

# Class, Race and Corporate Power

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## Sources of Continued Corporate Dominance

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## Sources of Continued Corporate Dominance

### Abstract

How do we make sense of the policy implications of the numerous corporate elites appointed to positions in government? The board interlock network served as a reliable map of power for most of the 20<sup>th</sup> century. With the decline of the interlock network over the last few decades, we are left without a reliable map of corporate power, leading to a theory of a fractured corporate elite that is ineffectual in its collective policy influence.

In this article, we argue that the fractured elite thesis overlooks two factors that counteract the decline of the domestic interlock network- a stable inner circle of highly connected individuals and a growing policy planning network (PPN). Using network data from 2010-11 on both board of director and corporate-policy planning org interlocks, along with a plethora of data on corporate political behavior, we demonstrate that the inner circle is still the primary organizing group of the capitalist class, and that the PPN is its current organizational vehicle. We demonstrate that the PPN is a primary source of political mobilization and cohesion, and is thus a source of continued corporate dominance. Ultimately we argue that the PPN can be used as a map to guide our understanding of the relationship between business and politics.

### Keywords

Corporate elite, corporate networks, policy planning network, inner circle, power structure, corporate political behavior, PAC donations, lobbying, class consciousness

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### Cover Page Footnote

We'd like to thank Bill Domhoff for his generosity with his data and his commentary. His work has always influenced us and the opportunity to discuss this paper with him has been invaluable. We'd also like to thank Michael Schwartz, Tarun Banerjee, Roy Barnes, Jen Heerwig, Jerry Davis, and Mark Mizruchi for their own work on power structure and corporate politics, along with wonderful commentary on our ideas on the topics.

## Introduction

Donald Trump campaigned against the close ties of the political and corporate elite, claiming he knew how the system worked because he took advantage of it<sup>1</sup>, and that he would use this knowledge to “drain the swamp” and root out the corrupting influence of corporate lobbyists<sup>2</sup>. Now that he is President, Trump has designated a collection of corporate CEOs and billionaires as his main advisors<sup>3</sup> and potential cabinet appointees<sup>4</sup>. What do we make of this? Will Trump still oppose international trade deals and stand up to Wall Street fraud? What sorts of policies can we expect, based on the advisors and cabinet officials surrounding Trump? In order to answer questions like these, we need to know what interests the corporate elites surrounding Trump represent. Do they know each other and share interests and policy prescriptions, or are they independent representatives of their firms and industries? This is the goal of power structure research in the field of political sociology- to trace a map of power and influence that can be used to identify key political actors and the interests behind their actions.

Power structure research assumes that societal power is rooted in large organizations and that the structure of power in a society is determined by the connections between the leaders of these organizations<sup>5</sup>. For corporate power this has usually meant studying the structure created by shared directors – the board interlock network (Mizruchi, 1996; Chu and Davis, 2016). This method would have, in the past, answered the above questions regarding Trump’s advisors and cabinet picks by examining the corporate organizations that his appointees are affiliated with and then finding the position of those organizations in the larger interlock network. If the individuals are found at the center of the intercorporate network we might infer that they represent a more general class-wide business interest due to one of the network’s functions being a system of communication where those at the center have access to information from all sectors of the corporate world (Useem, 1984: 53-55; Mintz and Schwartz, 1985: 134-36). Of course, the reverse of this, is that the appointee is from the periphery of the network, which would suggest policies geared around the narrow benefit of the company and industry the individual is affiliated with.

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<sup>1</sup> <http://abcnews.go.com/Politics/donald-trumps-surprisingly-honest-lessons-big-money-politics/story?id=32993736>

<sup>2</sup> <https://www.donaldjtrump.com/press-releases/trump-pledges-to-drain-the-swamp>

<sup>3</sup> <http://abcnews.go.com/Politics/donald-trump-announces-advisory-committee-big-ceos/story?id=43930895>

<sup>4</sup> <https://news.vice.com/story/the-millionaires-and-billionaires-in-trumps-cabinet-will-get-an-exclusive-tax-benefit>

<sup>5</sup> [http://www2.ucsc.edu/whorulesamerica/methods/power\\_structure\\_research.html](http://www2.ucsc.edu/whorulesamerica/methods/power_structure_research.html)

The problem with an interlock analysis is that the macro features of the network have changed drastically in the last 30 years- commercial banks disappeared from the center of the network (Davis and Mizruchi, 1999) and since the year 2000, the network itself has become much more sparse and disconnected (Chu and Davis, 2016). This has led to the conclusion that the interlock network is no longer able to diffuse class-wide rationality to the corporate elite, making the interlock network a poor map of corporate power. This has also lead some scholars to infer that in the absence of a functioning interlock network, the corporate elite are fractured by narrow sectoral interest (Mizruchi, 2013; Waterhouse, 2104; Chu and Davis, 2016).

If we were to evaluate Trump's economic advisory group under the framework of the fractured elite thesis, each individual's position in the intercorporate network would be unimportant. Instead, we would assume each represented the interests of their own company and industry. Of course, the fractured elite analysis may be incorrect if the interlock network is not the center of the corporate power structure. For instance, Chu and Davis (2016: 751) raise the possibility that "the social elite still coheres but has found new, more hospitable enclaves, protected from non-elite entry and hidden from public scrutiny", and note the evidence of a "more global corporate elite that spans national boundaries." In addition, Domhoff (2015) explicitly argues for the importance of the policy planning network in a critique of the fractured elite thesis.

In this article, we will argue that the corporate elite do have a different enclave, but it is not hidden from public scrutiny- it is the giant institutional apparatus of policy discussion groups, think tanks, and corporate foundations that make up what Domhoff (2014; 2015) refers to as the policy planning network (PPN). That is, we will argue that the fractured elite thesis overlooks two factors that counteract the decline of the domestic interlock network- a growing PPN and a stable inner circle. Using network data from 2010-11 on both board of director and corporate-policy planning org interlocks, we demonstrate that the inner circle (Useem, 1984) is still the primary organizing group/leading edge of the capitalist class, and that the PPN is its current organizational vehicle. As the organizational vehicle of class-wide action, the PPN can also serve as a new map of corporate class-wide interests and power. Ultimately, what we will argue in this paper is that scholarship needs to move beyond the domestic board interlock network in order to truly grasp the corporate power structure and understand the players and interests involved in shaping government policy.

## **Corporate Networks as Maps of Political Power**

In order for a given corporate network to serve as a map of power, we must be able to infer interests and patterns of behavior from network position. That is, the political activity and interests of a corporate actor cannot solely be shaped by their individual economic interests, they must also be shaped by the network. For example, those who have many ties and are central must behave differently, have more power, and have a different understanding of their interests, than those that have few ties and are peripheral. In other words, centrality in the network should be associated with a shared understanding of interests that brings political cohesion (the power of solidarity) and greater political activity (the power of direct action).

If the above is true, then the corporate network can serve as a guide to understanding corporate power and political action. That is, on any given corporate political action, we can determine whether it is likely that the activity represents some sort of class-wide interest by looking at the structural location of the actors. If they are central, it is likely they represent a set of cohesive and collective interests. In addition, we can predict which corporate actors are likely to be involved in important political actions, as the more powerful (i.e., central in the network) actors are more likely to be involved in shaping policy.

## **The Interlock Network, Political Cohesion, and Political Activity**

Most analysts of corporate political behavior agree that the default position of business is political fragmentation. That is, different economic sectors often have opposing interests on specific issues. For instance, automakers like General Motors, which may benefit from being able to import cheap steel, should be opposed to steel tariffs. On the other hand, U.S. Steel would benefit from the tariffs driving up the price of their product. Even within industries, the competition among firms for market share could easily preclude any sort of collective political action. The key, then, for analysts who argue that the corporate elite are relatively politically unified, is the existence of mechanisms that are “capable of mediating and resolving intercorporate disputes” (Mizruchi, 1989: 402). There are four key mechanisms identified by prior scholarship to facilitate cohesive corporate political activity: face to face communication between representatives of a wide variety of competing interests, diffusion of information, creation of a business leadership that is politically active and class-wide in its rationality, and the ability to sanction deviant behavior that goes against class interests. These four mechanisms were a feature of the interlock network until around 1990 (Mizruchi, 2013; Chu and Davis, 2016). Not only did it allow the corporate elite to be relatively unified politically, but it

meant that the intercorporate network was a reliable map of power and influence within the business community.

### *Face to Face Communication*

One of the primary reasons corporations interlock with other firms by inviting outside directors onto their boards is to gain what Useem (1984: 45-48) terms “business scan.” Business scan is “the ability to monitor business practices as well as national and world events” (Mizruchi, 2013: 132), through access to “what other businessmen think, taking the longer view particularly” (quotation by a senior petroleum executive, as told to Useem, 1984:55). This motivation for interlocking results in a large proportion of a company’s directors coming from outside the firm and from a wide array of industries. Hence, the boardrooms of heavily interlocked companies serve as a forum where the leadership of different industries meet face to face (Chu and Davis, 2016: 718).

For the vast majority of the 20<sup>th</sup> century, the most heavily interlocked companies were financial institutions such as Citigroup, J.P. Morgan & Co, and Chase Manhattan Bank (the last two merged into JP Morgan Chase in 2000). Banks, by nature of their investments in every sector of the economy, had the greatest need for business scan. Early in the century, banks leveraged their control of capital flows to place themselves on the boards of non-financial corporations (Roy, 1983; Chu and Davis, 2016: 718). By the 1960s, this had reversed and banks were central because they invited the CEOs of all the major non-financial firms to sit on their own boards (Mintz and Schwartz, 1985; Mizruchi, 2013). For instance, the board of Chase Manhattan Bank included the CEOs of fourteen Fortune 500 companies in 1982 (Davis and Mizruchi, 1999: 217-18; cited in Mizruchi, 2013: 131). Those fourteen CEOs represented twelve different industries (Murray, 2017: 12). Hence, banks have a history of serving as a place where the corporate elite meet face to face. The fact that banks dominated the center of the network for most of the 20<sup>th</sup> century<sup>6</sup> is thought to be integral to the intercorporate network’s role in generating political cohesion. This is because banks, by nature of their economy-wide interests, feature discussion of class-wide issues at their board meetings. Thus, bank board meetings brought together representatives of competing and unaligned interests for face to face discussion of class-wide issues, providing an arena where the corporate elite could develop a class-wide consensus (Mizruchi, 2013: 130-31).

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<sup>6</sup> Bank centrality begins to decline in the 1990s and is part of the decline of the intercorporate network (Davis and Mizruchi, 1999).

### *Diffusion of Information and Normative Consensus*

The ideas discussed and consensus developed at the board meetings of highly central corporations do not just influence the individuals on that board. Each of the outside directors brings that information and consensus back with them to their home company's board meetings, potentially diffusing it to all members of that board, resulting in each company developing similar policies. This process is known as mimetic isomorphism (DiMaggio & Powell, 1983).

Chase Manhattan's 1982 board serves as an excellent example of how this diffusion hypothetically takes place<sup>7</sup>. The president of Exxon, Howard C. Kauffman, sat on the board with the CEOs of 14 other companies. Kauffman contributed to the diffusion of information from the Chase Manhattan board in two ways: 1) directly, through his position on the boards of Exxon and Pfizer (where he was an outside director); and 2) indirectly by spreading that information to board members of Exxon and Pfizer, who then go on to spread it to other companies they direct. For example, the CEO of J.C. Penny, William R. Howell, served as an outside director at Exxon in 1982. This means that if the directors of Chase Manhattan had reached a consensus about supporting a tax increase in order to cut the growing deficit and get out of the recession, Kauffman could spread it to the other board members of Exxon, which included Howell. Howell, then, could bring that message to the board room of J.C. Penny, further diffusing the ideas that originated at Chase Manhattan<sup>8</sup>.

A number of studies have provided support for the above description of diffusion through corporate networks. For instance, Mizruchi (1989; 1992) finds that the political action committees (PACs) of corporations that share board members with the same commercial bank are more likely to donate to the same Congressional candidates. In addition, firms that share directors are more likely to take the same positions during Congressional testimony (Mizruchi, 1992), adopt the same policies, such as the "poison pill" (Davis, 1991), and engage in the same behavior, such as making corporate acquisitions (Haunschild, 1993) or having executives serve on the same trade advisory committees and trade policy alliances (Dreiling and Darves, 2011; 2016). In addition, Burris (2005) finds that individual corporate executives who sit on the same boards together are more likely to donate money to the same presidential candidates and the same political parties. In fact, the effect on individual political cohesion extends out to six steps in the network

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<sup>7</sup> Interlock data comes from Davis and Mizruchi (1999: 218).

<sup>8</sup> Support for a tax increase to cut the deficit was actually a position taken by the Business Roundtable in 1982. In fact, the CEO of Exxon met with President Reagan to advocate a cut to defense spending and a raise in excise taxes (Mizruchi, 2013: 230).

(i.e., director A sits on a board with someone, who sits on a board with someone, who sits on a board with director B; or a friend of a friend of a friend).

