THE POLITICAL PARTISANSHIP OF AMERICAN BUSINESS: A STUDY OF CORPORATE POLITICAL ACTION COMMITTEES*

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This study uses data on the contributions of corporate political action committees to evaluate six popular theories of business political partisanship. Two theories are supported by the data: the "Yankee-Cowboy" theory of regional political differences among U.S. corporations and the regulatory environment theory, which views the differential relationship to government regulation as a primary determinant of corporate political behavior. No support is found for four other theories of business political partisanship: the core-periphery theory, the inner-circle theory, the managerialist theory, and the domestic-multinational theory. The four disconfirmed theories are all variants of a perspective known as the theory of "corporate liberalism," which hypothesizes a tendency toward greater liberalism on the part of the more dominant or central corporations in American society.

The political partisanship of American business has long been a topic of interest in both sociology and political science. Different schools hold conflicting theories of the nature of business political partisanship. Pluralists emphasize the divisions within the business community: policies that benefit one sector of business are often detrimental to others; hence corporations frequently find themselves opposed to one another in the political arena (Truman 1951; Dahl 1958; Ziegler 1964; Rose 1967; Ippolito and Walker 1980). Marxist and elite theorists see much more unity within the business community: fundamental interests in defending the system of private property and production for profit override whatever divisions exist among corporations. However, even Marxist and elite theorists make distinctions between the more conservative and more liberal sectors of the capitalist class (Domhoff 1972, pp. 109–70; 1978, pp. 117–19; Szymanski 1978, pp. 40–53). Numerous cleavages have been hypothesized to explain such political differences within the business community, including the division between big and medium-sized capital, domestic and multinational firms, and regional differences between North and South. Evidence demonstrating the significance of these divisions, however, is piecemeal and anecdotal.

New data on the activities of corporate political action committees (PACs) allow a more systematic investigation of this question. A corporate PAC is established by the directors or chief executive officer of a corporation and is legally affiliated with that corporation. A corporate PAC solicits donations from company executives and stockholders and distributes that money to political candidates.[1] Corporate PACs are a relatively recent phenomenon on the American political landscape. Prior to 1971 it was illegal for corporations to make direct contributions to candidates for federal office. Companies wishing to contribute to political candidates were forced to do so under the table out of secret corporate slush funds or indirectly, by channeling money through individual owners or managers (Heard 1960, pp. 133–34). Between 1971 and 1976, however, a series of election law reforms, court decisions, and administrative rulings legally sanctioned the use of corporate funds to establish and administer political action committees (Cantor 1982, pp. 294–308). Since the mid-1970s, the number of corporate PACs has grown rapidly. In 1974 there were only 89 corporate PACs registered with the Federal Election Commission; by 1982 there were 1,467. Total expenditures of corporate PACs reached $43.3 million in 1982. The largest share, $27.5 million, went to candidates for the U.S. House and Senate, accounting for 8 percent of the total money spent during the 1982 Congressional election. Business-oriented trade association PACS accounted for another 6 percent of the total (Sabato 1984, pp. 10–16).

While the legalization of corporate PACs has facilitated a dramatic increase in corporate campaign spending, it has also provided the first systematic record of business political partisanship. The same laws that sanctioned corporate PACs also required them to file periodic reports of their income and expenditures with the

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[1] See Handler and Mulkern (1982, pp. 35–98) for a detailed discussion of the organization and operation of corporate political action committees.

Federal Election Commission. Every two years, beginning in 1978, the FEC has compiled a computerized list of all PACs, the candidates to which they have contributed, and the amount of those contributions.

These data on corporate PAC contributions have been used recently to explore several aspects of business political partisanship. Ashford (1986) has demonstrated a link between the magnitude of corporate campaign contributions and the success of candidates in the 1980 Congressional election. Several studies have shown the importance of corporate PACs in financing candidates of the ideological far right (Koenig and Boyce 1985; Burris 1987). Clawson, Neustadtl, and Bearden (1986) have shown that, despite conflicting PAC strategies by different corporations in the 1980 election, the aggregate pattern of corporate campaign spending (measured by the consistency of business support for one or the other candidate in each Congressional contest) was one of remarkable unity. Also using 1980 data, Mizruchi and Koenig (1985, 1986) found that intraindustry integration and interindustry constraint were both conducive to corporate political cohesion as measured by the degree of overlap in candidates supported. However, apart from Clawson, Kaufman, and Neustadtl (1985), who found little consistency in factors associated with corporate liberalism or conservatism in a sample of 66 ideologically polarized Congressional races in 1980, there has been no attempt to systematically analyze those characteristics of individual corporations that are associated with specific patterns of political partisanship. Such an analysis is the aim of this study.

