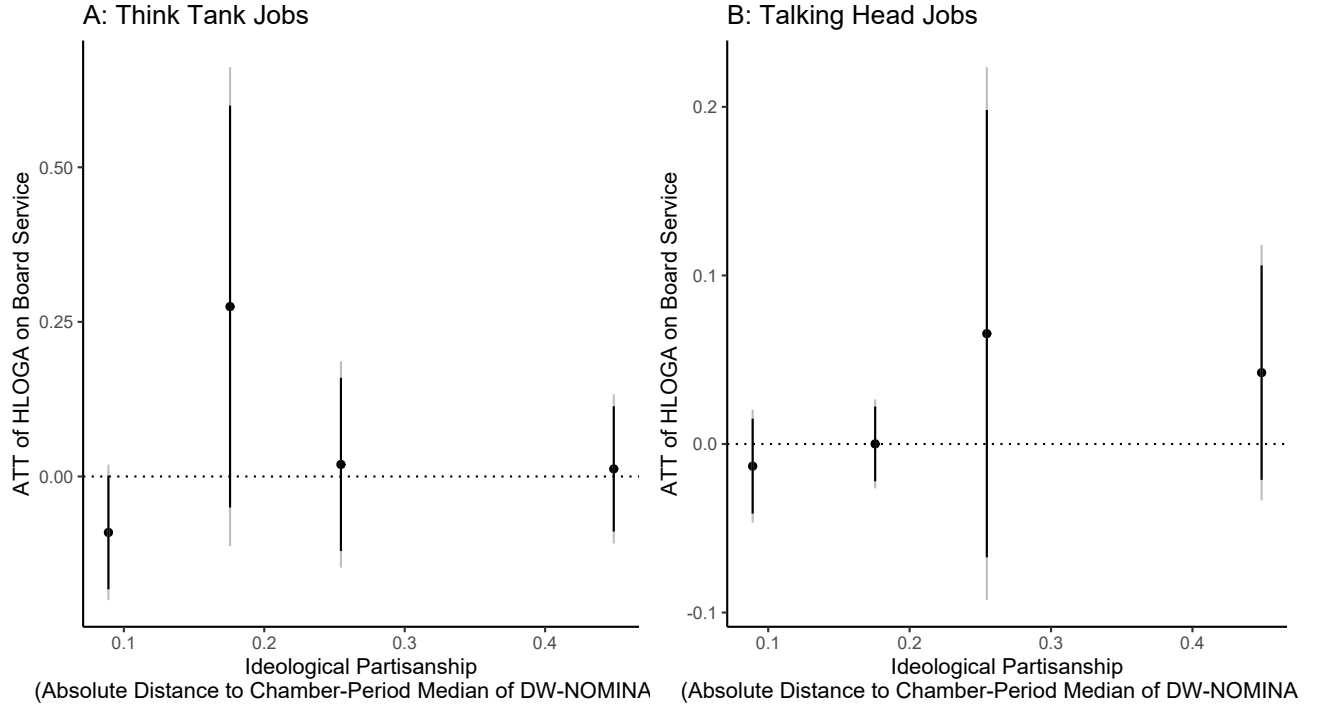


Figure G.3: The HLOGA Diff-in-Diff for Jobs in the Media and Think Tanks. *Note: Binary indicator of 1) think tank jobs in Panel A, and 2) jobs in top television news channels in Panel B. Models include an interaction between dummies for HLOGA and senators (the DiD term), and constituent terms. The estimates in the graph show the DiD within the quartiles of the strength of partisanship score. This corresponds to the average treatment effect on the treated (ATT) within bins. Robust confidence intervals with legislator clustering are 90% (black) and 95% (grey) lines. Estimates binned at the sample quartiles using the Hainmueller et al. (2019).*

away from board service and towards jobs in think tanks or the media.

G.4.1 Instructions for identifying former MCs in media jobs

This Appendix contains instructions for identifying former Members of Congress (MCs) who now hold (part-time) jobs as talking heads at top news channels in the US.

Along with these instructions, the research assistant received a spreadsheet containing the names of former MCs and two empty columns: “talking_head,” “start_year,” “news channel,” and “link”.

Talking_head will take the value 1 if the MC holds a job at one of the news channels, 0 otherwise. Start_year will indicate the year that the MC joins one of the news channels.

News_channel indicates the channel that the MC joins. link: will contain the URL to the source used for coding talking_head. Below are detailed instructions for 1) how to conduct the search, 2) what information to look for after the search, and 3) examples of searches and information.