### *Leading Edge of Business*

The practice of individuals directing multiple corporations not only connects large business into one big network through which information and norms can spread, it also creates a leading edge of business political activity (Useem, 1984: 76). Generally, around 15-20% of directors sit on multiple boards, creating a relatively small inner circle of corporate elites (Useem, 1984; Domhoff, 2014: 28). The experience of directing multiple companies (each from different sectors of the economy) broadens the worldview of inner circle members beyond the narrow interests of their individual firms, facilitating a more cosmopolitan, class-wide rationality (Useem, 1984: 45-48; Mintz and Schwartz, 1985: 135; Mizuchi, 2013: 134-36).

The result of this class-wide rationality is a greater proclivity to engage in political activism on behalf of the class, which puts the inner circle at “the forefront of business political outreach” (Useem, 1984: 76). For instance, individuals that direct multiple companies have, in the past, been more likely than their single company counterparts to provide advisory service to the government, governance of non-profits institutions, and to have contact with the media (Useem, 1984: 76-79, 87-90). In addition, inner circle status influences individual political donation patterns (Heerwig and Murray, 2018; Burriss, 2001), and the common presence of inner circle members on the boards of two companies increases the unity of their PACs political donations (Murray, 2017).

### *Sanctioning Deviant Behavior*

Even with a class-conscious inner circle of directors knitting together the corporate community and advocating for class-wide interests in and out of the boardroom, the divergent interests of large corporations could still preclude any sort of political cohesion if rogue elements of the corporate elite are able to freely pursue their own narrow interests at the expense of class interests. This is where the fourth mechanism that the intercorporate network provides- the ability of the class-wide elements to sanction deviant behavior- is integral to political cohesion among the corporate elite.

Deviant behavior is sanctioned in two ways. The first manner is entirely a network mechanism- that is, it involves excluding the offending party from the network. There are significant benefits accrued to both the company and individual

who takes part in the intercorporate network. For the company, as we previously discussed, there is “business scan” (Useem, 1984: 45-47). For the individual director, it extends their range of networks and acquaintances, was considered almost a perquisite for promotion to the most senior positions in the company, and nets them extra pay (Useem, 1984: 47-49). The sanction for deviant behavior, in this instance, is expulsion from the network- dropping the director from his or her board positions. The way this reinforces class-wide cohesion is illuminated in Useem’s (1984: 53-55) discussion with inner circle members regarding the use of inside information for profit. For the inner circle, the ultimate sin is to take information from one board meeting and use it against that company and for the profit of the individual or their company. The role of the inner circle is to help all members of the corporate elite succeed through cooperation and sharing of general information and ideas, not use their position on multiple boards to engage in competition. As one experienced chairman and outside director told Useem (1984: 54), “you don’t get invited into the club... if you are being suspected of using inside information or self-dealings... you would be considered an outcast.” The norm against inner circle members pursuing individual interests is consistent with the origins of the interlock network- J.P. Morgan and his associates reorganized the railroad and other major industries at the turn of the 20<sup>th</sup> century, placing himself and his associates on the different companies’ boards in order to create what he called a “community of interest” that would avoid destructive competition (Corey, 1930; Mizruchi, 1982: 97-99; Perrow, 2002: 216; Mizruchi, 2013: 24).

The other mechanism for sanctioning corporate elites that go against the class-wide agenda is a function of bank centrality in the network. The most central firms in the interlock network, as a result of having boards composed of the leaders of many different industries and having indirect connections to nearly the entire corporate elite, are the origin point of class-wide rationality. That is, one of the primary places that the collective class interest is developed is in the boardrooms of the companies at the center of the network. When these companies are banks (as they were from the turn of the 20<sup>th</sup> century until at least the mid-1990s), that class-wide interest is backed up by control over capital flows. Their control over capital flows allows banks to intervene through actions such as stock dumping, loan refusal, debt renegotiation, and bankruptcy to sanction any corporate elites who are threatening the class interest (Mintz and Schwartz, 1985: 76-109; Mizruchi, 2013: 135-36). This sort of direct bank intervention is rare precisely because it is effective. That is, it only takes a few high profile sanctions in order to deter other would be rogues.

Together, these four mechanisms featured in the interlock network helped bring political cohesion to the corporate elite for nearly a century. Face to face

communication by representatives of different industries allowed the leadership of the corporate community to mediate intercorporate disputes and build consensus around non-oppositional interests and policies. The experience of directing multiple companies broadened the view of this leadership and helped them to develop a class-wide perspective that informed the policies they developed. The vast and dense interlock network created by their positions on multiple boards served as a system of communication where information and norms could spread through the network to non-inner circle members and more peripheral companies. Finally, the position of big banks at the center of the network provided class-wide interests with the backing of those who control the flow of capital, allowing the inner circle to enforce their class-wide policies and sanction deviant behavior.

What this all meant for the power structure researcher, as previously discussed, was that the interlocking directorate network was a good map of class-wide interests and power. For example, if the President of the United States named the CEO of a company central in the interlock network to his cabinet, one could infer that class-wide interests would influence the President's policy. On the other hand, if the appointee was peripheral in the network, we would predict policies geared around the narrow interests of the economic sector the appointee was affiliated with. If a group of firms central in the network lobbied on behalf of a trade deal, it's likely the trade deal was in the service of class-wide interests. If the only firms lobbying on behalf of a policy are peripheral firms from the same industry, however, we can conclude that the policy is only of interest to that sector of the capitalist class. That is, from the turn of the 20<sup>th</sup> century to around 1990, the interlock network could be used to make sense of corporate political activity.

### **Decline of the Interlock Network**

While the interlocking directorate network held the above features and served as a reliable proxy for class-wide power for most of the 20<sup>th</sup> century, during the 1980s the financialization of the U.S. economy began to change the behavior of both non-financials and the large commercial banks that occupied the center of the network (Useem, 1996; Mizruchi, 2013). By 1990, these changes in economic behavior began to result in changes to the interlock network (Davis and Mizruchi, 1999).

Each of the key mechanisms contributing to the cohesion of the corporate elite (discussed above) has an associated network property that allows the mechanism to function. For example, the diffusion of class-wide information and norms from the center to the periphery is made possible by individuals who direct large amounts of companies and thus, create a densely connected network. Chu and

Davis (2016) refer to these individuals as “big linkers” and define them as individuals who direct six or more large corporations. Each of the other mechanisms has a similar causal network feature: face to face meetings are related both to the practice of interlocking between companies in different industries and the size of company boards; the leading edge of business is also created by interlocking; and finally, the ability for the corporate elite to sanction behavior that threatens class interests is predicated on the centrality of banks. From 1980 to 2000, each of these network features changed, leading some scholars to infer that the corporate elite are fractured (Mizruchi, 2013; Chu and Davis, 2016).

### *The Moneyed Center Cannot Hold*<sup>9</sup>

Throughout the 1980s, non-financial companies began to increasingly use commercial paper to raise funds, rather than take loans from commercial banks. The consequence of this was that as non-financials became more heavily involved in financial activities such as commercial loans, commercial banks recouped their lost profits by moving into investment banking activities. This marked an important shift for banks, away from their traditional role in allocating financial capital, and into their new role as financial services providers.

As the allocators of capital, banks profited only when the entire capitalist class profited. That is, commercial and industrial loans are more likely to be repaid with interest when the companies taking the loans profit and stay in business. Since the loans were made to all sectors of the economy, banks had an interest in the economic system as a whole. This class-wide interest heightened the banks’ desire for business scan, and thus, commercial banks traditionally had large boards with outside directors representing every sector of the economy. Once banks shifted into investment banking-like activity, they shrunk their boards and stopped inviting as many non-financial CEOs to serve as outside directors, resulting in a decline in bank centrality in the intercorporate network.

This decline in bank centrality has two effects on cohesion: 1) with smaller bank boards and less outside directors, the bank boardroom ceased to be the meeting place for the corporate elite. That is, banks no longer served as the site where representative of different economic sectors met face to face. Since banks were unique among corporations in their concern with system-wide issues, this meant that representatives of different economic sectors were forming consensus on class-wide through face to face discussion less often than they were in the past; 2) there was a decoupling of class-wide interests and the ability to sanction deviant

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<sup>9</sup> This account is based on Mizuchi (2013) and Davis and Mizuchi (1999) unless otherwise noted; section subtitle is the title of the Davis and Mizuchi (1999) piece.

behavior. To explain, class-wide interests and rationality are not objectively realized, even if they are rooted in material reality. They are socially constructed through face to face interactions among the leaders of different economic sectors and diffused through networks. Thus, the way that different (often opposing) material interests are blended into class-wide interests depends on social processes. Although banks still have the ability to use the stock market and other financial instruments to check behavior that threatens their interests (especially given their dominance as institutional investors, and primary role in mergers and acquisitions, and IPOs), since they are no longer at the center of the corporate network, their interests likely do not reflect a class-wide interest.

### *Death of the Inner Circle*<sup>10</sup>

One of the things that made the density of the intercorporate network such a stable feature of the 20<sup>th</sup> century was the propensity of large corporations to give preference for outside directorships to individuals who already direct multiple companies (Useem, 1984). During the 2000s this inclination reversed itself and the inner circle became less preferred. The result is that Big Linkers (i.e., directors that sit on 6 or more boards) had completely disappeared from the network by 2010. Big Linkers were inordinately responsible for tying the entire network together, which is what allowed information to diffuse from the center of the network to the periphery. For instance, in the year 2000, the most central company could reach 84% of other firms in the network within three steps (which represented more than 70% of the overall Fortune 500). By 2010, this had fallen to 60% of firms in the network (and just more than 50% of the Fortune 500).

Of course, diffusion of information and norms is not the only function that the inner circle played in bringing political cohesion to the corporate elite. The other aspect of inner circle influence, which is emphasized more by Useem (1984) than their role creating network ties, is service as the leading voice of class-wide interests in the political sphere. As previously discussed, their experience directing multiple firms changes their perspective from a narrow firm-centric one to a class-wide one that includes the impetus to act politically to secure class-wide interests.

As it turns out, the proportion of Fortune 500 directors that sit on two or more boards has remained stable, even as overall density in the network falls. As table 1 shows, while big linkers may have disappeared, the inner circle of individuals directing multiple companies has not (Heerwig and Murray, 2018).

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<sup>10</sup> This account is based on Chu and Davis (2016), unless otherwise noted. The section subtitle is inspired by their article.

**Table 1: Proportion of Corporate Elite that Direct Multiple Large Corporations, 1982-2010**

Year	Multiple Companies	Single Company	Big Linkers	N
1982	0.20	0.80	21	6,505
1990	0.20	0.80	17	5,393
2010	0.19	0.81	1 <sup>11</sup>	4,498

Note: 1982 data from Davis et al. (2003); 1990 from Davis (1991; 1996); and 2010 from this study- Study population differs across the sources.

In addition, the phenomenon of inner circle directors being much more politically active has not only remained stable, but actually seems to have increased.

**Table 2: Percentage of Single Company and Inner Circle directors Who Provide Advisory Service to the Federal Government<sup>12</sup>**

Number of large company directorships	1976 Federal Advisory Committees	2011 Presidential Commissions
One	13.6	1.2
Two or More (Inner Circle)	17.9	4.2
Ratio 2+/1	1.3	3.5

While the percentages of directors participating in government service appear to have declined, this is an artifact of sample. The 1976 data looked at over 1,000 federal advisory committees, while the 2011 data look at 19 Presidential Commissions. The more revealing comparison across time is the ratio of inner circle participation to single company directors. Here, we see that the inner circle advantage was greater in 2011. Thus, table 1 and 2 illustrate that the inner circle still serves as a leading edge of business political activity. This suggests that the

<sup>11</sup> Phillip Laskaway sat on 6 boards (Progressive, Henry Schein, Discover, Loews, Fannie Mae, and General Motors)

<sup>12</sup> 1976 data from Useem (CH 8 in Domhoff, 1980: 209-212); 2010 data from this study- study population differs across sources.

companies at the center of the interlock network are still populated by actors motivated by class-wide interests. Yet, the decline of the interlock network hampers their ability to either diffuse or defend through sanctions the class-wide perspective, pitting the inner circle against a cadre of corporate actors pursuing narrow and oppositional interests.

Much of the above discussion of the decline of the intercorporate networks suggests that without alternative sources of cohesion, the corporate elite is unable to realize a class-wide perspective. This is the foundation of the fractured elite thesis. This thesis may be wrong if there are alternative sources for the development of class-wide policies, but even with alternative sources, the interlock network is no longer likely to be a very good map of class-wide political interests and power (Chu and Davis, 2016: 750). In the next section, we will lay out our argument for the PPN as both an alternative source of cohesion and a wonderful map of class-wide power.