THEORIES OF BUSINESS POLITICAL PARTISANSHIP

Probably the most frequently hypothesized political division within the business community is that between big business and small or medium-sized business (Monson and Cannon 1965; Baran and Sweezy 1966; Kross 1970; O'Connor 1973; Miller 1975; Lindblom 1977; Domhoff 1978; Useem 1980). We refer to this as the "core-periphery" theory of business partisanship. Adherents of this theory maintain that large, oligopolistic, capital-intensive, and/or relatively profitable firms confront different economic circumstances from smaller, competitive, labor-intensive, and/or less profitable firms, and that this is reflected in different patterns of political behavior. Core firms, adherents argue, are relatively insulated from the competitive pressures of the market, have a bigger stake in the long-term stability of the system, and are better able to protect their profit margins by passing on any increase in taxes or labor costs to their customers. For these reasons, they "tend to favor progressive labor and welfare legislation as a means of ensuring the stability of their own work force and, more generally, domestic tranquility" (Useem 1980, p. 61). Peripheral firms, by contrast, confront much more stringent economic constraints and are consequently more hostile to government regulation, taxation, unionization, and welfare spending that puts a floor under wages. Often this core-periphery theory of business partisanship is incorporated into a broader historical perspective, known as the theory of "corporate liberalism," which interprets the growth of the welfare state, state regulation of the economy, and other liberal reforms as products of enlightened efforts of the dominant sector of the business community to stabilize the capitalist order (Kolko 1963; Weinstein 1968; Domhoff 1978).

A closely related perspective is the theory of the corporate "inner circle" popularized by Useem (1978; 1984). Like the core-periphery theory, the inner-circle theory distinguishes between the more dominant or central firms and the more subordinate or peripheral firms. Rather than defining dominance or centrality in terms of size, market power, or capital intensity, however, the inner-circle theory classifies firms according to their prominence or centrality within intercorporate networks. Firms that are highly interconnected with other firms through director interlocks and participation in business policy formation groups are hypothesized to follow a political strategy more sensitive to the classwide interests of business as a whole, while less connected firms are hypothesized to follow a narrower, company-specific set of political priorities. Following this line of reasoning, Useem predicts that firms that are centrally located in the intercorporate network will be less opposed to liberal reform, regulation, and state intervention than firms on its margins. "Since welfare, labor, and other forms of government-managed reforms can be costly to individual firms but valuable to all if the reforms maintain societal stability, inner-group members are likely to be less opposed to state intervention in these realms than will be other capitalists" (Useem 1978, p. 228). "Sometimes termed 'corporate liberalism,' this attitude is rooted in . . . the recognition that the entire business community and the future of the private economy will best prosper if it assumes a posture of compromise. It is this rejection of a rigid opposition to everything that organized labor and government programs represent . . . that distinguishes the inner circle's views" (Useem 1984, p. 114).[2]

[2] An alternative interpretation of Useem's distinction between company-specific and classwide political rationality is suggested by Clawson et al. (1986). They argue that company-specific interests encourage contributions

A third perspective, which is also somewhat similar to the core-periphery theory, is the theory of "managerialism." Managerialists argue that the politically significant factor that distinguishes most large corporations from smaller firms is the separation of ownership and control. According to managerialist theory, the dispersal of stock ownership has resulted in a decline in the traditional power of capitalist owners. Consequently, an increasing number of large corporations have come under the control of professional managers who are not themselves major owners in their firms (Berle and Means 1967). Compared with traditional capitalist entrepreneurs, professional managers are hypothesized to be less committed to profit maximization and more responsive to a variety of other societal demands, including the interests of workers, consumers, and the community at large (Kaysen 1957, pp. 513–14; Gordon 1961, pp. 326–43; Galbraith 1967, pp. 314–24). Concerning state policy, professional managers are hypothesized to be more bipartisan (Galbraith 1967, p. 323), "closer to the political center," "less estranged from big government," and more "convinced of the necessity of the expanded role of government to prevent deep depressions and possible radicalism" (Monson and Cannon 1965, pp. 46–48).

A fourth theory of business partisanship emphasizes the division between domestic and multinational firms. According to this perspective, the conflict between "isolationist" and "internationalist" interests is the most enduring political cleavage within the business community. Domestic firms are hypothesized to favor protectionist tariffs and other means of restricting import competition, while multinational firms are hypothesized to support free trade as a means of increasing their access to foreign markets. To a degree, this cleavage also overlaps with that of the core-periphery model, since the largest firms tend also to be those with the most extensive foreign operations. In partisan terms, isolationist firms are usually seen as providing business support for the right wing of the Republican Party, while internationalist firms are viewed as being aligned either with the Democrats or, more commonly, with the "liberal" Eastern wing of the Republican Party (Crawford 1980, pp. 86–87; Friden 1980; Ferguson and Rogers 1981).

to incumbents, regardless of party, as a means of buying influence on specific legislative issues of concern to the corporation. Classwide interests are interpreted as dictating a more ideologically conservative strategy of contributing heavily to right-wing challengers (thereby sacrificing company-specific access to liberal or moderate incumbents) in an effort to elect a more solidly "pro-business" Congress.

A fifth theory of business partisanship, commonly referred to as the "Yankee-Cowboy" theory, divides corporations along regional lines: eastern banks and midwestern manufacturing corporations are seen as moderate to conservative in political orientation, while rising Sun Belt firms in industries like defense, oil, agribusiness, textiles, and construction are viewed as more ultra-conservative (Sale 1975, pp. 89–152; Dye 1976, pp. 178–86). Adherents of the Yankee-Cowboy theory attribute this division to the greater conservatism of "new money" versus "old money" and the distinctive cultural climate of the American South and West (the legacy of slavery, religious fundamentalism, the frontier ethic, etc.). The Yankee-Cowboy theory has been popular in recent analyses of business support for Ronald Reagan and the New Right (Crawford 1980, pp. 78–110; Davis 1981, pp. 39–43).