The search: The identification will be based on a set of quick Google searches for each of the names in the dataset. You will search for each name in conjunction with the top 6 US news channels. That is, you will conduct six searches for each name. The relevant news channels are:

- Fox News
- CNN
- ABC
- NBC
- CBC
- MSNBC

For example, for Jason Chaffetz, you should search for his name in conjunction with each channel: “Jason Chaffetz Fox News”, “Jason Chaffetz CNN” through “Jason Chaffetz MSNBC.” Note: some news articles may mention people by a different first name than what is used in our dataset. These cases will mostly include when nicknames are used – e.g. “Jim DeMint” instead of “James DeMint”. If you do not find search results for the full name, then use the last name only and re-run the search.

Identifying relevant information: We rely on two different types of information:

1. Profiles on the website of the news channels.
2. Press stories or press releases involving the legislator’s joining news channels or leaving news channels.

If you identify the person as being employed by one of the news channels, type in a 1 in the column “talking_head” in the spreadsheet. If you find no such indication, type in a 0. If the information is available, type in the year that the person joins the news channel in column “Start_year.” Copy and paste the link to the source into the column “link” in the spreadsheet. To limit time spent on the search, look over the first two pages of the Google search only.

Examples: Below are three examples of former Members of Congress identified as having jobs at one of the relevant news channels.

1. When you type in “Jason Chaffetz Fox News” you will find links to his shows on Fox News. You will also find a headline “FOX 13 News - Congressman Jason Chaffetz is joining Fox...”
2. When you type in “Jack Kingston CNN” you will find several news stories describing how Jack Kingston was fired from CNN, implying that he was employed there in the first place. E.g. “CNN Cuts Ties With Two More Pro-Trump Contributors ...”
3. When you type in “Harold Ford Fox News” you will find a link to his Fox News profile, and the following news story: “Former congressman Harold Ford Jr. joins FOX News Media”

G.5 DiD Estimates of the Effect of the HLOGA on Voluntary Retirements

The difference-in-differences results presented in the main paper indicate that firms wish to avoid appointing extremists to their board. However, the model is based on a relatively small treatment group. The issue of small sample size is inherent to our setting and unavoidable. There is a small number of Senators retiring each year, and even fewer are classified as extremists or centrists under our definition. The HLOGA serves as an important tool in our identification strategy, and thus while our results should be interpreted with caution, they do represent an important first step towards isolating firms' hiring preferences in the director labor market.

To ensure that our results are not driven by the small sample, we test an additional observable implication: If there are fewer lucrative positions available to extremists in the Senate, we should observe fewer voluntary retirements among extremist Senators. Utilizing all voluntary retirements – not only board appointments – and tracking all Members of Congress over time greatly increases our number of observations. While this empirical strategy provides less evidence on the preferences of firms, it sheds additional light on the mechanism producing our main results, while also mitigating possible sample size issues.

We use a number of our original data sources, but track all MCs rather than only the ones who retire. That is, we use Stewart III and Woon (2017) tracking members over time, the chamber they served in, and when they left Congress. We use data from the 106th to the 112th Congress.¹³ We use variations of the following linear probability model:

$$\begin{aligned} Retire_{it} = & \alpha + \beta_1 Extremist_i + \beta_2 HLOGA_t + \beta_3 Senator_i + \\ & \delta(Extremist_i \cdot HLOGA_t \cdot Senator_i) + \epsilon_{it}. \end{aligned}$$

¹³We end at the 112th Congress because this is the last session where we have complete data on whether the legislator continues in office or leaves.

Retire is a binary indicator of the Congress, t , during which MC, i , voluntarily leaves. *Extremist* is an indicator of whether the MC is above the 75th percentile in the distribution of ideological partisanship scores, *HLOGA* is an indicator of the period after the passage of the HLOGA, and *Senator* is an indicator of whether the MC served in the Senate when she left. The important part of the equation is the interaction term between all three variables, which allows us to estimate the difference-in-differences and the difference-in-difference-in-differences. Note that for brevity, we only write the triple interaction in the equation. However, all constitutive terms are included in all regression models.