### **The Policy Planning Network**

The PPN consists of three different types of non-profit organizations: 1) policy discussion groups<sup>13</sup>, like the Business Roundtable; 2) think tanks, such as the Brookings Institute or Heritage Foundation; and 3) charitable foundations, like the Ford Foundation (Domhoff, 2014:74). Although this network dates back to the early 20<sup>th</sup> century<sup>14</sup> (Domhoff and Webber, 2011: 43-44), the PPN has significantly expanded since the 1970s. For instance, two-thirds of all think tanks in the world were established after 1970 (McGann, 2002: 14). The Business Roundtable, by far the most central policy discussion group in the current network (Domhoff, 2014: 80), was founded in 1972 (Waterhouse, 2014: 78; Domhoff, 2014: 100). In fact, Barnes (2017) finds that policy planning organizations have drastically increased their importance in terms of connecting large corporations to each other. In fact, between 1973 and 1995, which is the exact time frame of the fracturing of the interlock network (Mizruchi, 2013), the share of corporate network density (i.e., how connected corporations are to each other) that policy planning organizations are responsible for increased by over 200%. Although the PPN may have, as Domhoff (2015) argues, always been a center of corporate class-wide power, we lack the data to test this claim. Regardless of the importance of the PPN in the past, however, it is eminently plausible, given the expansion since the 1970s, that as

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<sup>13</sup> Useem (1980; 1984) termed them Business Policy Associations

<sup>14</sup> Brookings Institute was founded in 1916 as the Institute for Government Research, Carnegie and Rockefeller foundations in 1911 and 1913 respectively, and the Council on Foreign Relations in 1921 (Domhoff, 2014)

banks abandoned the center of intercorporate network and its contribution to cohesion declined, the PPN has remained as the corporate network holding together the corporate elite. This would significantly alter the fractured elite thesis, as a fracturing of the domestic interlock network would not necessarily lead to a fracturing of the corporate elite.

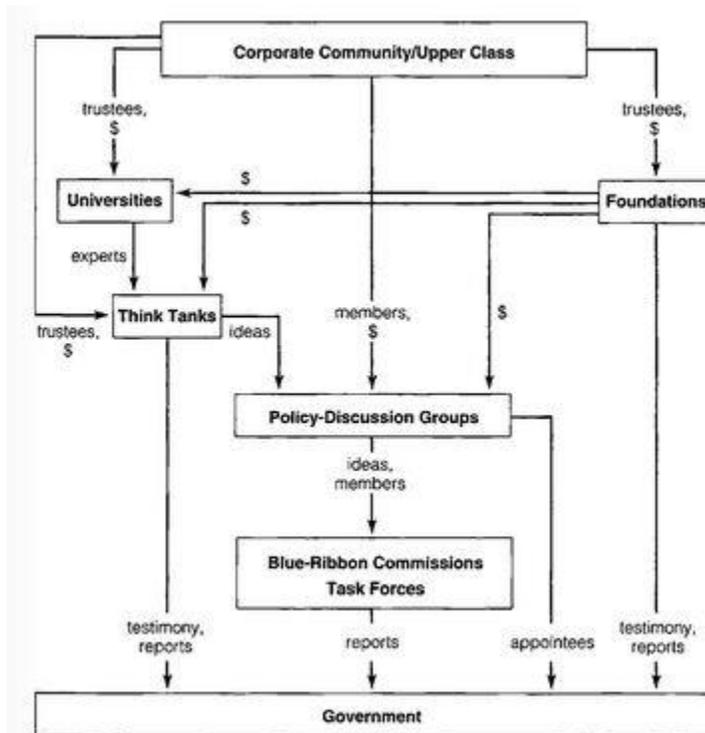
In addition, one of the counter arguments to the fractured elite thesis is that the U.S. elites, like other domestic elites around the world, have simply moved from being domestically oriented to being globally oriented, and cohesion is found through transnational mechanisms (Murray, 2017; Carroll, 2010; Sklair, 2001; Robinson and Harris, 2000). The U.S. PPN is a globally oriented network. Four of the ten most central PPN organizations in 2011<sup>15</sup> are clearly globally oriented: Council on Foreign Relations, Institute for International Economics, Center for Strategic and International Studies, and the Atlantic Council of the United States. In addition, research has demonstrated that the most central organization, the Business Roundtable, is also globally oriented (Staples, Ch 5 in Murray and Scott, 2012). In the rest of this section, we will lay out our argument for why the characteristics of the PPN make it very likely that it is the current center of corporate class-wide rationality.

First, unlike the interlock network where it is arguably an unintended consequence, the PPN's primary function is to facilitate class-wide cohesion and political action. That is, the organizations in the network primarily exist to formulate policy and then disseminate those policy suggestions to the Democratic Party, Republican Party, Congress, and the White House (Dye, 2001: 39; Domhoff, 2014: 74). Because the corporate elite are able to embed themselves into the network, these policies end up reflecting corporate interests. Figure 1 illustrates the process through which policy preferences flow from the corporate elite to government through the PPN.

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<sup>15</sup> Source for 2011 data on PPN is this study

**Figure 1: Flow of Policy from the Corporate Community and Upper Class to Government through the Policy Planning Network**



Source: Figure 1 in Domhoff (2014: 78)

It is important to note that one can quibble with the direction of arrows in figure 1- for instance, policy discussion groups also contribute ideas to think tanks that serve as the impetus for research reports, while the ideas and reports generated by think tanks can influence what issues foundations find important. The significance of figure 1 to our argument is as an illustration of how the PPN becomes oriented around corporate interests. The primary mechanisms that orient the policy planning network towards the general preferences of the corporate elite are capital flows and personnel transfer. As figure 1 depicts, the corporate elite are the major financiers of think tanks, charitable foundations, and policy discussion groups. In addition, a significant number of trustees of think tanks and foundations come from the ranks of the corporate elite, as does the membership of policy discussion groups. Personnel transfer is where the PPN is linked to the interlock network. The corporate members of the PPN are not just drawn from the leadership ranks of large companies, but disproportionately from the inner circle. This was true in the late 1970s when Useem (1984) studied the inner circle, and it is still true today (or, more accurately, as of 2011), as evidenced by table 3.

**Table 3: Percentage of Single Company and Inner Circle directors who are Members the PPN, 2011**

Number of large company directorships	Business Policy Associations	Think Tanks	Foundations
One	4.5	2.6	0.8
Two or More (Inner Circle)	11.3	7.2	1.2
Ratio 2+/1	2.51	2.77	1.5

Source: this study

The overrepresentation of the inner circle in the PPN is important for understanding what the policies developed in this network likely represent. If the PPN was dominated by oil executives, we might conclude that the policies disseminated to government would reflect only energy industry interests. If the PPN was populated by a collection of single company directors, we might imagine the policy process is fraught with struggle between representatives of narrow worldviews, where different parts of the policy network represent disparate interests. The disproportionate membership of the inner circle in the PPN suggests the opposite- that the policy planning process is geared around translating the broad perspective of the inner circle into policies that serve class-wide interests.

At this juncture it is important to explain how the inner circle can dominate the PPN and gear the policy planning process towards class-wide interests when they make up less than 10% of the leadership of these organizations. The mechanism that orients the PPN towards business interests is funding. Most of the money for foundations, think tanks, and policy groups comes from corporate sources (Domhoff, 2014). Thus, we can expect the business perspective voiced by business representatives to have extra sway in the boardrooms simply because it is backed by capital flows. That is, PPN organizational leadership is comprised of business representatives, political elites, and academics. The fact that the organizations are funded by business sets up a clear purpose for each type of member- the business representatives are there to voice the policy interests of the capitalist class; the political elite are there to help translate that interest into policy that is politically feasible, and to serve as a connection to government; the academics are there to help craft the details of the policy. Thus, the policy process is geared around business interests.

This leaves the question of how those business interests become class-wide as opposed to muddled by sectoral differences. The key mechanisms are the unity of the inner circle around a class-wide perspective (Useem, 1984; Murray, 2017). To illustrate, let us use a hypothetical board meeting at the think tank the Brookings Institute. Its board is comprised of 29 political elites and academics, two billionaire investors who serve on no Fortune 500 boards, three Fortune 500 CEOs who serve on no other boards (although one used to serve on multiple boards, and another would go on to join the inner circle), six CEOs of Fortune 500 companies that also serve on the boards of multiple smaller companies, and nine Fortune 500 inner circle members. That means that 20 of the 29 Brookings trustees are from the business world, and nine of those 20 are current inner circle members<sup>16</sup>. Even if we imagine that the 11 non-inner circle business representatives are divided by their own narrow interests, the nine inner circle members are united around a class-wide perspective that *blends* the interests of the other eleven. Thus, the nine inner circle members can easily push their version of class-wide interests by acting as a bloc, while the other eleven are divided. This is unlikely to be the case, however, as the class-wide perspective is also in the interest of the other eleven, it just emphasizes sacrificing some short-term sectoral profits for the long-term viability of all sectors. What is likely, then, is that the inner circle perspective is able to win support from the non-inner circle business representatives and the board is able to reach consensus about what the class-wide interests of business are. The 29 non-business

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<sup>16</sup> That is if we limit the definition to directing multiple Fortune 500 companies. If we expand it to directing multiple companies, then 15 of the 20 would be inner circle members. We use the Fortune 500 definition because it is the one that has empirical backing in terms of political unity and class-wide interests. Of course, it is also the only definition that has really been measured.

trustees are not going to oppose this, as their role is not to define business interests but to help guide the policy process towards serving those interests. Hence, each PPN organization may come to a slightly different consensus, or focus on slightly different problems, but the core of the PPN that is populated by inner circle members will end up orienting their organization's actions around similar perspectives of the class-wide interest.

The above description of the PPN may seem implausible, given the clear partisan divide between organizations such as the Heritage Foundation and the Brookings Institution. A glance at the two organizations' websites illustrates this, with Heritage headlines defending and rationalizing Trump administration behavior, while Brookings critiques it. If one were to use the Internet Archive<sup>17</sup> to go back to these two think tanks' websites during the Obama era, the reverse would be true (Brookings supporting the President and Heritage critiquing). The opposing partisan loyalties of right wing and centrist think tanks masks the policy agreement they have on many issues, but especially on issues of class-wide concern for the corporate elite. For example, both the Heritage Foundation and the Brookings Institution supported cutting the corporate income tax from 35% to around 25%<sup>18</sup> and U.S. ratification of the Trans-Pacific Partnership free trade agreement<sup>19</sup>. In addition, much of the framework for the Affordable Care Act (which Brookings has been mostly positive about<sup>20</sup>) came from the Heritage Foundation<sup>21</sup>. These policy similarities are evidence of the ability of corporate elite consensus to diffuse through the PPN, not only across partisan divides, but also from the center of the network to the periphery as Brookings is the 4<sup>th</sup> most central organization in a combined corporate/PPN network, while Heritage ranks no. 321 (Domhoff, 2014: 89).

Not only does the corporate inner circle membership of the PPN suggest that the network generates policies oriented around class-wide interests, but the structure of the PPN itself holds suggests its potential as a source of corporate political mobilization and cohesion, and thus serving as a buffer for the possible effects of the decline of the interlock network. This is because corporations are tied

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<sup>17</sup> <https://archive.org/>

<sup>18</sup> Brookings: <https://www.brookings.edu/opinions/35-percent-is-way-too-high-for-corporate-taxes/>; Heritage: <https://www.heritage.org/taxes/commentary/america-competitive-again-thanks-lower-corporate-tax-rate>

<sup>19</sup> Brookings: <https://www.brookings.edu/research/the-trans-pacific-partnership-the-politics-of-openness-and-leadership-in-the-asia-pacific/>; Heritage: <https://www.heritage.org/trade/report/the-trans-pacific-partnership-questions-congress-must-answer>

<sup>20</sup> For example: <https://www.brookings.edu/opinions/is-obamacare-working-yes/>

<sup>21</sup> <http://www.politifact.com/truth-o-meter/statements/2010/apr/01/barack-obama/obama-says-heritage-foundation-source-health-excha/>

together by their directors' participation in common PPN organizations. For instance, both General Electric (GE) and J.P. Morgan Chase have directors serving as trustees of the Brookings Institution. Thus, even though GE and J.P. Morgan Chase were not tied through the interlock network in 2010 (i.e., they have no common directors), they were tied through the PPN network via common participation in the leadership of the Brookings Institution. Thus, like the interlock network (which ties corporation together via the common participation of company executives on the same corporate boards), the PPN is a corporate social network.

For example, as we previously discussed, the most central companies in the interlock network bring together the directors of a wide array of different economic sectors to discuss issues of general importance to that company. PPN organization serve the same function. The most obvious example is the Business Roundtable, whose membership consists of the CEOs of the largest companies in the U.S., ultimately bringing together representatives of 171 different Fortune 500 firms to take part in committees that engage in explicit discussion of policy issues ranging from tax and fiscal policy to immigration to health<sup>22</sup>. But this function is not limited to policy discussion groups. Think tanks and foundations also serve the function of facilitating face to face interaction among corporate elites. For instance, the Center for Strategic and International Studies has on its board of trustees the representatives of 25 different Fortune 500 companies including Coca Cola, Pepsi, General Motors, General Electric, Exxon Mobil, Dow Chemical, and CBS. These trustees, representing a broad range of economic sectors, meet to decide the general direction research that the think tank should take and what issues they should tackle. Foundation boards are similar as they are populated by corporate representatives (e.g., Rockefeller Brothers Fund has representatives of 13 different Fortune 500 companies on its board, including Bank of America, Citigroup, General Electric, and Walt Disney) who meet to decide on the general goal of projects the foundation funds, in the process developing an outlook towards philanthropy that takes into account the interests of a wide array of economic sectors.