A sixth theory of business partisanship argues that differences in corporate political behavior are primarily a reflection of different regulatory environments. According to this perspective, the major political cleavage within the business community is not one between conservatives and liberals but between the more ideological and more pragmatic firms (Handler and Mulkern 1982, pp. 7–34). From an ideological standpoint, most corporations prefer Republicans over Democrats and conservatives over liberals. Many corporations, however, temper this ideological conservatism with a pragmatic concern for maintaining access to influential incumbents, regardless of party or ideology. The firm's regulatory environment is seen as one of the most important factors influencing this trade-off between partisanship and pragmatism. Traditional regulated industries, with a longstanding and relatively cooperative relationship to industry-specific regulatory agencies and Congressional oversight committees (banks, utilities, airlines, etc.), are hypothesized to place the highest priority on retaining the good will of incumbents. Companies with a large percentage of their sales to government (e.g., major defense contractors) are likely to be swayed by similar considerations. Firms with less immediate interest in industry-specific regulation and contracts are hypothesized to be less constrained by the need to maintain access to incumbents and therefore freer to follow their ideological preference for conservatives, including Republican challengers of incumbent Democrats. Finally, firms that have had the most antagonistic relationship to government regulation—those that have been embroiled in the greatest conflict with the newer multi-industry regulatory agencies like the Environmental Protection Agency and the Occupational Safety and Health Administration—are hypothesized to be the most willing to risk the displeasure of incumbents in order to elect a more Republican and conservative Congress. Corporate opposition to these new forms of multi-industry regulation has been cited by several authors as one of the most important causes of the generally conservative political mobilization of American business during the past decade (Edsall 1984, pp. 107–40; Useem 1984, pp. 160–71; Himmelstein and Clawson 1985).

These six perspectives on business political partisanship provide the theoretical framework for our study. This typology is oversimplistic in certain respects. For reasons of exposition, we have presented these as discrete and unidimensional theories. In practice, however, theorists of business political partisanship often draw upon a combination of these perspectives. Useem (1984), for example, combines aspects of the core-periphery theory with his own distinctive theory of the corporate inner circle. Yankee-Cowboy theorists like Davis (1981) cite such factors as labor intensity and the prevalence of entrepreneurial (rather than managerial) control to explain the conservatism of Sun Belt corporations. Because there are relatively few points on which these theories are directly contradictory, there are other, equally coherent, theoretical syntheses. By distinguishing somewhat artificially among these six perspectives, however, we hope to be better able to isolate and evaluate the different causal logics implicit in the literature in this field.

DATA AND MEASURES

The data used to evaluate these theories of business partisanship were taken from the Federal Election Commission computerized list of all PAC contributions in the 1982 Congressional election. For our sample we began with the 1,000 largest U.S. corporations in 1982. These included the *Fortune* 500 largest industrials, 100 largest diversified service companies, 50 largest banks, 50 largest insurance companies, 50 largest diversified financial companies, 50 largest retailers, 50 largest transportation companies, 50 largest utilities, and 100 largest private companies. Out of this group there were 443 corporations that made at least $5000 in PAC contributions to Congressional candidates in the 1982 election. These 443 corporations accounted for 78 percent of all corporate PAC contributions to Congressional candidates in the 1982 election, and form the primary sample for our study.

For each corporation in this sample we constructed three different measures of political partisanship. The first was the percentage of total Congressional contributions to incumbents, the second was the percentage of total Congressional contributions to Republicans, and the third was the percentage of total Congressional contributions to candidates of the New Right. A New Right candidate was defined as one who received contributions from at least three of the big five New Right ideological PACs. These are the National Conservative Political Action Committee, the Committee for the Survival of a Free Congress, the National Congressional Club, Citizens for the Republic, and the Fund for a Conservative Majority. Seventy-one candidates (mostly Republican nonincumbents) qualified as New Right by this criterion—about 8 percent of the total number of major-party candidates in the general election.

These three measures tap different but interrelated aspects of political partisanship. The percentage of contributions to Republicans versus Democrats is the measure most consistent with the commonsense meaning of "partisanship" and provides a rough index of political conservatism or liberalism. However, such a measure captures only part of the relevant variation in corporate political behavior. Contributing to a Republican incumbent with no serious opposition is not the same kind of partisan act as contributing to a Republican challenger in a closely contested race; nor is contributing to a Republican moderate like Charles Mathias the equivalent of contributing to a Republican archconservative like Jesse Helms. Additional measures are needed to capture these further dimensions of political partisanship.

The percentage of contributions going to incumbents is especially relevant to those theories that see concern for access to incumbents as the main moderating influence on corporate conservatism. Consistent with this view, corporations that contribute heavily to incumbents do appear to attach less importance to the party of candidates. There is a negative correlation between the percentage of contributions to incumbents and the percentage to Republicans ($r = -0.51$).