We estimate three variations of the equation. First, we estimate two separate models for the House and the Senate. In these, we can only estimate the difference-in-differences, as we only have either members of the Senate or the House. The estimated interactions between *Extremist* and *HLOGA* on those two models are our difference-in-differences estimates in the Senate and the House, respectively. This corresponds to separate estimates of the average treatment effect on the treated (ATT). The increase in retirements among House extremists is likely due to the fact that they only have a one-year cooling off period before they can register as lobbyists, while the HLOGA increased the cooling off period for Senators to two years. This allows House members to obtain lucrative lobbying positions ahead of Senators, which may have motivated them to retire voluntarily. Second, we estimate the difference-in-difference-in-differences model by pooling data from the Senate and the House and estimating a three-way interaction. This corresponds to the estimate in the main paper.

The results are presented in Figure G.4. There is a clear increase in voluntary retirements among extremists in the House, and an equally large – but more noisy – drop among extremists in the Senate. Together, this provides the bases for the triple-difference estimate in the top row. We estimate an ATT of -0.13, suggesting that extremist Senators are 13 percent less likely to retire voluntarily than they would have if the HLOGA had not passed.

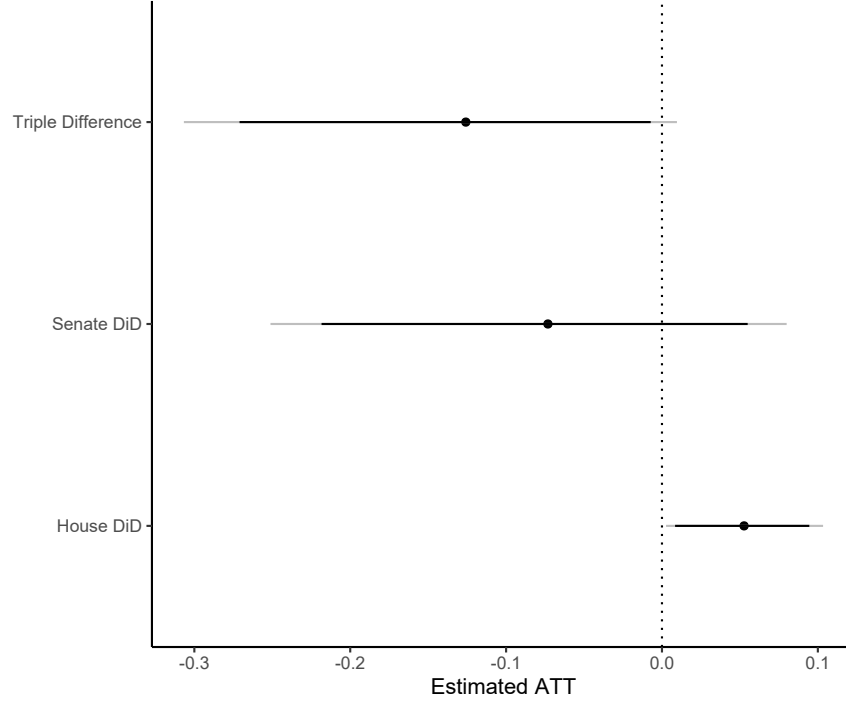


Figure G.4: The HLOGA Decreases Voluntary Retirements among Extremist Senators. *The estimates are from three separate DiD linear probability models with voluntary retirement as the dependent variable. Lines are 90% (black) and 95% (gray) bootstrapped confidence intervals, from 500 samples drawn with legislator blocking. The relevant percentiles of the bootstrapped distribution are used.*

Next, we examine whether the HLOGA has increased the retirements among Senators in general. Table G.3 shows the result from the following linear probability model:

$$Retire_{it} = \alpha + \beta_1 HLOGA_t + \beta_3 Senator_i + \delta(HLOGA_t \cdot Senator_i) + \epsilon_{it}.$$

The coefficient on *Post-HLOGA* shows a general trend towards more voluntary retirement in the post-treatment period. However, we also estimate that the average Senator is almost exactly in line with this trend. Thus, while the HLOGA has decreased retirement among extremist Senators it does not seem to have decreased retirement among non-extremist Senators. Our results show no significant effect of the HLOGA on overall voluntary retirements for Senators. This is possibly because there are now more lucrative board seat opportunities for non-extremist Senators.

Table G.3: Has HLOGA Affected Retirement Overall?

	<i>Dependent variable:</i>
	Voluntary Retirement
Post-HLOGA	0.057*** (0.012)
Senator	−0.018 (0.015)
Post-HLOGA X Senator	−0.0002 (0.027)
Constant	0.094*** (0.007)
Observations	3,849
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01