This face to face communication theoretically helps to facilitate class-wide politics by helping those corporate elites involved in the PPN to transcend their narrow sectoral interests and to develop policy perspectives that are broader and more class-wide. In doing so, the PPN can then aid in the creation of a leading edge of business political action that operates on a class-wide rationale.

Previously, we discussed the inner circle effect in terms of creating this leading edge and demonstrated that the inner circle is still a stable part of the

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<sup>22</sup> <http://businessroundtable.org/about/committees>

interlock network and that inner circle members are disproportionately engaged in the PPN. This inner circle, who are already operating with a broad perspective due to their experiences directing companies in multiple sectors, is able to translate that perspective into class-wide politics in their role as leadership of the PPN. That is, PPN leadership explicitly engages in the development of policies around political issues, as opposed to corporate boards where political issues are not the main focus.

Once the leading edge of business politics has arrived at a set of class-wide policy approaches through discussions in various PPN organizations, those corporate directors bring this information back with them to their respective corporate boards. Diffusion of class-wide policies and norms is another place where the involvement of the inner circle in the PPN is so integral- information from the PPN is much more efficiently diffused to the rest of the corporate world through the positions inner circle members hold on multiple boards. In fact, recent research suggests that inner circle members are the likely mechanism through which policy groups like the Business Roundtable bring unity to corporate PAC donations (Murray, 2017: 40-41). This process of diffusion also means that the corporations that are the most central in the PPN network will likely develop policies best reflecting class-wide rationality. Hence the PPN is a good candidate for a map of corporate class-wide interests with the center representing the most powerful class-wide actors and the periphery representing a narrower and less influential set of interests.

Finally, the PPN holds the same potential as the interlock network to sanction deviant behavior. The two mechanisms through which the interlock network enforced cohesion were the threat of exclusion from the inner circle club for individual directors who pursue narrow individual interests above those of the class (Useem, 1985), and economic sanctions by the large banks that for almost a century sat in the middle of the interlock network (Mintz and Schwartz, 1984).

Similar to the threat of exclusion from the inner circle of the board interlock network, individuals can have their membership in PPN organizations revoked. While we know of no example of a corporate director being explicitly excluded from the board of a PPN org for going against class interests, there have been examples of scholars being fired from their think tank positions for going against business interests. A recent case, involved the ousting of a critic of Google from his position at the New America Foundation<sup>23</sup>. If the corporate members of PPN boards will oust non-corporate members of the PPN for going against business interests, the threat of rogue board members also being excluded for going against the class

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<sup>23</sup> <https://www.nytimes.com/2017/08/30/us/politics/eric-schmidt-google-new-america.html? r=0>

interest is a credible threat. That is, serving in leadership positions such as on the board of trustees of a foundation or think tank or on the executive committee of a policy group are by invitation. Any time one is invited to something there is an understanding that bad behavior could result in no longer being invited. The implicit threat (however rare in practice) can influence behavior when the invitation is valuable. Useem makes the argument that leadership positions in PPN type groups are a necessary qualification before those individuals are consulted by the government (Useem, 1984: 99-102). In fact, an analysis of the Clinton, Bush, and Obama administrations finds that the primary thing tying together the cabinets of these three Presidents is former affiliation with the PPN (van Apeldoorn and de Graaf, 2016). Thus, exclusion from this network is exclusion from a valuable resource.

Economic sanctions by banks on deviant behavior is a function of banks being at the center of the network. It is an empirical question, but if banks are at the center of the PPN network, then the policies and norms coming from the center of that network will be backed up by the control of capital flows, which provides a mechanism for enforcing class-wide interests.

Much of our above argument is at this point speculative and backed by very little evidence. What is clear, however, is that the PPN holds the potential to serve many of the same functions regarding association with class-wide corporate politics as the pre-1990 interlock network, and thus also holds the potential to serve as a map of corporate class-wide interests and power. The rest of this paper is dedicated to providing empirical evidence to support our speculations.

## **Data and Methods**

### *Population*

The guiding question this study seeks to answer is *what are the indicators of class-wide politics among the corporate elite?* The answer we have proposed is that the inner circle of individuals who direct multiple large corporations and the PPN both function to mobilize cohesive political action among corporate elites, and thus inner circle status and position in the PPN are indicators of class-wide politics. An empirical test of our proposed theoretical model requires a definition of the corporate elite. This is complex because the corporate elite are *dual*, in that they are made up of both individuals and organizations. For example, both JP Morgan Chase and James Dimon (CEO of JP Morgan Chase) are corporate elites, just at different levels of analysis.

Much of the past research on the political behavior of the corporate elite has studied organizations. Mizruchi (1992) makes the exemplar case for doing so, arguing essentially that the capitalist class acts through corporate organizations. Burris and Staples (2012), on the other hand, make a convincing argument for focusing on individuals when attempting to study a class or an elite, since it is individuals that act, even within the organization. The best way to conceptualize the corporate elite is dual- both organization and individual. Thus, we would ideally have two populations: organizations and the directors of those organizations. Unfortunately, measures of individual political behavior are difficult to obtain. First, one of the only individual political behavior that is recorded is campaign donations of over \$200 as required by the Federal Election Commission (FEC). Second, the FEC data on individual donations is formatted where each observation is a single donation, rather than donor; and there is no unique identifier for donors (Heerwig, 2018). This makes analysis of individual donations extremely difficult. Organizations, on the other hand, have unique identifiers in the FEC data, and there is additional political behavior data available such as lobbying expenditure.

While it would be ideal to have both organizational and individual data, it is not necessary for the purpose of this study. What we are truly interested in is whether corporate elite unified political action is robust to the decline of the organizational interlock network because the inner circle and the PPN also serve as mechanisms for mobilization and mediating intercorporate disputes. For this specific purpose, organizational political behavior is sufficient. That is, organizations take political action through their political action committees (PACs) and they also have inner circle members on their boards and engage with the PPN. Thus, an investigation of corporate elite behavior focused on organizations does allow a test of our argument. Following past convention, we limit the sample to the Fortune 500 in order to reflect the true elites of the corporate world. The final sample is 500 corporations directed by 4,498 individuals.

### *Data Sources*

Corporate and PPN Networks: Network data is calculated using UCInet and affiliation matrixes of the board of director affiliations between Fortune 500 companies in 2010 and director/trustee/member affiliations between corporation and PPN organization in 2011. The data on board membership of Fortune 500 companies in 2010, along with the membership lists of PPN organization leadership in 2011 come from Domhoff, Staples, and Schneider (2013). The lag between corporate board membership and PPN leadership is to allow time for new board members to join PPN organizations. The original data from Domhoff, et al. only included firms that had at least one interlock to either another firm or to one of the

PPN organizations. This left eight Fortune 500 firms out of the dataset. We manually added those eight firms in, in order to have a complete sample of the Fortune 500.

Corporate Organizational Characteristics: Data on each organization (i.e., primary industry, total revenue, etc.) comes from the 2010 Fortune 500 list, the website [siccode.com](http://siccode.com) (which lists the SIC code for a firm's primary industry) and the company 2010 annual report to investors.

Corporate Political Behavior: We use three different indicator variables for corporate political behavior (each will be discussed below): campaign donations, lobbying expenditures, and advisory service to President Obama. Data on advisory service to the President comes from Domhoff et al., (2013), while political action committee (PAC) donations and lobbying activity comes from the Center for Responsive Politics<sup>24</sup>.

### *Dependent Variables*

Political Mobilization: In most studies of corporate political behavior that examine the role of corporate networks, the measure of political activity is campaign donations (for example, see Clawson and Neustadtl, 1989; Mizruchi, 1989;1992, Burris and Salt, 1990; Burris, 2000; 2001; 2005; Murray, 2014; 2017; Heerwig and Murray, 2018)<sup>25</sup>. The problem with this is that it is impossible to fully distinguish what portion of the findings of these studies is generalizable to other forms of corporate political activity. That is, if corporate networks are associated with increased donations, does this mean we can conclude that corporate networks are associated with increased political behavior in general and thus can be assumed to increase other specific forms of political behavior such as lobbying? To increase the robustness of our findings, we employ three different measures of corporate political activity: to the traditional measure of PAC donations we add lobbying expenditures and service on a Presidential commission.

PAC donations are measured in 2010 dollars and are the total amount of money given by all a corporations PACs directly to candidates for Congress during the 2009-2010 election cycle. Lobbying expenditures are measured in 2012 dollars and are the total amount of money spent on lobbying Congress in 2012. Both of these measures are clear organizational forms of political action and involve spending money to influence elections and elected candidates. To provide

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<sup>24</sup> [www.opensecrets.org](http://www.opensecrets.org)

<sup>25</sup> The few exceptions are Dreiling, 2000; Dreiling and Darves, 2011; Banerjee and Murray, 2015; and Banerjee and Burroway, 2015.

maximum robustness, our final measure is an individual form of political action transformed into an organizational measure. That is, advisory service on a Presidential commission is a dichotomous variable coded 1 if a corporation has at least one director who served on a Presidential commission in 2011. The idea here is to ask what type of organization has representatives advising the President, rather than asking what type of individual advises the President. Because of the duality of the network, the questions are related. That is, if inner circle members are more likely to serve on a commission, then companies with more inner circle members should be more likely to have one of them serve on a commission. Yet, if the type of director that advises the President is solely a function of individual level traits, then organizational variables should not be predictive. In some ways, then, this measure is also a test of our assumption of the duality of the corporate elite.

Political Similarity. Since an important part of our discussion has been not simply mobilization, but mobilization around consensus (in terms of both strategies and policy preferences), we also measure the similarity of corporate political activity. Our measure of political similarity is, unfortunately, less robust than our three measures of mobilization. In order to measure mobilization, one simply needs to document activity taking place. In order to measure similarity, however, one needs information on the content of political action. Out of our three measures of activity, only PAC donations contain information on the content of action. That is, not only do we know how much each corporation donated, but we know which candidates they donated to. With lobbying, we know what issues each company lobbied on, but not which side of the issue they fell on. Similarly, with government advisory service, we know which commission the company had a representative on, but not what advice was given. Thus, our measure of political similarity is one of PAC donation similarity. We employ a standard measure used in PAC literature, notably by Mizruchi (1989; 1992), where the number of common candidates that two corporations have in common is divided by the geometric mean of pair's total number of candidates contributed to.

There are a couple potential issues with this measure, which Murray (2017: 1630-36) identifies and proposes solutions to. First, corporations are known to target most of their money to incumbents, such that companies with different interests could give to the same candidate because he/she is the incumbent. One potential fix is to look only at races with no incumbents. Now, it is possible to make a strong argument that if corporate networks lead to adoption of pragmatic strategies that results in companies with opposing interests all giving to the same incumbents, then that is an example of corporate networks helping to unify the corporate elite. In this case, the fix of looking at open races is not needed. That said, in our data, there is no substantive difference to the findings for political similarity

when looking at political similarity in all races or only in open races. The second issue, however, brings the issue of open race versus all races back into play.

The second issue with our measure of political similarity is that it treats all dissimilarity the same. That is, case A: where one company gives to the Republican candidate in NY's first district and another company gives to no one in that district's race, is treated the same as case B: where one company gives to the Republican candidate in NY's first district and another company gives to the Democratic candidate in the NY's first district. Clearly case B represents less unity than case A, as it is direct opposition. Murray (2017) used a measure of unity that was calculated as the number of common candidates divided by the number of total number of common races, such that the reciprocal of unity is disunity (i.e., if two firms give to the same race and not the same candidate, they necessarily oppose one another). Using unity, whether in all races or open races does result in substantively different findings. We choose to report findings using similarity. The reason behind this is that for the 2010 election cycle, the mean unity score is .92. That means that the average pair of firms, if they gave to the same race, also gave to the same candidate 92% of the time. Compared Murray's (2017: 1644) analysis of the 2006 election cycle (when it was 71%), unity is much greater in our data. This creates a problem. With a mean of 92% (and 75% of cases have above 90% unity), there is very little variation to measure. Thus, we are not sure if the substantive differences are *real* differences in how mechanisms operate or if they are essentially just noise in the data. Our hunch is they are just noise resulting from the small variation (i.e., trying to predict the difference between giving to the same candidate 90% of the time vs. 94%). The reasons are 1) the findings for unity in this data do not match Murray (2017), but the findings for similarity generally do; and 2) the results for similarity match the results for all three measures of mobilization, while the unity results are different. Thus, the results of measuring similarity in this case are robust, while the unity results (with a lack of variation) are outliers. We choose to report and draw inferences from the robust findings. That said, the fact that unity is so high is a finding in itself. Almost all dissimilarity in corporate elite PAC donations in 2010 is indifference (you give to candidate A and I direct my money to a different race) rather than opposition (you give to candidate A and I give to her opponent).