Of the three measures, the percentage to New Right candidates is probably the most revealing. The New Right PACs, whose choices define these candidates, specifically seek to identify those races in which their money can have the greatest partisan impact—those races with a sharp ideological difference between the candidates and where additional funds can alter the outcome of a close contest. Corporations that contribute disproportionately to these same candidates can be assumed to be pursuing a similar political strategy, or, in some cases, to be directly following the example and advice of the New Right PACs (Sabato 1984, pp. 44–49). Because the choices of the New Right PACs are largely Republican nonincumbents, a high level of support for New Right candidates is typically associated with a high level of support for Republicans ($r = 0.57$) and a low level of support for incumbents ($r = -0.82$).

For each of the 443 corporations in this sample we also collected a variety of data from business directories, company annual reports, and other sources. Each corporation was first classified into 1 of 28 major industrial groups on the basis of Standard Industrial Classification codes. To evaluate the core-periphery theory, we collected data on total sales, profit rate, capital intensity (assets per worker), and oligopoly power (using Tolbert, Horan, and Beck's [1980] index).[3] To evaluate the inner-circle theory, we ascertained whether the corporation was a member of the Business Roundtable (the business lobby most emphasized by Useem) and obtained data for each corporation on the number of director interlocks with a cross-section of 100 large U.S. corporations (U.S. Senate 1980). To evaluate the theory of managerialism we classified each corporation as manager-controlled, owner-controlled, or uncertain, based on the findings of previous studies (Burch 1972; Kotz 1978; Herman 1981; Corporate Data Exchange 1981). To evaluate the theory of domestic-multinational cleavage, we obtained data on the percentage of each corporation's total sales, assets, and profits generated abroad, and the degree of import competition (imports as a percentage of domestic production) in the industry where each corporation did the greatest share of its business (U.S. Department of Commerce 1983). To evaluate the Yankee-Cowboy theory, we dichotomized corporations into "Frost Belt" (Northeast and Midwest) and "Sun Belt" (South and West) categories according to the location of their corporate headquarters. To evaluate the regulatory environment theory, we constructed a three-point index. A corporation was coded +1 if it was in one of the traditional regulated industries (banking, insurance, finance, transportation, utilities, or drugs), −1 if it was in an industry with a high frequency of environmental and labor regulatory violations (using estimates by Clinard, Yeager, Brissett, Petrashek, and Harries [1979])[4] and 0 if it was in neither of these categories (there were no industries in both categories). To measure the impact of government sales on political partisanship, we computed the percentage of defense contracts in the total sales of each corporation (from data in U.S. Department of Defense [1982]).

In addition to the 443 corporations included in this sample, there were another 698 PACs active in the 1982 Congressional election that were affiliated with companies too small to qualify among the 1,000 largest U.S. firms. For comparison, we also calculated the percentage of contributions to incumbents, Republicans, and New Right candidates for these 698 PACs. This enables us to contrast the political partisanship of the largest U.S. corporations with that of the remainder of small and medium-sized corporations with PACs, even though we lack the data to make finer distinctions among the latter group.

FINDINGS

Multiple regression and discriminant analysis were our primary methods of assessing the impact of corporation characteristics on political partisanship. Before turning to the results of these analyses, however, we will examine the differences by industry in patterns of corporate PAC contributions. Table 1 shows the average percentage of contributions to incumbents, Republicans, and New Right candidates for each of 28 industry groups. As would be expected, the rankings of industries on these three measures of political partisanship are highly correlated. Industries that are high in contributions to incumbents tend to be low in contributions to both Republicans and New Right candidates. Spearmann's r for the rank order correlation among industries according to their average on these measures is -0.73 between incumbent and Republican contributions, -0.84 between incumbent and New Right contributions, and 0.82 between Republican and New Right contributions.

The industry averages shown in Table 1 are generally most consistent with the regulatory environment and Yankee-Cowboy theories. For example, traditional regulated industries like drugs, transportation, and utilities are among the highest in the percentage of contributions to incumbents. The aerospace industry, with its concentration of major defense contractors, is also above average in contributions to incumbents. These same industries, together with banking, tend to be among the most bipartisan (i.e., lowest in the percentage of contributions to Republicans). And since New Right candidates are disproportionately Republican nonincumbents, several of these same industries rank among the lowest in New Right contributions. Conversely, industries with a high frequency of environmental and labor violations (e.g., chem-

[3] In the case of nonindustrial corporations, total revenues were treated as the equivalent of total sales.

[4] Clinard et al. (1979) identify the following industries as high in environmental and labor violations: chemicals, petroleum refining, paper and wood products, metal manufacturing, electrical equipment, and motor vehicles. To this cluster we added two additional industries noted for their hostility to environmental and labor regulation: mining and textiles.