A consequence of our decision to use similarity, however, is that conclusions must be drawn with regard to similarity or consensus around strategies, rather than unity per se (a small, but worthwhile distinction). Table 4 shows descriptive statistics for our dependent variables.

**Table 4 Descriptive Statistics for Dependent Variables**

	N	Mean/Proportion	St. Deviation	Min	Max
PAC Donations	500	\$327,932	\$594,389	0	\$4,653,024
Lobbying Expenditures	500	\$1,920,554	\$3,226,453	0	\$22,600,000
Service on a Presidential Commission	500	.21	.41	0	1
Political Similarity (dyads)	57,970	.17	.13	0	1

*Predictor Variables*

Inner Circle. Earlier, we discussed the ways that the inner circle creates a leading edge of highly mobilized and unified corporate political actors, demonstrated that the inner circle as a proportion of Fortune 500 directors has not declined, and also showed inner circle members are the most active in the PPN (which we also have proposed functions to mobilize cohesive political action). Thus, we hypothesize that inner circle members are still especially politically active and similar in their political preferences. This translates to organizational behavior through inner circle influence on corporate boards. We measure the potential influence of the inner circle on a corporate board as the number of inner circle members a given company has on its board. For dyads it is the geometric mean of the number of inner circle members each corporation in the pair has on its board. Directors are coded as inner circle if they sit on two or more Fortune 500 boards.

H1: The number of inner circle members on a corporation's board is positively associated with political mobilization.

H2: The geometric mean of the number of inner circle members on a pair of corporations' boards is positively associated with political similarity.

PPN. In our previous discussion of the PPN's potential to mobilize political activity and bring cohesion to the corporate elite, we illustrated the ways the PPN can mimic the mechanisms found in the interlock network such as face to face communication across sectors or ability to sanction deviant behavior. While these

mechanisms are related to the inner circle and centrality in the network in the case of board interlocks, the PPN is unique, in that it is made up of three different types of organizations (foundations, think tanks, and policy discussion groups), rather than one (corporation). Each type of organization has a slightly different (if occasionally overlapping) role to play in the policy planning process. This creates a different mechanism than simple network centrality through which corporate behavior can come to reflect a broader set of class-wide interests. That is, while engaging with highly central PPN organizations places the corporation's directors in a position to meet other elites face to face, benefit from the diffusion of information from many industries, and to develop a broad normative consensus, these things are also true of companies whose directors engage broadly with the PPN. For instance, having directors in leadership positions on foundations along with other corporate elites gives experience thinking about capital flows and the funding of the entire apparatus, while policy groups allow for contact with a broad range of views on problems facing the corporate elite, and think tank leadership gives one the experience of commissioning experts to come up with solutions that benefit the broadest range of industry interests. The corporation that engages all parts of the PPN will develop a broader more class-wide view of both problems and solutions than ones who engage only in a narrow aspect of the network. Thus, the mechanisms of mobilization and cohesion are related to both centrality in the PPN network *and* the breadth of a firm's engagement with the network.

Breadth is measured as the number of different types of PPN organizations a corporation has representatives engaging in. The different types of organization are foundation, policy discussion group, and think tank. Thus, the measure runs from 0-3, with 3s having the broadest participation. For dyads the measure is the geometric mean of the two firm's PPN breadth.

H3: the breadth of a corporation's engagement with the PPN is positively associated with political mobilization.

H4: the breadth of a corporate dyad's engagement with the PPN is positively associated with political similarity.

We measure centrality as the number of two-step ties (i.e., indirect interlocks) a corporation has to other Fortune 500 firms through common participation in the PPN. For dyads, this is measured as whether the two firms are tied to each other through common participation in the same PPN organization.

H5: A corporation's centrality in the PPN is positively associated with political mobilization

H6: Corporate dyads that are tied through common participation in the PPN are more similar than unconnected dyads.

Finally, we also have argued that the class-wide politics flowing from the PPN are backed by an ability to sanction corporate behavior that deviates from it. In the pre-fractured board interlock network this role was played by the commercial banks that dominated the center of the network (Mintz and Schwartz, 1985). If, as we have argued, the PPN is the organizational vehicle of class-wide power, then we expect to find banks at the center of the network. Centrality in the PPN, in this case, is measured as indirect interlocks multiplied by breadth, such that it is a combination of the two aspects of the PPN predicted to mobilize class-wide political action.

H7: Banks are overrepresented in the center of the PPN.

**Table 5 Descriptive Statistics for Predictor Variables**

	N	Mean/Proportion	St. Deviation	Min	Max
Inner Circle	500	3.91	2.89	0	17
Geometric	57,970	3.53	2.27	0	12.49
Mean Inner Circle					
PPN	500	1.08	.98	0	3
Breadth					
Geometric	57,970	.84	.88	0	3
Mean PPN					
Breadth					
PPN	500	111.26	132.31	0	501
Centrality					
PPN	57,970	.24	.43	0	1
interlock					

#### *Control Variables*

Capacity/Reputation. One of the constraining factors in corporate political action is the financial capacity a firm has for action. That is, regardless of class-wide rationality or political mobilization, a company needs money available in order to direct some to campaign donations and/or lobbying. We measure a firm's

financial capacity via revenue, measured in millions of dollars. For dyadic analysis the measure is the geometric mean of the dyad's revenue. Finally, for service on a Presidential commission, the mechanisms through which revenue matters is not so much capacity to act, but the reputation afforded to very large corporations. The government is more likely to seek out advice from those associated with the largest most reputable firms, rather than smaller firms.

Dependence on Government. Corporations that are uniquely dependent on the government, either for revenue through contracts or because their primary industry is heavily regulated, are likely to be especially politically active. This activity, however, is not due to some class-wide mobilization, but rather the type of narrow sectoral interest that is central to the fractured elite thesis. Dependence on government is measured in two different ways: 1) a dichotomous variable coded 1 if the corporation's primary industry is one of the top ten most heavily regulated according to the McLaughlin-Sherouse List (Al-Ubaydli and McLaughlin, 2014)<sup>26</sup>; and 2) a dichotomous variable coded 1 if the corporation's primary industry is defense (the industry most heavily dependent on federal contracts). For dyadic analysis, both these dichotomous variables are transformed into new dichotomous variables that are coded 1 if both parts of the dyad are 1) heavily regulated; or 2) defense companies.

Direct and Indirect Board Interlocks. Direct interlocks is only employed for the dyadic analysis. It is a dichotomous variable coded as 1 if the two firms share a director. Indirect interlocks is also only employed in the dyadic analysis. It is a dichotomous variable coded as 1 if the two firms are connected through having a direct interlock to a common third corporation.

While the organizational side of the interlock network has declined, it is still possible that companies directly and indirectly tied to each other are similar in their political behavior. Controlling for direct and indirect interlocks allows a test of whether the predictor variables are facilitating similarity above and beyond what direct connections do. This is important, as the argument that those mechanisms have been able to stand in for the fallen interlock network requires that they function above and beyond more direct network ties.

Common Industry. Companies in the same primary industry will share many of the same economic and political interests. Even in a fractured elite, we would expect companies in the same industry to have similar political donation

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<sup>26</sup> <https://www.mercatus.org/publication/mclaughlin-sherouse-list-10-most-regulated-industries-2014>

portfolios. Thus, it is important to control for this source of similarity. For the dyadic analysis, then, we employ a dichotomous variable coded 1 if both parts of the dyad are in the same primary industry.

**Table 6 Descriptive Statistics for Control Variables**

	N	Mean/Proportion	St. Deviation	Min	Max
Revenue (millions)	500	\$19,526.96	\$32,038.34	\$4,161.8	\$408,214
Geometric Mean Revenue (millions)	57,970	\$17,155.72	\$15,635.43	\$4,184.79	\$340,878.4
Highly Regulated Industry	500	.13	.34	0	1
Both in Highly Regulated Industry	57,970	.02	.15	0	1
Defense Industry	500	.04	.20	0	1
Direct Board Interlock	57,970	.01	.11	0	1
Indirect Board Interlock	57,970	.08	.26	0	1
Common Industry	57,970	.02	.14	0	1

*Analytic Strategy*

With four different dependent variables, it is necessary to employ a number of analytic strategies. This sub-section is organized around the different strategies.

Zero-Inflated Negative Binomial Regression. PAC donations and lobbying expenditures are both count data, in that they are a count of the amount of money

(smallest units being one cent) that companies spent on political action. That is, a company cannot spend less than zero, and they cannot spend fractions of a cent. Thus, even though the data can appear to be continuous because it is measured in millions of dollars, it is actually count data. Count data is highly skewed, making OLS regression less than ideal. The Poisson family of regressions, on the other hand, is ideal for analyzing count data because that sort of data tends to follow a Poisson distribution. Both lobbying and PAC donations, however, suffer from overdispersion. That is, their variance is much greater than their means. Since Poisson regression assumes that the mean and variance are equal, this requires the use of a negative binomial regression. The final issue with PAC donations and lobbying are that each has a significant proportion of zeroes (32.2% and 29% respectively). A Vuong test suggests that a zero-inflated model may be more appropriate than a normal negative binomial model. In addition, it is plausible that the combination of factors that determine whether a corporation donates money or lobbies at all, are different than the combination that determines how much they spend. That is, political mobilization is made up both of the decision to act, and a decision regarding the level of commitment to the action (whether that is the amount of time, money, risk, etc. depending on the political action being measured). A zero-inflated negative binomial (ZINB) allows me to model these processes differently.

Diagnostic tests for the two ZINB models suggests that both meet all additional assumptions of the regression. That is, multicollinearity between independent variables is not biasing any of the estimations, nor are influential outliers.

Logistic Regression. Service on a Presidential commission is a dichotomous variable. That is, a corporation either has one of its directors serving on a commission in 2011, or it doesn't. This makes logistic regression an ideal way of estimating the model. One issue with logistic models is that they can yield unreliable estimates when one of the categories of the dependent variable is extremely rare. In this case, however, the category with the smallest proportion is service on a commission, which is .21. That is 21% of corporations have a director serving on a Presidential commission. This gives us more than enough statistical power to estimate our six independent variable model.

Diagnostic tests for the logistic regression suggest that multicollinearity between independent variables is not biasing any of the estimations, nor are influential outliers. Thus, all major assumptions of the model are met.

Quadratic Assignment Procedure Regression. In order to measure the concept of similarity, we use pairs of corporations (dyads) as the unit of observation. This way, all variables are relational measures between the two firms in a given dyad. The use of dyads, however, violates the assumption of independence of observations that is a foundation for most linear regression models. That is, because individual companies appear in multiple dyads (499 total pairs for each company), some observations will be more alike simply because half of the dyad is the same. This produces contemporaneous autocorrelation of the error structure and results in biased test statistics and P values.

To correct for this violation, we use Quadratic Assignment Procedure (QAP). This technique is popular with scholars studying dyadic data (Murray, 2017; Dreiling and Darves, 2011; Peoples, 2010; Burris, 2005; Mizruchi, 1992). QAP uses a regression model (in this case OLS) to estimate coefficients for each of the independent variables using the observed data. Then it randomly shuffles the row and column values of the DV, while holding the IV values constant, and re-runs the regression-yielding new coefficients. This process is repeated (for this study, one thousand times) and results in an empirical distribution of expected coefficients. Then we can look at the percentage of the time the permuted coefficient is more extreme (larger for positive coefficients, smaller for negative) than the observed coefficient. These percentiles are substantively analogous to standard-error based tests of statistical significance (Dreiling and Draves, 2011).

Treatment Effects using Propensity Score Matching. Despite the ability of the above regression models to control for potential confounding variables, we cannot confidently assert causal relationships on the basis of the results. This is because the regression models only control for variables that are included in the model. Thus, it is possible that the results of these analyses are biased by unobserved and uncontrolled differences in political activity and similarity. Treatment effects using propensity score matching provide a robustness check on key findings that increases our confidence in making causal inferences.

The technique overcomes selection bias through the use of matched sample estimation, which controls for confounding factors by comparing observations that have similar propensities of presence of a key predictor variable (Rosenbaum and Rubin, 1983; Aral et al., 2009; Kim, Kogut, and Yang, 2015). That is, for predictor variables that the regression analyses identify as significant predictors, we derive a dichotomous measure of the independent variable (if it is not already in dichotomous form) and then use a logit regression to estimate the propensity for each corporation to fall in the treated group (i.e., be coded 1 on the dichotomous variable). These propensity scores are used to create a treated group (those coded

as 1) and an untreated group (those coded 0), where both groups have the same mean for every other independent variable in our data. This is known as balancing. The idea is that when the two groups are balanced on everything we know, it is very likely they are also balanced on unobserved variables, making it possible to calculate the treatment effect (i.e., the effect of being in the “1” group vs. the “0” group). This aids in causal inference because if two groups only difference is in whether they receive treatment and the treatment doesn’t matter, then the outcome variable should also not be statistically different between the groups. If it does vary between groups, then it is the treatment that is necessarily causing it.

Diagnostics show that for the inner circle dummy variable, two cases violate the overlap assumption of treatment effects. That is, for these two cases (Exxon and Walmart), there was not enough overlap in propensities between them and the other 498 corporations to allow for propensity score matching (or other forms of matching, such as nearest neighbor). For the inner circle variable, then, we run the analysis only on the 498 firms that have enough overlap. For the PPN variable, all 500 cases are included in the analysis.

## **Findings and Discussion**

In the argument we laid out in the front half of this paper, we hypothesized that the inner circle and the PPN can be used as maps of, essentially, class consciousness and political activism- with the inner circle and the most broadly engaged and central actors in the PPN reflecting the most class-wide political preferences. This is because, as we argued, the inner circle and PPN serve the same function that the board interlock network did (but perhaps no longer does): mobilize the corporate elite and facilitate the building of consensus around political strategies and policy preferences. Table 7 shows that the inner circle and PPN engagement are consistently associated with political mobilization, regardless of the measure of political activity.

**Table 7 Zero-Inflated Negative Binomial Estimates of PAC donations and lobbying expenditures, and logit estimates of Presidential Advisory Service, 2011**

	PAC donations	Lobbying Expenditures	Presidential Advisory Service
Inner Circle Board Members	.04* 1.04 (1.71)	.05* 1.05 (2.33)	.21*** 1.23 (4.38)
PPN Breadth	.33*** 1.39 (3.86)	.37*** 1.44 (4.46)	.35* 1.43 (2.15)
PPN Centrality	-.00 .99 (-.25)	-.00 .99 (-.09)	.00 1.00 (.96)
Revenue	.00*** 1.00 (4.44)	.00*** 1.00 (3.46)	-.00 .99 (-.20)
Defense Industry	.64** 1.90 (2.46)	.71** 2.04 (2.76)	1.03* 2.80 (2.15)
Highly Regulated Industry	-.08 .92 (-.50)	.01 1.01 (.08)	-.17 .84 (-.49)
N	500	500	500
Pseudo R <sup>2</sup>	.086	.254	.145

Notes: The first number is the unstandardized regression coefficient, the second number is incident rate ratio (PAC donations and Lobbying) or the odd ratio (advisory service), and the third number in parentheses is the Z-score. All probabilities are one-tailed.

\*indicates  $p < .05$ , \*\* indicates  $p < .01$ , and \*\*\* indicates  $p < .001$

Capacity and dependence on government are positively associated with political mobilization, although the evidence is somewhat mixed. The control variable with the largest impact across all three measures is being in the defense industry. This reflects the importance of narrow sectoral interest in political action by the corporate elite. Controlling for these potentially confounding variables, however, we find that corporate networks are also positively associated with political mobilization.

For instance, the number of inner circle members a company has on its board is positively associated with political activity across all three measures (PACs:  $B=.04$ ,  $P<.05$ ; Lobbying:  $.05$ ,  $P<.05$ ; Advisory Service:  $B=.21$ ,  $P<.001$ ). Specifically, for every additional inner circle member, the corporation will increase its PAC donations by a factor of 1.04 and its lobbying expenditures by a factor of 1.05, while the odds one of its directors will serve on a Presidential commission increases by a factor of 1.23. This supports H1: The number of inner circle members on a corporation's board is positively associated with political mobilization.

To get an idea of the impact of the inner circle on mobilization, it is useful to compare a maximum increase in inner circle members from a baseline of the average firm to the impact of being in the defense industry vs. being in another industry (since this is the maximum impact of the defense industry). The average Fortune 500 firm in our data is not a member of the defense industry, has about 4 inner circle members on its board, donates \$327,932 through its PAC, spends \$1,920,554 on lobbying, and has a 21% chance of providing advisory service to the President. If everything remained constant except the company was a member of the defense industry, we would expect it to donate \$623,070, spend \$3,917,930 on lobbying, and have a 43% chance of having a director serve on a Presidential commission. If, on the other hand, the only thing changed about the average firm was to increase the number of inner circle members on the board from 4 to 17, we would expect \$544,367 donated through its PAC, \$3,629,847 spent on lobbying, and an 80% chance of providing advisory service to the President. The inner circle has around the same potential to mobilize the corporate elite as the narrow interest of maintaining defense contracts. Of course, the typical effect of the inner circle is much smaller (an increase of about \$40k in donations, \$230k in lobbying, and 12% in the chances of advisory service), but only 4% of companies are in the defense industry, while 90.8% of Fortune 500 corporations have at least one inner circle member on its board. Thus, the inner circle effect is much more broad and diffuse.

Controlling for capacity, dependence on government, AND the influence of the inner circle, the breadth of a corporation's engagement with the PPN is a

positive and significant predictor of political activity (PACs:  $B=.33$ ,  $P<.001$ ; Lobbying:  $.37$ ,  $P<.001$ ; Advisory Service:  $B=.35$ ,  $P<.05$ ). This provides support for

H3: the breadth of a corporation's engagement with the PPN is positively associated with political mobilization.

The average corporation has directors involved with only one type of PPN organization. If everything else about the average firm is held constant, but it now engages with the maximum of 3 types of PPN org (foundation, think tank, policy discussion group), we would expect \$632,909 in PAC donations, \$3,975,547 in lobbying expenditures, and a 35% chance of having a director serve on a Presidential commission. This demonstrates that the maximum effect on PPN breadth on an average firm is about the same as the maximum effect of the inner circle or of dependence on government contracts.

While inner circle and the breadth of PPN engagement are positively associated with political mobilization, centrality in the PPN is not associated with any of the three measures. Thus, we find no support for H5: A corporation's centrality in the PPN is positively associated with political mobilization. At first glance, this would suggest that corporations having direct channels of communication is not an important factor in mobilization. That is, the organizational board interlock network has declined and become less connective in terms of direct channels (i.e., sharing the same director or having directors sit on the same third board together). PPN centrality is measured as the number of direct ties a corporation has to other Fortune 500 companies through PPN orgs. If PPN centrality is not significant, while PPN breadth is, it suggests that connecting firms is not an important function of the PPN (as opposed to facilitation of class-wide rationality that results from broad engagement with different types of PPN orgs). This is a somewhat surprising finding given the assumed importance in corporate network and power structure literature of channels of communication between firms. A deeper look helps explain this null finding.

If the inner circle variable is excluded from the above regressions, PPN centrality becomes positive and significant. Since PPN centrality is in no way thought to cause corporations to increase the number of inner circle members on its board, this does not suggest mediation. The null finding is accurate. What it does suggest, however, is that the PPN connecting companies to each other is not unimportant, but that the inner circle fulfills that function. That is, inner circle members connect corporations to each other both by sitting on multiple corporate boards *and* by serving together as leadership in the PPN. Thus, once the inner circle

is accounted for, PPN centrality is no longer a significant predictor of political activity.

Having established that the inner circle and the PPN both have a robust association with political mobilization, it is still possible that a very small percentage of the corporate elite actually has inner circle members on its board or engages with the PPN. If that is the case, then the magnitude of the effect of these factors on the elite as a whole would be small. Put differently, our overall argument depends on the inner circle and the PPN functioning to mobilize a leading edge of the corporate elite. Table 8 shows the expected levels of the different measures of political activity for an average<sup>27</sup> Fortune 500 corporation at different levels of engagement with the inner circle and PPN. It also shows the percentage of the Fortune 500 that actually engage the inner circle and PPN at the specified level to give the reader an idea of how wide the combined effect of the inner circle and PPN reaches.

**Table 8 the Combined Effects of the Inner Circle and PPN Breadth**

	Percent of Fortune 500	PAC donations	Lobbying	Chances of Presidential Advisory Service
No inner circle or PPN orgs	7.4%	\$201,643	\$1,097,259	7.3%
At least one inner circle and one PPN org	64.4%	\$291,495	\$1,659,055	12.2%
At least 4 inner circle and one PPN org	42.4%	\$327,932	\$1,920,554	21%
At least 4 inner circle and 3 PPN orgs	9.8%	\$634,631	\$3,987,818	34.6%

The first thing to notice is the baseline political activity levels of an average corporation that is not engaged at all with the inner circle or PPN. Our first clue to the pervasiveness of these corporate networks is that only 7.4% of the Fortune 500 actually do not engage with either network. Thus, 92.6% of the corporate elite have at least one inner circle member or are engaged with at least one type of PPN

<sup>27</sup> Average in terms of capacity (revenue), dependence on government (being highly regulated or a defense company), and PPN centrality

organization. Nearly two-thirds of the Fortune 500, however, engage the inner circle and the PPN. The combined effect of these two factors on corporate political activity is not small- about \$90k in donations, \$600K in lobbying, and an additional 5% chance of Presidential advisory service- and the fact that it is relatively pervasive supports the view that the inner circle and PPN could mobilize the elite in lieu of a densely connected organizational interlock network. Finally, the fact that nearly 10% of the corporate elite actually engage at very high levels (maximum breadth while also having 4 inner circle members) demonstrates the manner in which these factors can create a leading edge of corporate political activity. At this level of elite engagement with the inner circle and the PPN, corporations give around 3 times as much PAC donations, about 3.5 times as much spent on lobbying, and have almost 5 times the chances of service on a Presidential commission, as compared to the least engaged firms. So, while most corporate elite organizations engage at least somewhat with the inner circle and PPN, and this is associated with increased political activity, a smaller core of the elite are highly engaged and their political activity increases to the point of serving as a leading edge of political activity.

Of course, the most important question regarding the above effects is whether they are likely to be causal effects or simply associations. That is, does having inner circle members on one’s board and having directors engage the PPN actually increase the political activity of the corporation, or are all of these proxies for some unmeasured factor that explains political mobilization? Table 9 shows the results of treatment-effects analysis.

**Table 9 Treatment Effects using Propensity Score Matching Analysis of Corporate Political Activity**

	PAC donations	Lobbying Expenditures	Presidential Advisory Service
Inner Circle (1= at least one inner circle member on the board)	\$189,568.40** \$59,876.16 (3.17)	\$678,487.90 \$456,642.60 (1.49)	.21*** .02 (10.58)
PPN Breadth (1= 2+ org types)	\$121,883.80* \$64,798.46 (1.88)	\$1,115,563.00** \$460,655.20 (2.42)	.03 .05 (.51)

Notes: The first number is the average treatment effect (ATE), the second number is the standard error of the ATE, and the third number in parentheses is the Z-score. All probabilities are one-tailed.

\*indicates  $p < .05$ , \*\* indicates  $p < .01$ , and \*\*\* indicates  $p < .001$

Although the above results appear at first glance to be mixed, given that 1) treatment effects analysis is much more stringent about finding a significant association, and 2) the effects found in the regression analysis are linear, while in this analysis we artificially dichotomize them, the results are actually robust. For example, having at least one inner circle member on the board of directors increases PAC donations by nearly \$200,000 and the chances of one of the company's directors serving on a Presidential commission by 21%. While it does not seem to cause any significant variation in lobbying activity, it is worth noting that these effects are simply for the difference between no inner circle members and one. Whether having 4 inner circle members compared to none would have a causal effect on lobbying is likely but not something we can measure using this type of analysis. Thus, these results are a conservative estimate of the inner circle effect. Even so, having inner circle representation on the board results in increased political activity in two of three measures.

For PPN breadth, those that engage with more than one type of PPN organization donate around \$120,000 more from their PACs and spend more than one million more on lobbying. The association between PPN breadth and advisory service is not significant here, suggesting that the association found in the logit regression may not be causal. Yet, the dichotomized PPN breadth measure is conservative in the same way the inner circle measure is. Thus, the null findings are worth noting, but they should not overshadow the fact that the associations found via regression analysis are supported as very likely causal for two out of three measures of political activity. The take-away is that we can be confident that the inner circle and the PPN play an important role mobilizing corporate elite political activity.

The question that remains, however, is whether these factors also facilitate political consensus, such that political activity is mobilized around a similar set of strategies. Table 10 shows the results of a QAP regression analysis of the similarity of corporate elite dyad's political donations.

**Table 10 OLS regression estimates of Fortune 500 dyadic political similarity, using QAP**

	PAC Donation Similarity
Geometric Mean Inner Circle	.006*** .104 (1.00)
Geometric Mean PPN Breadth	.018*** .120 (1.00)
PPN Interlock	.008 .028 (.81)
Direct Board Interlock	.009* .007 (.98)
Indirect Board Interlock	.007* .015 (.98)
Geometric Mean Revenue	.000*** .348 (1.00)
Both in Highly Regulated Industry	.048*** .054 (1.00)
Common Industry	.044*** .045 (1.00)
N	57,970
Pseudo R <sup>2</sup>	.236

Notes: The first number is the unstandardized regression coefficient, the second number is the standardized regression coefficient, and the third number in parentheses is the QAP probability/percentiles of actual estimates in the null distribution. All probabilities are one-tailed.