Table 1. Contributions of Corporate PACs in the 1982 Congressional Election: Industry Averages

Industry (*N*)	Percent Incumbents	Percent Republican	Percent New Right
Mining, crude oil (18)	65.8*	70.0	24.8*
Construction (6)	57.5*	81.5	35.5*
Food, beverages, tobacco (36)	75.1	69.4	19.0
Textiles, apparel (7)	63.4	84.6*	37.9*
Paper, fiber, wood (20)	68.8	77.9*	19.8
Publishing, printing (4)	78.0	66.8	7.0
Chemicals (18)	68.8	78.2*	26.9*
Drugs (13)	86.2*	60.1	12.5
Soaps, cosmetics (5)	67.4	81.4	21.2
Petroleum refining (23)	66.7*	72.1	25.3*
Tires, rubber (4)	75.3	75.3	20.5
Stone, clay, glass prod. (12)	71.6	81.6*	22.3
Primary metal industries (20)	80.6	66.2	14.1
Fabricated metal products (8)	60.4*	72.9	21.5
Industrial, farm machinery (18)	63.4*	84.8*	27.1*
Electrical equipment (21)	71.5	74.4	20.1
Computers, office machines (9)	67.8	74.2	24.4
Motor vehicles and parts (10)	70.8	72.2	22.8
Aerospace (15)	82.9*	60.1	19.1
Other transportation equipment (4)	72.8	60.3	14.0
Transportation (32)	89.1*	47.3*	8.2*
Utilities (45)	79.0*	56.0*	13.8*
Wholesale trade (5)	59.0	80.0	27.6
Retail trade (17)	76.9	61.6	14.9
Banking (34)	74.3	57.3*	15.6
Insurance (10)	80.0	57.3	16.1
Other financial (17)	79.8	67.1	15.8
Miscellaneous (12)	69.3	53.5*	15.3
All industries (443)	74.2	66.9	18.7

* Industry mean differs significantly from overall mean ($p<0.05$).

icals, oil refining, paper and wood products) are generally low in contributions to incumbents and high in contributions to Republicans and New Right candidates. As hypothesized by the Yankee-Cowboy theory, several of the industries highest in contributions to Republicans and New Right candidates are also industries in which Sun Belt firms are overrepresented. These include mining and crude oil (which is 67 percent Sunbelt in our sample), construction (100 percent Sunbelt), textiles (57 percent Sunbelt), and petroleum refining (65 percent Sunbelt). With the exception of petroleum refining, however, the conservatism of these industries might also be explained by the core-periphery theory, the inner-circle theory, or the domestic-multinational theory. One final industry that is noticeably more conservative than average is industrial and farm machinery. This industry is extremely diverse and not easily classified according to any of the six theories of business political partisanship.

A clearer picture of the pattern of business political partisanship emerges if we examine the relationship between corporate political behavior and the specific background characteristics of corporations emphasized by our six theories. Table 2 shows the regression and correlation coefficients for 12 independent variables and each of the three measures of business political partisanship. The first entry in each cell of Table 2 is the unstandardized regression coefficient, the second is the standardized regression coefficient, and the third is the zero-order correlation coefficient. As in Table 1, there is a high degree of similarity in the patterns revealed by the three measures of political partisanship. Generally, independent variables that have a significant association with contributions to incumbents have a comparable (but opposite) association with New Right contributions. This suggests that it is concern over maintaining access and influence with incumbents, more than any other factor, that limits the support of corporations for candidates of the New Right. The percentage of contributions to Republicans is less consistently aligned with the other two measures of political partisanship. When an independent variable is significantly associated with Republican contributions, the sign of the relation is usually the same as that with New Right contributions and the opposite of that with contributions to incumbents.

The findings in Table 2 further support the Yankee-Cowboy and regulatory environment theories, while tending to disprove the claims of

Table 2. Determinants of Corporate PAC Contributions: Regression and Correlation Coefficients

	Dependent Variable		
Independent Variable	Percent Incumbents	Percent Republican	Percent New Right
Sun Belt location	−9.61 −0.28*** (−0.30)***	−3.10 −0.07 (−0.08)	7.76 0.30*** (0.30)***
Regulatory environment	6.25 0.30*** (0.27)***	−9.00 −0.36*** (−0.34)***	−4.95 −0.32*** (−0.31)***
Defense contracts (% sales)	0.23 0.14** (0.12)**	−0.28 −0.15** (−0.10)*	−0.15 −0.13** (−0.10)*
Size (total sales)	0.00 −0.07 (0.03)	0.00 −0.03 (−0.02)	0.00 0.02 (−0.03)
Profit rate	−0.29 −0.12** (−0.12)**	0.55 0.19*** (0.17)***	0.24 0.13** (0.13)**
Oligopoly index	−0.02 −0.02 (−0.07)	0.02 0.02 (0.14)**	0.03 0.04 (0.11)*
Capital intensity	0.00 0.02 (0.10)*	0.00 −0.01 (−0.13)**	0.00 −0.02 (−0.11)*
Director interlocks	0.25 0.07 (0.13)**	−0.30 −0.07 (−0.03)	−0.17 −0.07 (−0.11)*
Business Roundtable member	1.69 0.05 (0.09)	0.26 0.01 (0.04)	−0.17 −0.01 (−0.02)
Manager controlled	−0.17 −0.01 (0.04)	3.11 0.08 (0.07)	0.79 0.03 (0.00)
Foreign operations	0.04 0.04 (0.08)	0.12 0.09 (0.11)*	0.03 0.04 (0.00)
Import competition	0.04 0.03 (−0.15)**	−0.09 −0.07 (0.12)**	−0.03 −0.04 (0.17)***
Constant	77.90	62.60	13.52
Multiple R	0.45	0.43	0.47
Multiple R^2	0.21	0.19	0.22
Total N	443	443	443

Note: The top entry in each cell is the unstandardized regression coefficient. The second entry is the standardized regression coefficient. The third entry (in parentheses) is the zero-order correlation.

* $p<.05$.
** $p<.01$.
*** $p<.001$.

the other theories. Consistent with the Yankee-Cowboy theory, Sun Belt location is positively associated with support for nonincumbents and New Right candidates. When Sun Belt firms do contribute to incumbents, however, there is a slight (statistically insignificant) tendency for these to be disproportionately Democrats. Presumably, this reflects the predominance of Democratic incumbents in parts of the South and the tendency for firms to contribute most frequently to those incumbents with whom they have a constituency relationship.

Consistent with the regulatory environment theory, the regulatory environment index is positively associated with bipartisanship and support for incumbents and negatively associated with support for the New Right. This indicates that the traditional regulated industries are above average in contributions to incumbents and below average in contributions to

Republicans and New Right candidates, while industries with the most antagonistic relation to environmental and labor regulation have just the opposite characteristics. The variable for percentage of defense sales follows a similar pattern: defense contractors are relatively high in their support for incumbents and relatively low in their support for Republicans and New Right candidates.

None of the other theories of business partisanship are consistently supported by the data in Table 2. Contrary to the core-periphery theory, large firms (measured by sales) are no more liberal than medium-sized firms. The more profitable and more oligopolistic firms are, if anything, more conservative than the less profitable and more competitive firms. The only pattern consistent with the core-periphery theory is the fact that capital-intensive firms are slightly more liberal than labor-intensive firms at the zero-order level. This is mainly an artifact of regional differences in capital-intensity and the greater bipartisanship of such capital-intensive regulated industries as banks and utilities. Hence, the capital-intensity variable does not add significantly to the explained variance once these other variables are entered into the regression.[5]

The inner-circle theory receives some limited support in that firms that are heavily interconnected through director interlocks are slightly more moderate as measured by their low support for New Right candidates. However, this zero-order correlation is mainly a reflection of the fact that the most heavily interconnected firms (banks and insurance companies) are also among the traditional regulated industries. The director interlocks variable does not remain significant once the regulatory environment variable is included in the regression equations. Also contrary to the inner-circle theory, firms that are members of the Business Roundtable are not significantly different from nonmembers in their political contributions.

Contrary to the theory of managerialism, manager-controlled firms are no more liberal or bipartisan than owner-controlled firms.

Finally, contrary to the theory of domestic-multinational cleavage, foreign operations (measured by an average of the proportion of sales, assets, and profits generated abroad) have no strong effects on political partisanship. At the zero-order level, vulnerability to import competition is associated with support for the Republican right wing as predicted by this theory. But this correlation appears to be an artifact of the greater import competition experienced by Sun Belt firms and the lesser import competition facing traditional regulated industries, many of which are natural monopolies. Accordingly, the effects of import competition do not remain significant once the regulatory environment and Sun Belt variables are included in the regression equations.

As an alternative test of the different theories of business political partisanship, we conducted a discriminant analysis on the top and bottom quintiles of each dependent variable using the same group of independent variables as discriminating variables. The literature on this topic frequently focuses on the factors thought to distinguish those firms which occupy the liberal or conservative extremes of political partisanship, rather than on the variation among corporations in the middle range. To test this interpretation of the contending theories of business political partisanship, we selected those firms that were in the top and bottom quintile according to each of the three measures of political partisanship and examined how well each of our 12 independent variables was able to discriminate between these two groups. The results of this analysis are shown in Table 3. Because linear discriminant analysis is the equivalent of multiple linear regression when the dependent variable is binary, we have taken the corresponding standardized regression coefficient as a summary measure of the relative discriminating power of each independent variable. Only four variables are significant (at the $p < 0.05$ level) in discriminating between the two extremes of political partisanship: Sun Belt location, regulatory environment, defense contracts, and profit rate. The pattern for the first three variables is consistent with the Yankee-Cowboy and regulatory environment theories, while the sign on the fourth variable is in the opposite direction of that predicted by the core-periphery theory. The discriminant function constructed from these four variables correctly classifies between 76 and 78 percent of the firms into the appropriate quintile of political partisanship.

Before we dismiss the popular core-periphery theory of business partisanship, a final comparison is necessary. Advocates of the core-periphery model might argue that our sample does not allow for a complete test of their theory. At most we have shown that there are

[5] Out of concern for the possible incommensurability of certain core-periphery variables across different types of firms, we conducted parallel analyses using a sample restricted to industrial corporations only and a sample restricted to nonfinancial corporations only. The results of these analyses were similar to those reported here. We also tried several alternative measures of corporation size (assets, employees, etc.) and a dichotomous core-periphery industrial classification instead of the linear oligopoly index. None of these alternative measures produced any stronger support for the core-periphery theory.