\*indicates  $p < .05$ , \*\* indicates  $p < .01$ , and \*\*\* indicates  $p < .001$

All the control variables are positive and significant predictors of political similarity, as expected. We want to briefly note that the findings for direct and indirect board interlocks may seem surprising, given the decline of the organizational side of the interlock network. It is possible that this finding is due to the interlock network's decline not having as large an effect on its ability to generate similarity as previous research has suggested. It is also possible, however, that direct and indirect interlocks still produce similarity, but their class-wide effect is small because the number of interlocks has declined. This is, in fact, the reason we control for board interlock ties (as we mentioned in the methods section).

Controlling for all of these other factors, the inner circle and PPN breadth are both positive and significant predictors of political similarity, providing support for hypotheses 2 and 4. In fact, the standardized beta coefficients show that, aside from revenue, PPN breadth has the largest association with similarity (followed by the inner circle). To get an idea of the magnitude of the association between similarity and the two predictor variables, let us first recall that similarity can be thought of as roughly analogous to the percentage of a dyad's donations that go to the same candidate. A dyad that was average on every other measure, but neither firm engaged the PPN or had any inner circle members would be expected to give to the same candidate about 13% of the time. Earlier, we noted that 42% of the Fortune 500 have at least four inner circle members and engage with at least one PPN org (see table 8). 18,102 dyads (31% of dyads where both corporations gave to at least one candidate) meet those same minimum requirements, but they average 5.9 inner circle members and 1.7 PPN orgs. For these firms, we would expect them to give to the same candidate about 19% of the time, a 46% increase in similarity compared to having no connection to the inner circle or PPN. There are two ways to view the magnitude of this effect: 1) within the context of the case (the case here being political donations), or 2) as a general effect. First, within the context of campaign finance, the inner circle/PPN effect amounts to about four extra candidates in common per dyad. But, the effect is felt by 18,102 dyads, which means 72,408 donations that are in common that wouldn't have been. One way to think about that is that under condition 1, the dyad has zero connection to the inner circle or PPN: firm A gives to candidate Z, and firm B does not. Under condition 2, the dyad averages 4 inner circle members and one type of PPN org: both firm A and firm B give to candidate Z. The additional candidate in common for this dyad is equal to an additional donation for candidate Z. Since there are 72,408 extra donations in common as a result of the inner circle/PPN effect we are illustrating, and the Fortune 500 gave to a total of 894 candidates, we could deduce that each candidate saw about 80 extra donations as a result of corporate networks. As table 8 shows, the firms that have at least 4 inner circle members and connect to one type of PPN org would be expected to give about \$328,000 total (assuming they were

average on everything else). In these 18,102 dyads, the firms give to about 90 candidates each. So, we can say they give about \$3,644 to each candidate. The 80 extra donations, then, amount to nearly \$300,000 extra raised by a candidate just as a result of the corporate similarity generated by the inner circle and PPN breadth. Within the context of campaign finance, these effects are not small. If these donations are on behalf of class-wide interests, those interests should loom large for political candidates just based off of campaign finance.

A second way to think about the magnitude of the effect is as a general effect. That for nearly half the corporate elite, the inner circle and PPN will increase its political similarity by about 46%. For example, let's say that the baseline for an average Fortune 500 firm is to lobby on the same side of an issue as another firm about half the time. An increase in similarity of 46% would see them lobby together 75% of the time. We could imagine this in any scenario, from the percent of times that corporate representative in media take the same side of an issue, to the process of building consensus in a policy discussion group meeting. The more connected elites are to the inner circle and the PPN, the more similar they will be in political action. The generalizability of this effect is unknown because we are only measuring in one context (political donations). Yet, the idea that it is widely generalizable is made more plausible by the robustness of the political mobilization findings across three different types of political activity. If similar processes mobilize corporate elites in the context of campaign finance, lobbying, and government advisory service, it is plausible to believe the same processes that generate political similarity in campaign finance also apply to other political activities.

As with political mobilization, this discussion is based on the assumption that the associations identified by regression analysis are causal in nature. As before, we conduct an additional treatment effects analysis as a stronger test of this assumption. Table 11 reports the results.

**Table 11 Treatment Effects using Propensity Score Matching Analysis of Corporate PAC Donation Similarity<sup>28</sup>**

	Political Similarity
Inner Circle (1= at least one inner circle member on the board)	.009** .003 (2.69)
PPN Breadth (1= 2+ org types)	.077*** .018 (4.25)

Notes: The first number is the average treatment effect (ATE), the second number is the standard error of the ATE, and the third number in parentheses is the Z-score. All probabilities are one-tailed.

\*indicates  $p < .05$ , \*\* indicates  $p < .01$ , and \*\*\* indicates  $p < .001$

Both inner circle and PPN breadth are positive and significant predictors of similarity. The magnitude of the treatment effect for inner circle is small (just less than a .01 difference in similarity), but as noted in the prior discussion of treatment effects analysis of political mobilization, the dichotomous measure of inner circle produces a conservative estimate of the magnitude of the effect.

PPN breadth, on the other hand, has a large treatment effect. The regression analysis suggested that the effect of having four inner circle members *and* engaging with one PPN org was an increase of .06 in similarity (for an average firm that is going from .13 to .19). The treatment effect of engaging broadly with the PPN (2 or more types of orgs) is a .077 increase. That is, when all else is equal, a dyad whose corporations are broadly engaged with the PPN will give to the same candidates nearly 8% of the time more than dyads that are not broadly engaged with the PPN, which for an average dyad represents a 61% increase.

The results of the treatment effects analysis are in line with the regression analysis, which provides further support for viewing the association between inner circle/PPN breadth and political similarity as causal in nature. That is, adding inner circle members and directors, who collectively, engage broadly with the PPN,

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<sup>28</sup> full balance was not achieved- bigger companies were more likely to be in the treated group. The standardized differences, however, were well within the suggested range of 10 to 25 percent (Austin 2009; Stuart, Lee, and Lacy, 2013; Garrido et al., 2014)

causes the political actions and strategies of the company to become more similar to other companies that also have these types of board members. Since neither of these measures is one of direct network connection (and in fact the regression analyses control for direct connections), these findings are not likely the result of dyadic communication. That is, the two companies don't become similar because they have the *same* directors or because they engage with the *same* PPN orgs. The mechanism of similarity here is likely the development of what Useem (1984: 115) calls class-wide rationality. We previously elaborated on the relationship between class-wide rationality and the inner circle and PPN, but to recap: inner circle members develop a class-wide rationality through their experience directing corporations in different economic sectors and their contact with other inner circle members (who hail from a range of sectors). Thus, the more inner circle members a company has on its board, the more its policies (especially political as Useem (1984:146-49) argues) are oriented around a class-wide understanding of corporate interests. Two firms that operate on a class-wide logic will be more similar than two firms that operate on a narrow firm-centric logic. Similarly, each type of organization in the PPN is engaged with a different aspect of shaping government policy. The more experience one has with the different aspects, the broader one's view of politics and policy becomes. While it is rare for a single director to serve on many different types of PPN org, companies can have multiple directors who are engaged with the PPN. When their collective engagement is broad, they each bring what they learned in the PPN to the boardroom and collectively contribute to orienting policies around a more class-wide rationality.

The final aspect needed to fully support our argument that the PPN has all the characteristics needed to function as the center of class-wide corporate power is the centrality of banks. That is, even if the PPN is the center of a class-wide perspective that is transmitted via the inner circle to the rest of the corporate elite, that perspective may not be adopted without the threat of sanctions imposed on those who go against class-wide interests.

Table 12 shows the proportion of the Fortune 500, the top 25 most central companies in the interlock network, and the top 25 most central companies in the PPN made up by banks. Firms are coded as banks if they operate primarily in finance, i.e. depository institutions, non-depository credit institutions, securities and commodities services, and holdings and investments (We operationalized this as firms whose Standard Industrial Classification (SIC) code begins with 60, 61, 62, or 67).

**Table 12 Percentage of Population Made up by Financial Corporations and Commercial Banks**

Type of Corporation	Fortune 500	Top 25 Interlock Centrality	Top 25 Policy Planning Centrality
Non-Financial	92.8%	92.0%	80.0%
Financial	7.2%	8.0%	20.0%
N	500	25	25

Financial corporations make up roughly the same proportion of the center of the interlock network as they do the overall Fortune 500, reflecting the decline of bank interlock centrality that motivates much of the fractured elite thesis<sup>29</sup>. While banks only make up 7.2% of the Fortune 500, they make up 20% of the center of the PPN, and they are 2.5 times more likely to be in the center of the PPN as they are to be in the center of the interlock network. Overall, financial corporations are 3.58 times more likely than non-financials to be in the center of the PPN, which supports H7.

Not only are banks much more central in the PPN than the interlock network, the five banks at the center of the PPN are much bigger in terms of total assets than the two banks at the center of the interlock network. Table 13 shows the banks at the center of each network.

**Table 13 Financial Corporations in the Center of the Intercorporate and Combined Intercorporate/Policy Planning Networks**

Top 25 Intercorporate Centrality		Top 25 Policy Planning Centrality	
Corporation Name	Assets	Corporation Name	Assets
Aon Corp	\$28.9 billion	American Express	\$147.0 billion
Northern Trust Corp.	\$76.0 billion	BlackRock	\$177.9 billion
		Citigroup	\$1.9 trillion
		JP Morgan Chase	\$2.1 trillion
		Visa	\$32.2 billion

Note: Asset data comes from company annual reports and LexisNexis Corporate Affiliations Database

<sup>29</sup> In 1962, 45% of the 20 most central companies were commercial banks (Mintz and Schwartz, 1984: 157)

The average per company assets controlled by the five banks at the center of the PPN is \$871 billion, while the two companies in the center of the interlock network control an average of \$52 billion per firm. This means that the average bank in the center of the PPN controls the flow of nearly 17 times as much capital as the average bank at the center of the interlock network. Furthermore, there is 41 times as much total assets controlled by the banks in the center of the PPN as the banks in the center of the interlock network.

Of course, the center of the PPN being 20% financial companies is still not as dominated by banks as the interlock network used to be. Nine out of the top twenty (45%) most central companies in the interlock network in 1962 were banks (Mintz and Schwartz, 1985: 157). As it turns out, six of the nine 1962 moneyed center banks are at the center of the PPN in 2011, they have just merged into two giant banks: JP Morgan Chase and Citigroup. Table 14 shows the merger and name change histories of the six 1962 banks still at the center of the PPN.

**Table 14 Merger and Name Change History of Banks in the Center of the 1962 Network**

	196	197	198	199	199	200	200	200	200
1962	9	6	4	1992	6	8	0	4	5
Morgan Guaranty Trust	JP Morgan & Co			Chase Manhattan	JP Morgan Chase				
Chase Manhattan Bank									
Chemical Bank of NY	Chemical Bank								
Manufacturers Hanover Trust									
First National Bank Chicago	First Chicago			Bank One					
First National City Bank	Citicorp			Citigroup					

Note: Merger and name change histories come from company Wikipedia pages.

Morgan Guaranty Trust, Chase Manhattan, Chemical Bank of NY, Manufacturers Hanover Trust, and First National Bank Chicago all, by the year 2000, had merged into JP Morgan Chase. First National City Bank, on the other hand, simply went through a number of name changes from Citibank to Citicorp, settling in 1998 on Citigroup. The fact that two-thirds of the most central banks in the 1962 interlock network are now represented in the center of the PPN by two banks that control \$4 trillion in assets reflects 1) that the PPN is the current center of corporate class-wide politics, and 2) that banks are just as powerful as they ever were, and in fact, may be more powerful. Moving from six banks to two is a concentration of power, and concentrated power tends to be more influential, not less.

The evidence presented in this section demonstrates that the PPN is a center of class-wide corporate politics and power. Although the board interlock network may no longer be a useful map for tracing and understanding corporate political actions, the PPN can be. The next section will demonstrate that the center of the PPN does in fact map onto corporate power by examining some revelations from Wikileaks regarding the Obama administration.

### **Using the PPN as a Map of Corporate Power**

On October 6, 2008, Michael Froman sent an email to Barrack Obama with lists of Women, African American, Latino, Asian American, Native American, Arab/Muslim American, and Disabled American candidates for Cabinet/Deputy and Under/Assistant/Deputy Assistant Secretary level positions in the Obama administration<sup>30</sup>. A few weeks later, he sent an email to John Podesta (former Chief of Staff of Bill Clinton, who at the time was the co-chair of Obama's transition team) with attached lists for all cabinet level positions<sup>31</sup>. Obama ended up naming almost his entire cabinet from the lists, which included suggestions of Robert Gates as Secretary of Defense, Eric Holder as Attorney General, Janet Napolitano as secretary of Homeland Security, Rahm Emanuel as White House Chief of Staff, Susan Rice as UN Ambassador, Arne Duncan as Secretary of Education, Kathleen Sebelius as secretary of Health and Human Services, Timothy Geithner as Treasury secretary, and Hillary Clinton as Secretary of State.

These lists, while sent by Froman, were sent on behalf of a group, as he said the following to Obama in his email [emphasis mine]- "*We* have longer lists, but these are candidates whose names have been recommended by *a number of sources* for senior level jobs in a potential Administration." This statement makes it clear

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<sup>30</sup> <https://wikileaks.org/podesta-emails/emailid/15560>

<sup>31</sup> <https://www.wikileaks.org/podesta-emails/emailid/53860>

that the list was generated in discussion with others and Froman is providing the results of those discussions.

Who is Froman and who might the “we” he refers to be? There are two ways to look at this. The first is not informed by corporate networks. Under a viewpoint ignorant of the PPN, Michael Froman is nothing more than a friend of Barack Obama’s who happens to be part of the political elite inside the Democratic Party. For instance, Froman and Obama went to Harvard Law School and worked at the Harvard Law Review together<sup>32</sup>. Froman also worked in the Clinton administration as chief of staff to Treasury Secretary Robert Rubin<sup>33</sup>.

Robert Rubin, however, is Froman’s connection to another world. After the Clinton administration, Froman followed the former CEO of Goldman Sachs to their new home at Citigroup. Froman stayed at Citigroup until he joined the Obama administration in 2009. In fact, he sent the list of candidates to Obama from his Citigroup email address. If we use the PPN as a map of class-wide politics, this has extra significance, since Citigroup is one of the big banks at the center of the PPN right around this time. If we focus on this aspect of Froman, he is a representative of corporate class-wide interests and the “we” he refers to is probably other corporate elites central in the PPN.

It is difficult to distinguish between the two potential understandings of Froman’s background and the truth is both probably played a role. That is, even if he is a representative of corporate class-wide interests, the reason *he specifically* is the representative to the Obama administration, rather than another corporate executive, is his college link to the President and his former position in the Clinton administration, making him known to Democratic political operatives like John Podesta and trusted by Obama.

Nevertheless, if our map of corporate power is correct, then we should expect that Froman will go on to serve corporate elite interests within the administration. In fact, Michael Froman ended up becoming the United States Trade Representative and being primarily responsible for negotiating the TPP<sup>34</sup>. Not only was he the one helping to draft the controversial free trade agreement, a leaked Sony email reveals he was the point-man reaching out to the corporate elite for the Obama administration regarding TPP<sup>35</sup>. In an email sent to the Sony CEO,

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<sup>32</sup> <https://query.nytimes.com/gst/fullpage.html?res=9500E5D81330F93AA25752C1A96E9C8B63>

<sup>33</sup> <https://today.law.harvard.edu/michael-froman-91-joins-white-house-in-joint-security-economic-post/>

<sup>34</sup> [http://www.salon.com/2014/02/18/obama\\_trade\\_officials\\_received\\_huge\\_bank\\_bonuses/](http://www.salon.com/2014/02/18/obama_trade_officials_received_huge_bank_bonuses/)

<sup>35</sup> <https://wikileaks.org/sony/emails/emailid/115052>

company executive Keith Weaver said, “It seems as though these negotiations are drawing to a close this year and the President/Froman want key industries saying positive things about the benefits.” This quote demonstrates that, at least from the corporate perspective, Froman’s role was to mobilize corporate elite support for the trade agreement.

This case provides us with an excellent example of the power of using the PPN as a map of corporate power. If all we knew was that Obama’s new trade representative was a former high level executive at Citigroup, we would infer that because Citigroup is central in the PPN, Froman represents the global class interests of the corporate elite. We would expect that he has influence in the administration given his relationship to corporate power, and that he will advocate for policies that reduce the barriers to global trade. With the PPN as a map, Wikileaks is merely confirmatory, but in no way surprising. Without this map of power, we would only see an old friend of Obama’s and loyal Democrat who happens to have had a position at a big bank. We might expect him to take positions similar to those in the 2008 DNC platform: advocate for main street rather than Wall Street, for labor and the environment rather than corporate interests. Without the PPN as a guide, we would have been wrong.

## **Conclusion**

A number of changes to the economy, such as financialization and the takeover wave of the 80s, led to two major changes in the interlocking directorate network: 1) the decline of banks from the center of the network, and 2) the reversal of the longstanding preference for outside directors who already sit on multiple boards (i.e., the inner circle). The result: “the interlock network is no longer a reliable map of elite power” (Chu and Davis, 2016: 750). In this article, we have demonstrated that the Policy Planning Network has all the characteristics to be a reliable map of elite power.

First, the actors that used to be central in the board interlock network- banks and inner circle members- are central in the PPN. Second, broad engagement with the PPN facilitates the mobilization of corporate political behavior around a similar set of strategies and goals. This is true not only when controlling for structural factors like capacity and narrow industry interests, but also controlling for the effect of inner circle members themselves. Thus, our analyses in this article provide support for a model of corporate elite political behavior where the PPN helps to foster class-wide rationality, which in turn facilitates the mobilization of the corporate elite around a similar set of political strategies and interests. This means

that the leading edge of class-wide politics is found engaged with the PPN, and that the more centrally engaged an actor is with the PPN, the more politically active they are likely to be in pursuing class-wide interests. Thus, the PPN can be used as a map of class-wide politics and power, with actors unaffiliated with the PPN likely representing narrower interests than those associated with central PPN organizations. To illustrate this, we used the example of Obama Trade representative Michael Froman and his association with Citigroup (which is highly engaged in the PPN).

Our argument and findings have broad implications, both for corporate power structure research and a general understanding of politics. First, the existence of a highly mobilized and cohesive network of corporations that directly take part in the policy planning process challenges the notion of a fractured elite. The way the corporate elite that engage with the PPN act politically in no way reflects a group fractured by narrow interests. This forces us to consider policy outcomes that seem to go against the general public interest not as a byproduct of an ineffectual elite (Mizruchi, 2013), but as the intended outcome of an active and unified corporate class.

Second, our findings suggest a need for the type of systematic quantitative studies scholars subjected the interlock network to, to be replicated on the PPN. Scholars like Domhoff (2014) have provided the community of researchers with theory, data, and historical case studies related to the PPN, but we need to take the PPN much more seriously and build off of his work. That is, our findings support Chu and Davis (2016: 750) proclamation that “everything old is new again” and “Previously discovered “facts” need reconfirmation.” Do policy ideas spread through the PPN in the same way policies like golden parachutes spread through the interlock network? Are political actions such as lobbying or campaign donations more influential when they come from actors central in the network?

In addition, we should ask the historical question of when the PPN became central. Our analysis has focused on relatively current data. That matched with the fracturing thesis presents a picture of the PPN replacing the interlock network. It may be, however, that the PPN has always been an important center of corporate power. Domhoff’s analyses have always given primacy to the PPN and it is worth investigating the historical development of the PPN and interlock networks together.

Finally, the centrality of the PPN to corporate power should influence how we understand politics. We began this essay with the question of what are we to make of Donald Trump’s collection of corporate CEOs and billionaires as his main

advisors and cabinet members? Take former Secretary of State Rex Tillerson, for example. He was primarily tied through the interlock network only to Exxon-Mobil, where he was the CEO until he stepped down to assume his post in the Trump administration. A fractured elite analysis would predict a Tillerson-run State Department to be pro-fracking and drilling and anti-environmental regulations and treaties, none of which should come into conflict with Trump's policy goals. This analysis would have trouble explaining, then, why Tillerson clashed with Trump over the administration's opposition to TPP, their support for tariffs, and their denial of climate change and pulling out of the Paris Accord.

If we use the PPN as a map corporate politics, however, Tillerson's fate in the Trump administration is understandable. In addition to being the former CEO of Exxon, Tillerson was the Vice Chairman of the Business Council, on the Executive Committee of the Business Roundtable, and was a trustee at the think tank The Center for Strategic and International Studies. These ties to major policy discussion groups and corporate funded think tanks place Tillerson at the center of the PPN where he comes in contact with leaders from all sectors of the global economy, including representatives from JP Morgan Chase and Citigroup. If we move beyond the interlock network and treat the PPN as the center of the corporate power structure, then Tillerson becomes a representative of class-wide interests, rather than simply an agent of Exxon-Mobil and the petroleum industry. This means that in addition to being pro-fracking and drilling, Tillerson, like other class-conscious corporate elites, will support free trade and taking non-binding actions against climate change that function to undercut the issue as a potential mobilizer of anti-corporate politics. Trump, on the other hand, although he was a billionaire businessman, never had any ties to the PPN. He represents a narrow capitalist politics, whereas Tillerson represented a broad class-wide politics. It is no surprise the two clashed.

In fact, the PPN as map analysis tells us a similar process led to the dissolution of Trump's council of economic advisors. Table 15 shows that the members were overwhelmingly tied to the PPN.

**Table 15 Donald Trump's Economic Advisory Group's ties to the Policy Planning Network**

Name (company)	PPN Affiliations
Paul Atkins (Patomak Global Partners)	
Mary Barra (General Motors)	Business Council
Toby Cosgrove (Cleveland Clinic)	

Jamie Dimon (JP Morgan Chase)	Business Council, Council on Foreign Relations (CFR), Trilateral Commission
Larry Fink (BlackRock)	CFR, Business Roundtable (BRT)
Bob Iger (Disney)	U.S.-China Business Council
Rich Lesser (Boston Consulting Group)	World Economic Forum (WEF), BRT
Doug McMillion (Wal-Mart)	U.S.-China Business Council, WEF, BRT (corporate membership of CFR)
Jim McNerney (Boeing)	Business Council, BRT, CFR
Adebayo Ogunlesi (Global Infrastructure Partners)	
Ginni Rometty (IBM)	CFR, BRT, Business Council
Kevin Warsh	Hoover Institute
Mark Weinberger (EY)	WEF, BRT
Jack Welch (GE)	
Daniel Yergin (IHS)	CFR, Brookings, US-Russia Business Council, National Petroleum Council
<u>Stephen A. Schwarzman (Blackstone)</u>	<u>CFR, BRT, Business Council, WEF,</u>

The remaining economic elite cabinet members in the Trump administration tend to not have many ties to the PPN. Thus, while the administration's policies tend to be pro-corporate and pro-rich, they often clash with the interests of the class as a whole. Power Structure research can help us understand politics better, but we have to use the correct map. The interlock network is no longer a reliable map, but the PPN is.

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## Appendix A

<b>PPN Organization</b>
Alfred P. Sloan Foundation
American Enterprise Institute
Arie and Ida Crown Memorial
Aspen Institute
Atlantic Council of the United States
Bill & Melinda Gates Foundation
Boston Foundation Inc.
Brookings Institution
Business Council
Business Roundtable
Carnegie Corporation of New York
Carnegie Endowment for International Peace
Cato Institute
Center for a New American Security
Center for American Progress
Center for Global Development
Center for Strategic and International Studies
Center for the National Interest
Chamber of Commerce
Charles Stewart Mott Foundation
Committee for Economic Development
Communities Foundation of Texas Inc.
Conference Board
Conrad N. Hilton Foundation
Council on Foreign Relations
Daniels Fund
Doris Duke Charitable Foundation
East West Institute
Economic Policy Institute
Ford Foundation
Foreign Policy Research Institute

Foundation For The Carolinas
Foundation to Promote Open Society
German Marshall Fund of the United States
Gordon and Betty Moore Foundation
Hall Family Foundation
Heritage Foundation
Hess Foundation Inc.
Hoover Institution
Houston Endowment Inc.
Hudson Institute
Institute for International Economics
Inter-American Dialogue
J. Paul Getty Trust
James A Baker III Institute for Public Policy
John S. and James L. Knight Foundation
John Templeton Foundation
Lilly Endowment Inc.
Lumina Foundation
Mercatus Center
National Association of Manufacturers
National Bureau of Economic Research
New America Foundation
Pew Center on Global Climate Change
Public Welfare Foundation Inc.
RAND Corporation
Resources for the Future
Robert W. Woodruff Foundation Inc.
Rockefeller Brothers Fund Inc.
Saban Family Foundation
Silicon Valley Community Foundation
Smith Richardson Foundation Inc.
Surdna Foundation Inc.

Suzanne M. Nora Johnson and David G. Johnson Foundation
The Annie E. Casey Foundation
The Anschutz Foundation
The Bloomberg Family Foundation Inc.
The California Endowment
The Chicago Community Trust
The Columbus Foundation and Affiliated Organizations (OH)
The Commonwealth Fund
The Community Foundation for Greater Atlanta
The David and Lucile Packard Foundation
The Duke Endowment
The Edna McConnell Clark Foundation
The Freedom Forum Inc.
The Heinz Endowments
The Henry Luce Foundation Inc.
The James Irvine Foundation
The John D. and Catherine T. MacArthur Foundation

The Joyce Foundation
The Lynde and Harry Bradley Foundation Inc.
The Michael and Susan Dell Foundation
The New York Community Trust
The Pittsburgh Foundation
The Robert Wood Johnson Foundation
The Rockefeller Foundation
The Samuel Roberts Noble Foundation Inc.
The Spencer Foundation
The Wallace Foundation
The William and Flora Hewlett Foundation
Tulsa Community Foundation
Urban Institute
W. K. Kellogg Foundation
Weingart Foundation
Woodrow Wilson International Center for Scholars
World Resources Institute