Table 3. Variables Discriminating Between High and Low Quintiles of Political Partisanship: Standardized Regression Coefficients

	Dependent Variable		
Independent Variable	Percent Incumbents	Percent Republican	Percent New Right
Sun Belt location	−0.40***	−0.09	0.39***
Regulatory environment	0.38***	−0.47***	−0.40***
Defense contracts (% sales)	0.13*	−0.15*	−0.09
Profit rate	−0.14*	0.16*	0.11
Multiple R^2	0.34	0.29	0.33
Proportion of cases correctly classified	0.78	0.76	0.76
Total N	183	186	188

* $p<.05$.
*** $p<.001$.

few political differences between large and medium-sized corporations; however, it is possible that the most significant political cleavage may be found between these and even smaller firms. To test for this possibility, we compared the partisanship of those firms in our original sample (those which ranked among the 1,000 largest U.S. corporations) with that of the remaining 698 PACs belonging to smaller corporations. The results also fail to support the core-periphery theory. There is a modest tendency, we found, for smaller corporations to be more generous in their contributions to challengers. In aggregate terms, the smaller firms contributed 69.8 percent of their PAC dollars to incumbents, compared with 74.5 percent for the larger firms. This seems to indicate a lesser concern of smaller firms with maintaining access to incumbents and a greater propensity to make contributions based on ideology. Were this combined with a greater tendency to support either Republicans or New Right candidates, the core-periphery hypothesis of greater conservatism of peripheral firms would be confirmed. Actually, the smaller firms were somewhat more likely to support Democrats and virtually identical in their support for New Right candidates. Smaller firms gave 62.5 percent of their PAC dollars to Republicans, compared with 66.5 percent for larger firms. Contributions to New Right candidates were 19.6 percent of the PAC contributions of smaller firms, compared with 19.0 percent for larger firms. Thus, while there are modest differences in the PAC behavior of smaller and larger firms, these are not the sort predicted by the core-periphery theory.[6]

It is still possible, of course, that the political differences predicted by the core-periphery theory may occur at an even lower point on the corporate scale. We cannot rule out the possibility that firms that are typically too small to operate PACs may be more conservative than those that do. If corporation size, dominance, and centrality are important dimensions of business political partisanship, however, it seems unlikely that differences along these dimensions would not be found, at least weakly, among the corporations in our sample.

DISCUSSION AND SUGGESTIONS FOR FURTHER RESEARCH

This study provides support for two theories of business political partisanship—the Yankee-Cowboy theory and the regulatory environment theory—but fails to support four other popular theories. The four disconfirmed theories—core-periphery, inner-circle, managerialist, and domestic-multinational—overlap with one another and share a similar explanatory logic. While they operationalize their terms in different ways and hypothesize slightly different mediating mechanisms, each argues that it is the more central or dominant firms that tend to be politically moderate or liberal. Such firms are hypothesized to be more favorable or tolerant toward state economic intervention and more willing to compromise immediate economic interests for the sake of the long-term stability and legitimacy of the system. The different versions of this argument may be classed together as variants of a common perspective,

[6] We also examined the question of whether larger firms, even if they are not more liberal than smaller firms, might at least be more uniform in political partisanship. In other words, are smaller firms more likely to be found at the extremes of political partisanship, even though their average partisanship is comparable to that of larger firms? We found little support for this hypothesis either. The variance on each of the three measures of political partisanship is approximately 1.3 times as large for smaller firms as for larger firms; however, this is well within the range that would be expected simply from the fact that the partisanship measures for smaller firms are aggregated across a much smaller number of individual contributions.

called the theory of corporate liberalism. Our study supports none of the four variants of this theory. Indeed, the few significant effects that can be attributed to variables highlighted by these theories (e.g., profitability) are in the opposite direction than predicted.

There are several possible interpretations of these findings. On the one hand, it is possible that the theory of corporate liberalism may have been valid in earlier historical periods, but is no longer true today. For example, it may be that dominant business elites assume a more moderate or compromising political stance only when confronted with a powerful anti-corporate movement, such as that of the 1930s, which they seek to coopt. By this logic, we should not expect to find any evidence of corporate liberalism in the early 1980s, a period of unparalleled business hegemony in the political sphere. Alternatively, it may be the case that corporate liberalism is restricted to periods of relative economic prosperity and stability, such as the early post-World War II era, and that the economic shocks of the last decade and a half have resulted in a more defensive and conservative political orientation of dominant business elites. This interpretation is consistent with those theories that view the 1970s as a period of the breakup of the postwar Keynesian coalition that formerly accommodated the conflicting interests of big business, organized labor, and the welfare state (Gold 1977; Bowles, Gordon, and Weisskopf 1983).

On the other hand, it is possible that the theory of corporate liberalism may never have been accurate and that it is based entirely on false generalizations from the political behavior of individual business elites (Block 1977). Dominant firms provide a disproportionate share of corporate elites who become politically influential, so it is not surprising that the most visible business supporters of liberal reforms tend to be from dominant firms. It would be mistaken, however, to infer backward from these individual elites to the dominant business sector from which they come. To cite a contemporary example, the fact that individual representatives of big business can be found today who support a more aggressive policy of state intervention in the economy (New York investment banker Felix Rohatyn is often mentioned in this context) does not mean that big business in general supports such a policy, as numerous studies have shown (Vogel 1978; Wachter and Wachter 1981; *Business Week* 1983). Much of the evidence for the theory of corporate liberalism is based on just this kind of selective inference from the politics of individual corporate elites to the characteristics of broader business sectors.

The theory most strongly supported in this study is the regulatory environment theory. Our results highlight the degree to which corporate political behavior is conditioned by the fiscal and regulatory relationship between corporations and the state. They are also consistent with those who argue that the desire to shape and control the regulatory process is one of the most important factors motivating the recent increase in business political activism (Edsall 1984; Useem 1984; Himmelstein and Clawson 1985).

These findings pose several questions for further research. For example, should we accept the simple three-fold typology of regulatory environments proposed in this study, or can this typology be further refined? Judging from Table 1, the classification of traditional regulated industries (banking, insurance, finance, transportation, utilities, and drugs) as a cluster with similar political tendencies appears to be well supported. The bias toward bipartisanship and support for incumbents is relatively uniform across these industries. Whether the grouping of industries with the most antagonistic relation to environmental and labor regulation forms an equally coherent cluster is less certain. Included in this cluster are mining, textiles, paper and wood products, chemicals, petroleum refining, primary metal industries, electrical equipment, and motor vehicles. Several industries in this cluster are indeed among the least pragmatic (as measured by their low support for incumbents) and most conservative (as measured by their high support for Republicans and New Right candidates) of all industries. Nevertheless, the variation within this cluster is greater than within the cluster of traditional regulated industries. Further research is needed to determine whether antagonism to government regulation is indeed the common factor underlying the political conservatism of these industries and to develop more refined indices for measuring such antagonism.

It would also be interesting to know whether the bipartisanship of the traditional regulated industries and their tendency to shun New Right candidates are merely tactical concessions to their greater need for access to incumbents or reflective of a genuine difference in political ideology. Our impression is that the truth lies somewhere in the middle. It is plausible that a longstanding and relatively cooperative relationship to government might instill a more liberal or moderate political outlook. On the other hand, examples can be cited of corporations in regulated industries that follow a pragmatic strategy of bipartisan support for incumbents with their PAC contributions, while simultaneously funding the most ultraconservative groups and causes outside of the electoral arena (Burris 1987). More systematic research on other aspects of business political partisanship (philanthropic contributions, political activities of corporate owners and managers, etc.) is needed before any conclusions can be drawn on this question.

Perhaps the most surprising result of this study is the evidence we found for the Yankee-Cowboy theory of business political partisanship. While this theory is often given credence in journalistic accounts of American politics (Sale 1976), empirically inclined social scientists have tended to view the theory with disdain (Clawson et al. 1985, p. 64). Consequently, the theory has seldom been subjected to systematic quantitative investigation (see Johnson [1976] for a notable exception). The political differences we found between regions are not great, and some assumptions of the Yankee-Cowboy theory (e.g., the greater conservatism of defense contractors) are not supported. Nevertheless, the evidence of regional differences in business political partisanship is sufficiently impressive to warrant further investigation.

The first question that needs to be asked is how accurately does the simple Sun Belt/Frost Belt dichotomy capture the pattern of regional variation in business political partisanship? Are there further cleavages *within* these two regions? Using the percentage of contributions to New Right candidates to measure political partisanship and a more detailed regional breakdown, we found the lowest level of New Right support among corporations based in New England (13.4 percent), and roughly equal levels for the Mid-Atlantic States (17.0 percent) and the Midwest (16.9 percent). Within the Sun Belt, support for New Right candidates was highest in the mountain and Pacific states (24.7 percent). Interestingly, with the exception of North Carolina and the oil-rich states of Texas, Louisiana, and Oklahoma, which averaged 23.9 percent, corporations in the rest of the Deep South were *not* disproportionately supportive of New Right candidates (they averaged 17.2 percent). It is possible, therefore, that the Sun Belt/Frost Belt dichotomy may be an oversimplified view of regional variations in business political partisanship.

Questions also remain concerning the factors responsible for the greater conservatism of Sun Belt firms. Is this pattern explainable in terms of the distinctive industrial characteristics of the South and West or is something more involved—e.g., distinctive political institutions or cultures? The fact that the Sun Belt variable remains a significant predictor of political partisanship after controlling for numerous industrial characteristics strongly suggests the latter explanation. Similar results are achieved if we transform the 28-industry breakdown in Table 1 into dummy variables and enter these into regression equations along with the Sun Belt variable. Controlling for the effects of industry in this fashion, the Sun Belt variable remains a significant predictor of contributions to both incumbents and New Right candidates ($p < 0.0001$). This indicates that the political differences between Sun Belt and Frost Belt firms are caused by something more than the different industrial mix between regions.

It is tempting to view the conservatism of Sun Belt firms as merely a reflection of the more conservative political attitudes characteristic of the general populace in this region. If this were so, however, we would expect a more uniform tendency toward conservatism across the southern states. This interpretation is also difficult to square with the fact that, for example, corporations based in San Francisco contribute the same share of their PAC dollars to New Right candidates as corporations based in Houston or Dallas. Another explanation favored by Yankee-Cowboy theorists is the reputed difference in political outlook between "new money" and "old money." Ranking corporations according to the year in which they were founded, we were unable to find any political differences between newer and more established firms. To adequately test this hypothesis, however, we would need more detailed biographical information on the owners and managers of each corporation, since the new money/old money distinction is more appropriately applied to individual business elites than to the corporations with which they are associated. Further research is therefore needed to clarify the underlying causes of regional differences in business political partisanship.

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